GUIDE TO THE AF15 EAST CHINA FILE

[The AF15 East China file is concerned with the people and culture of the Chinese provinces of Kiangsu and Chekiang which lie along the eastern coast and have Shanghai as their main city and port. The economy is dependent upon rice agriculture as the basis of subsistence, and upon the great amount of trade passing through Shanghai and on the Yangtze River. There are three sources in the file, all of them in English. The basic source is 1: Stanford, which presents a concise account of the social, economic and political conditions and problems of this region. Primary emphasis is placed on developments since the Chinese Communists assumed control in 1949, but the region's past is touched upon whenever necessary. Both sources 2 and 3 are concerned with Shanghai. 2: Murphy analyzes the growth of the city and its economic importance to China. 3: Hinder deals with economic and social problems in the international settlement in Shanghai during the 1930's, and is much more restricted in its focus and analysis than the other two sources. The researcher should be aware that source 1: Stanford also includes the provinces of Shantung (which belongs in AF12 North China), Anhwei (AF14 Central China), and Fukien (AF17 South China) within its purview, and should evaluate his use of the materials accordingly. The file gives a good general coverage of the region as of the early 1950's and should be adequate for most comparative purposes. However, little material in depth is given. The file was processed in 1955 and 1956.]

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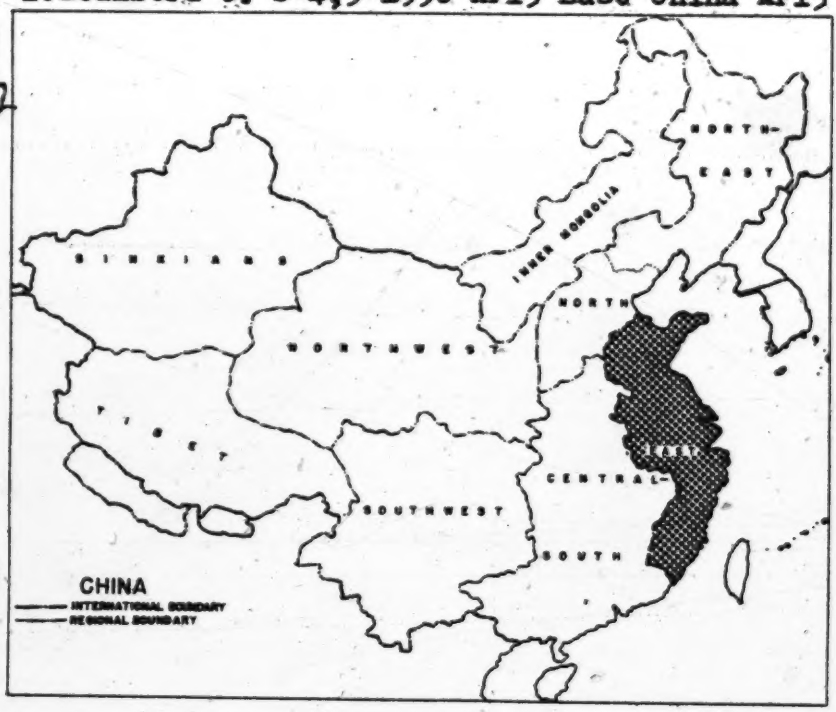

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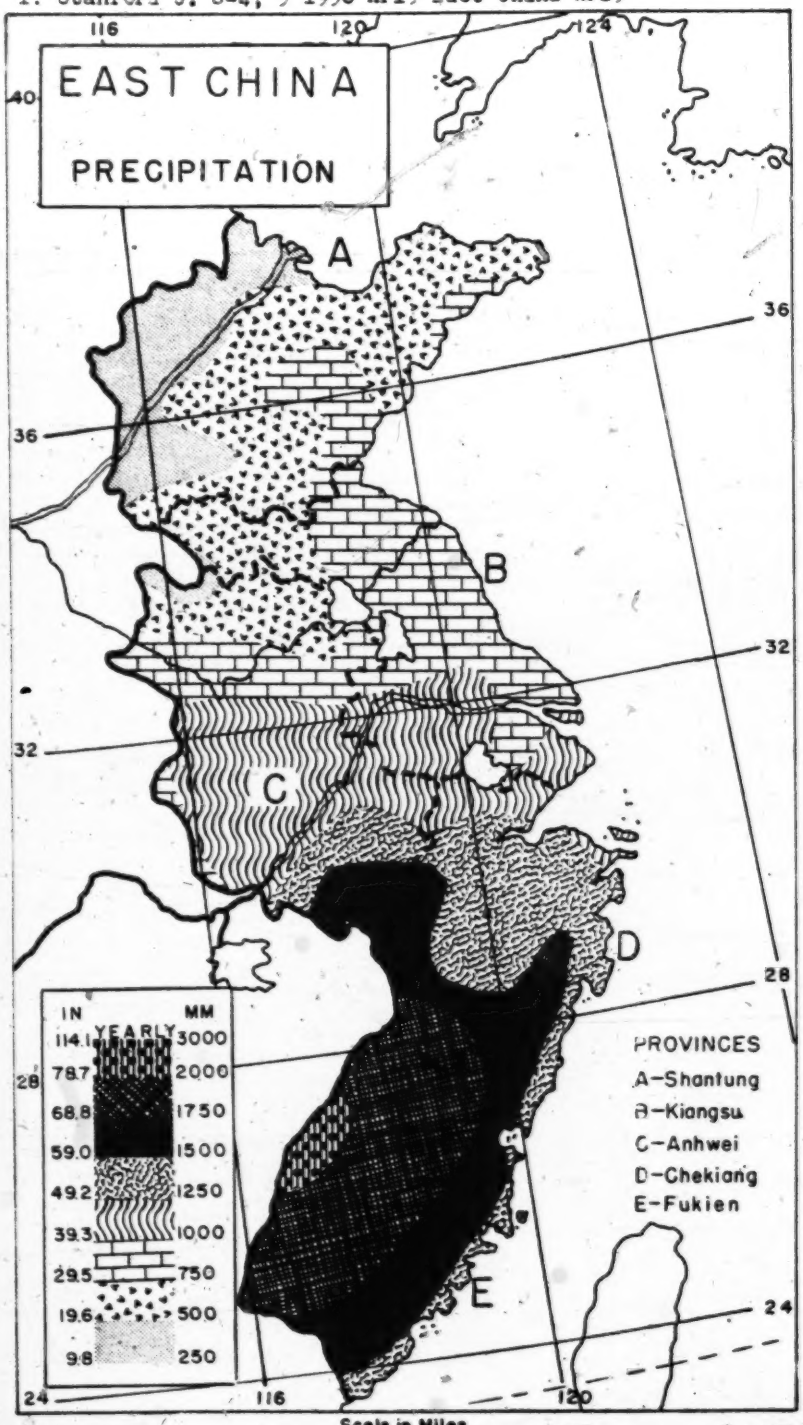

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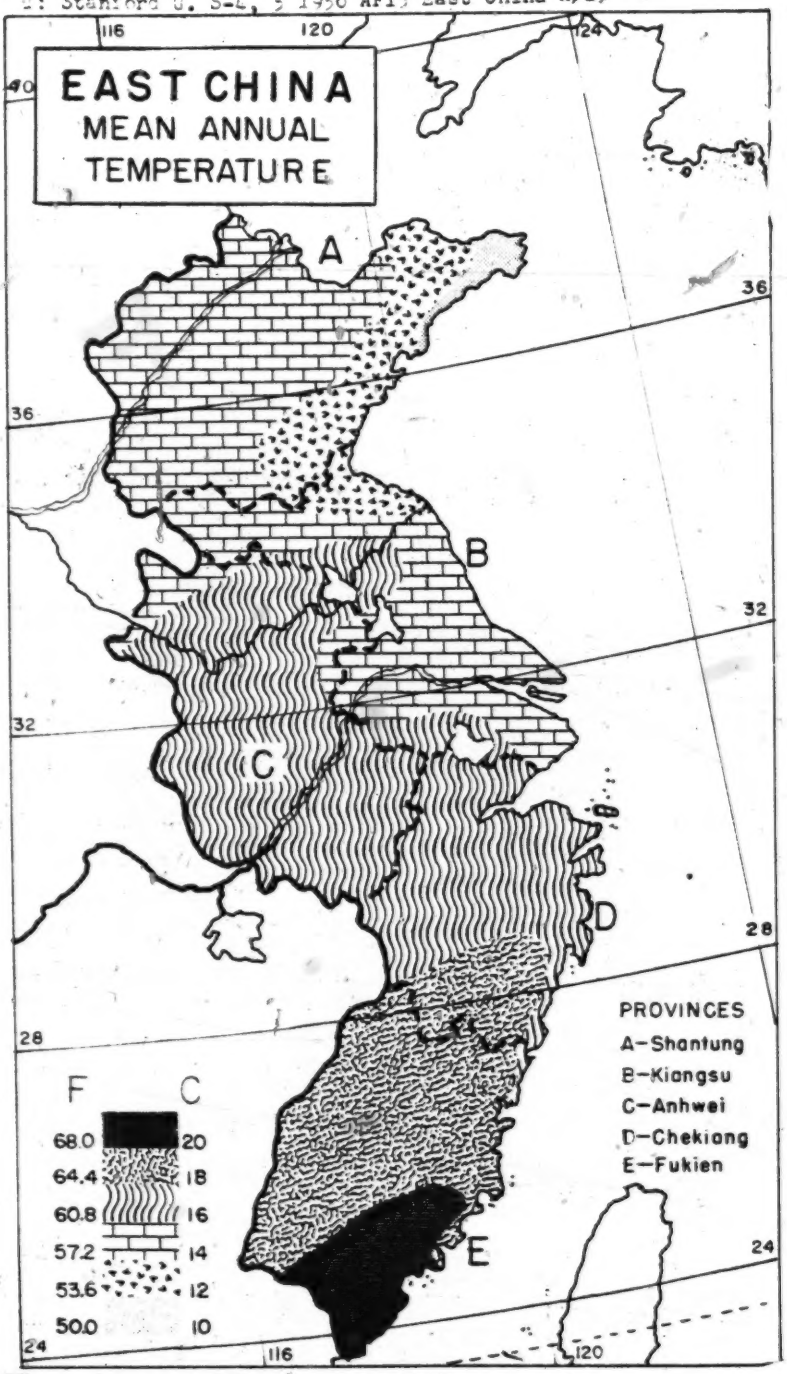

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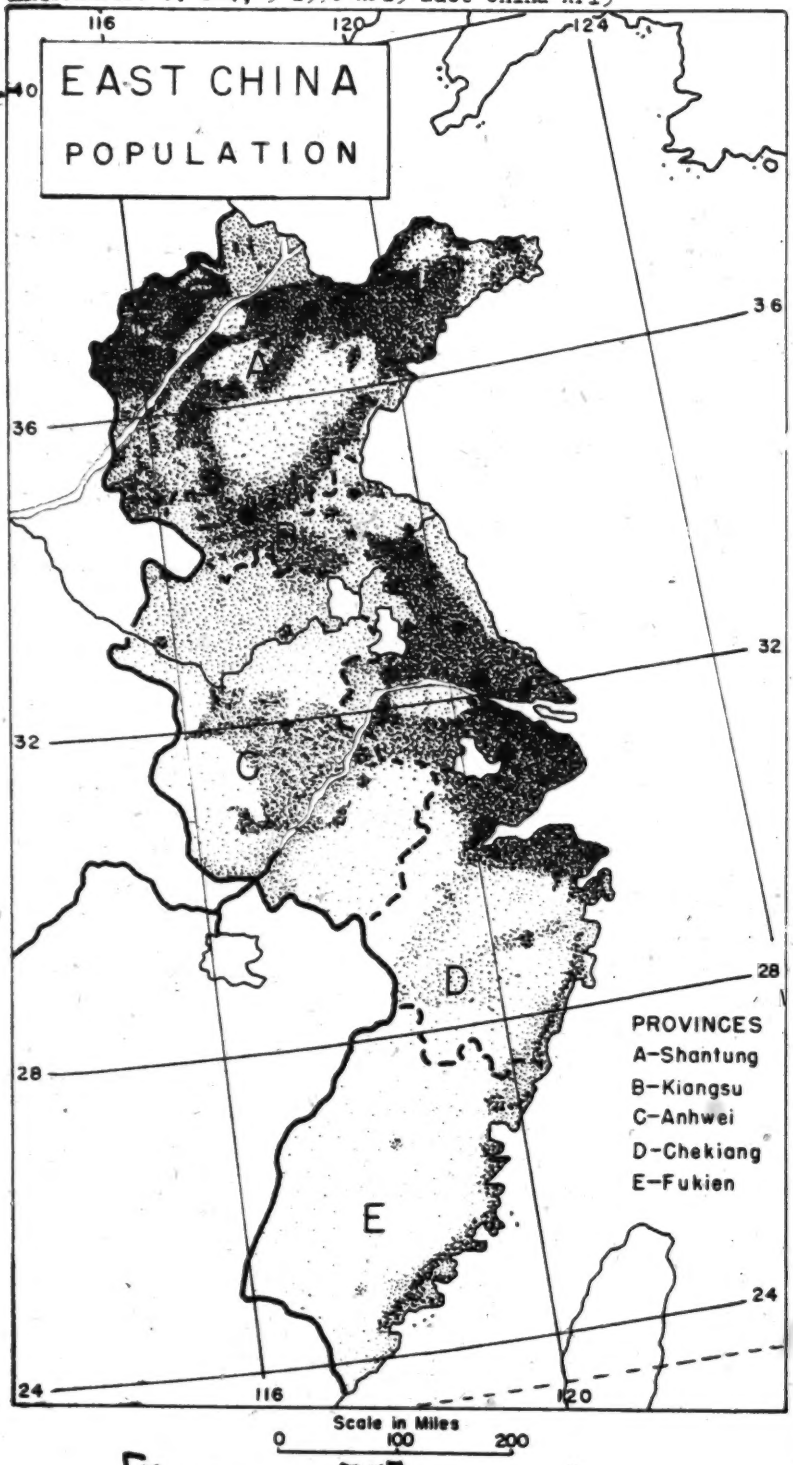

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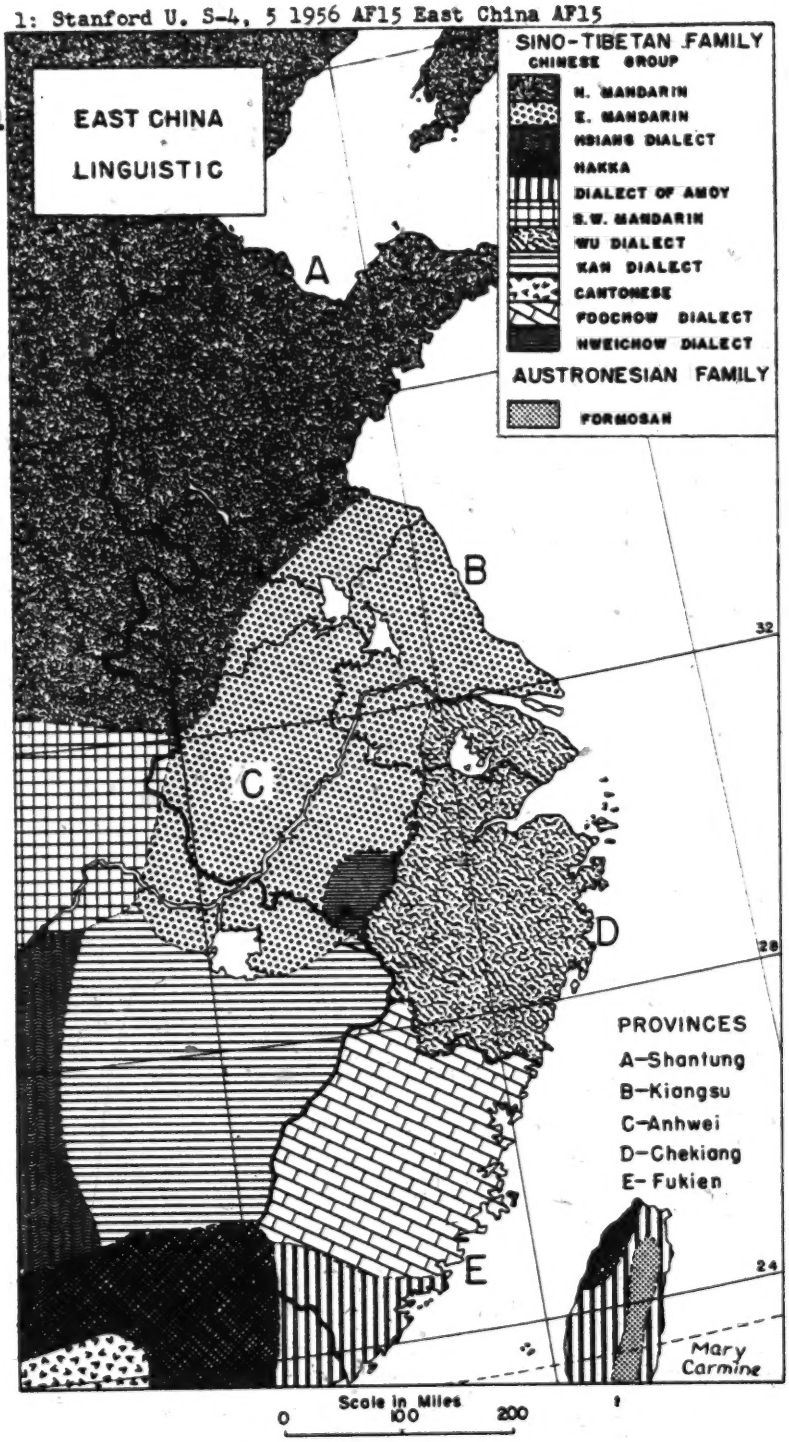

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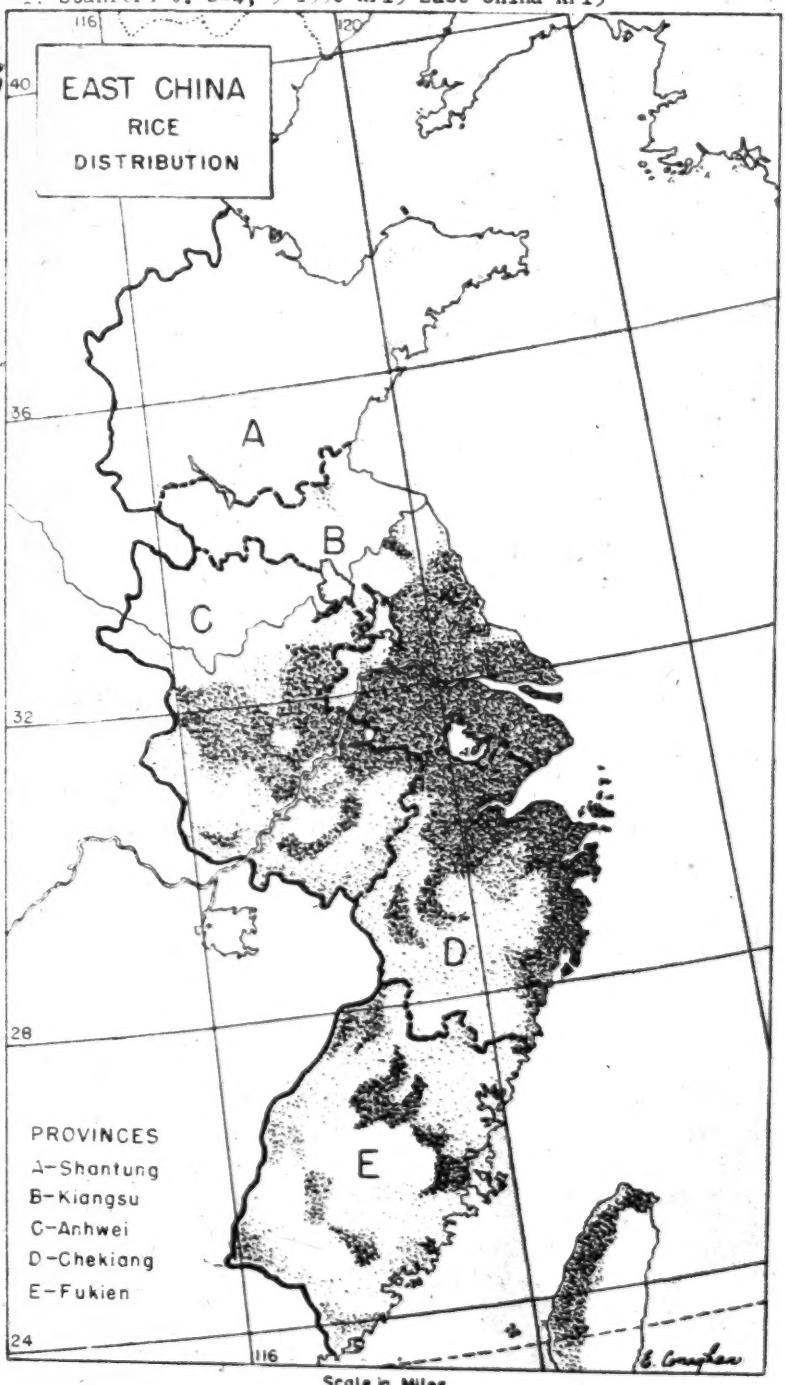

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[Face p. 738] (a)

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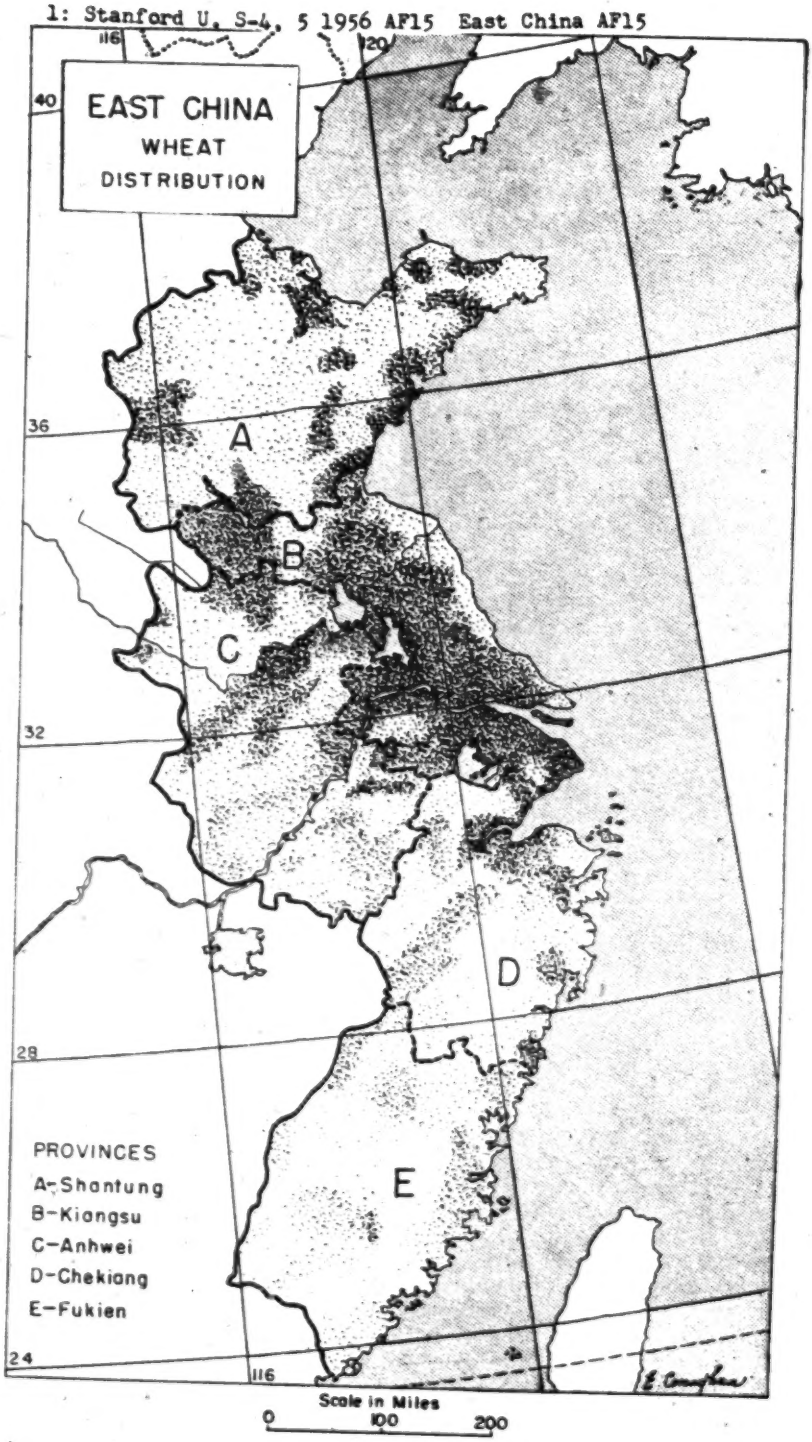

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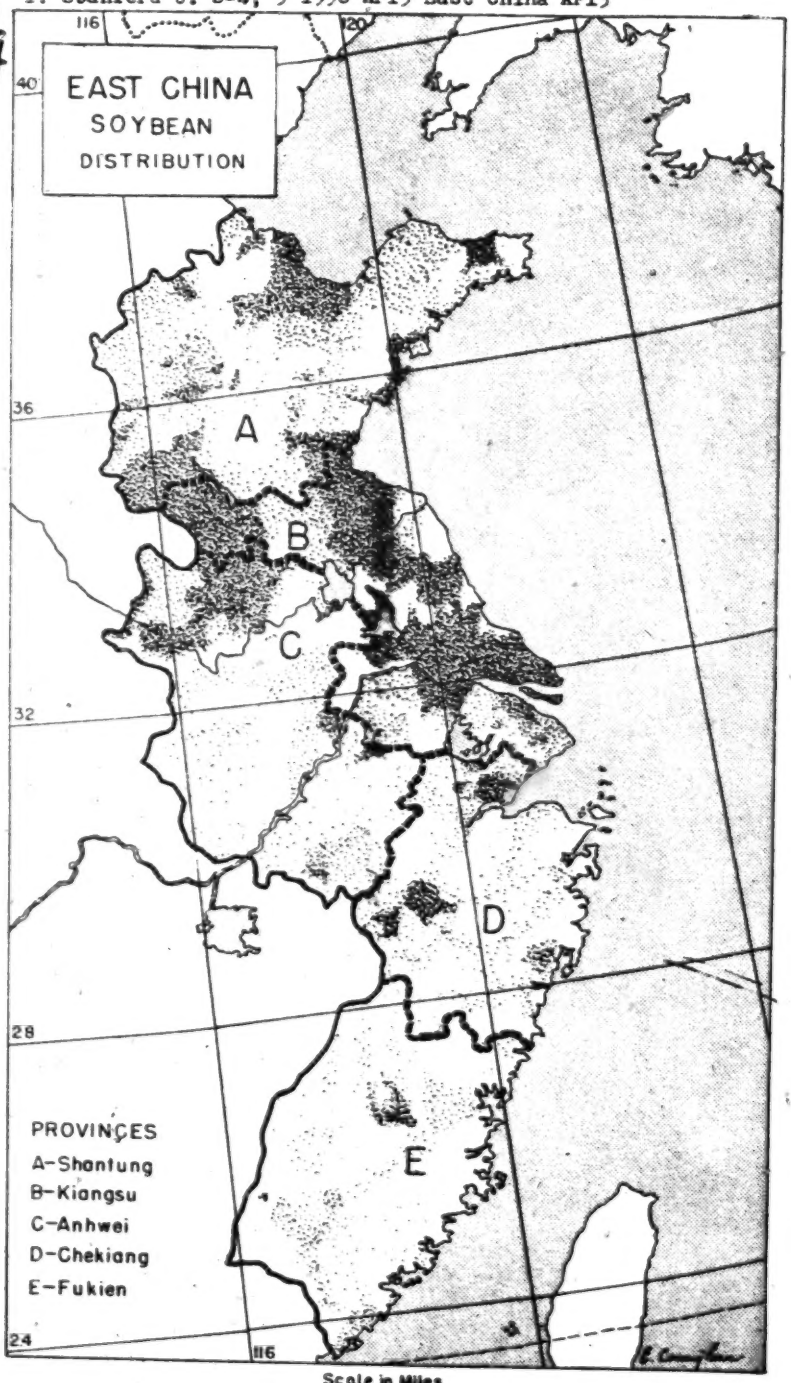

Scale in Miles
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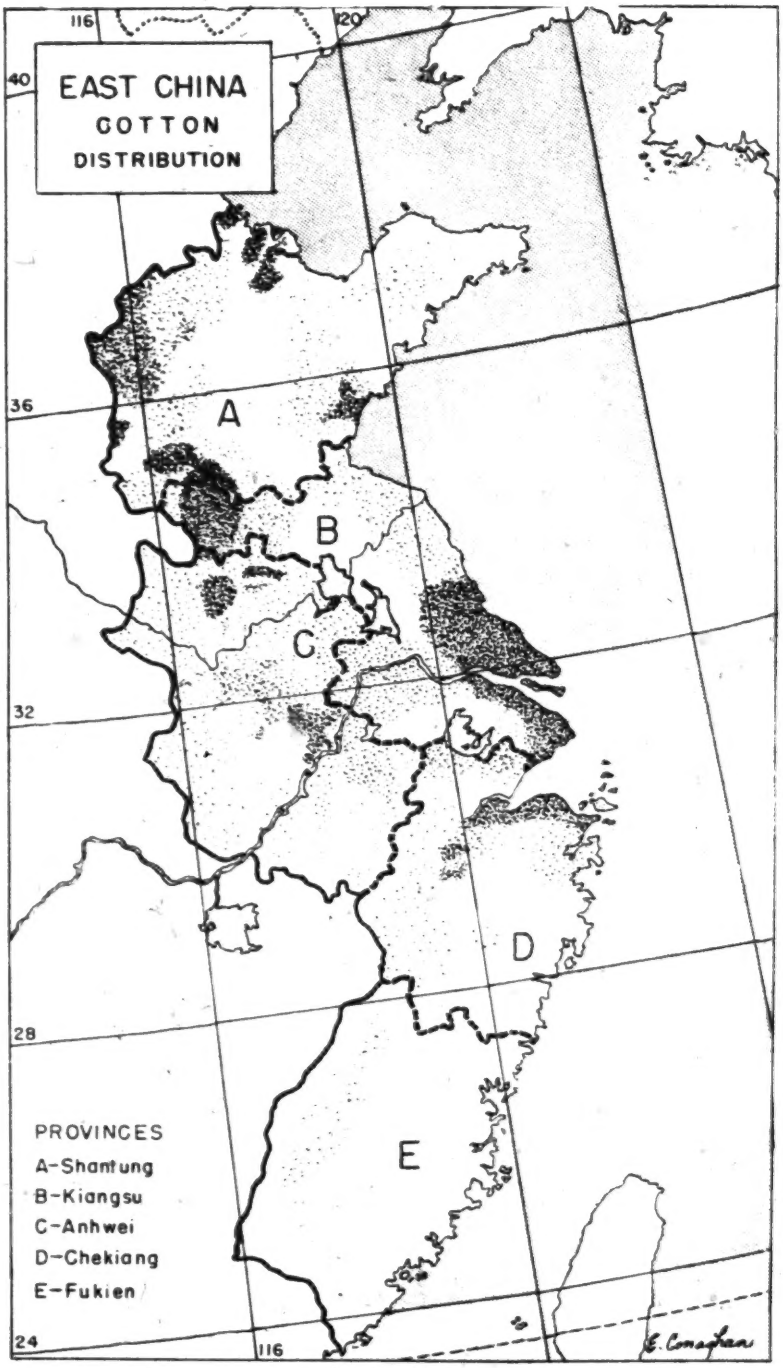

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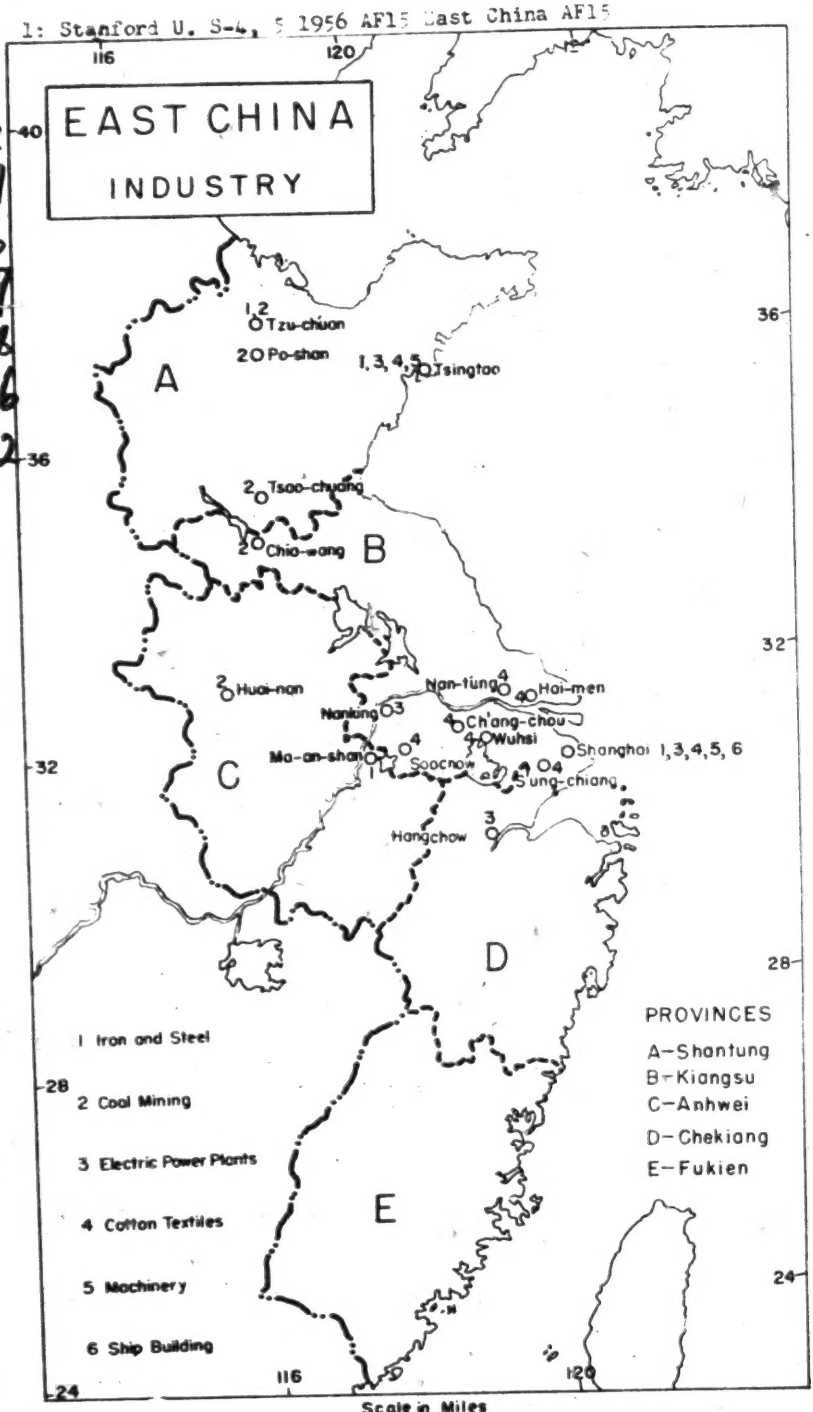

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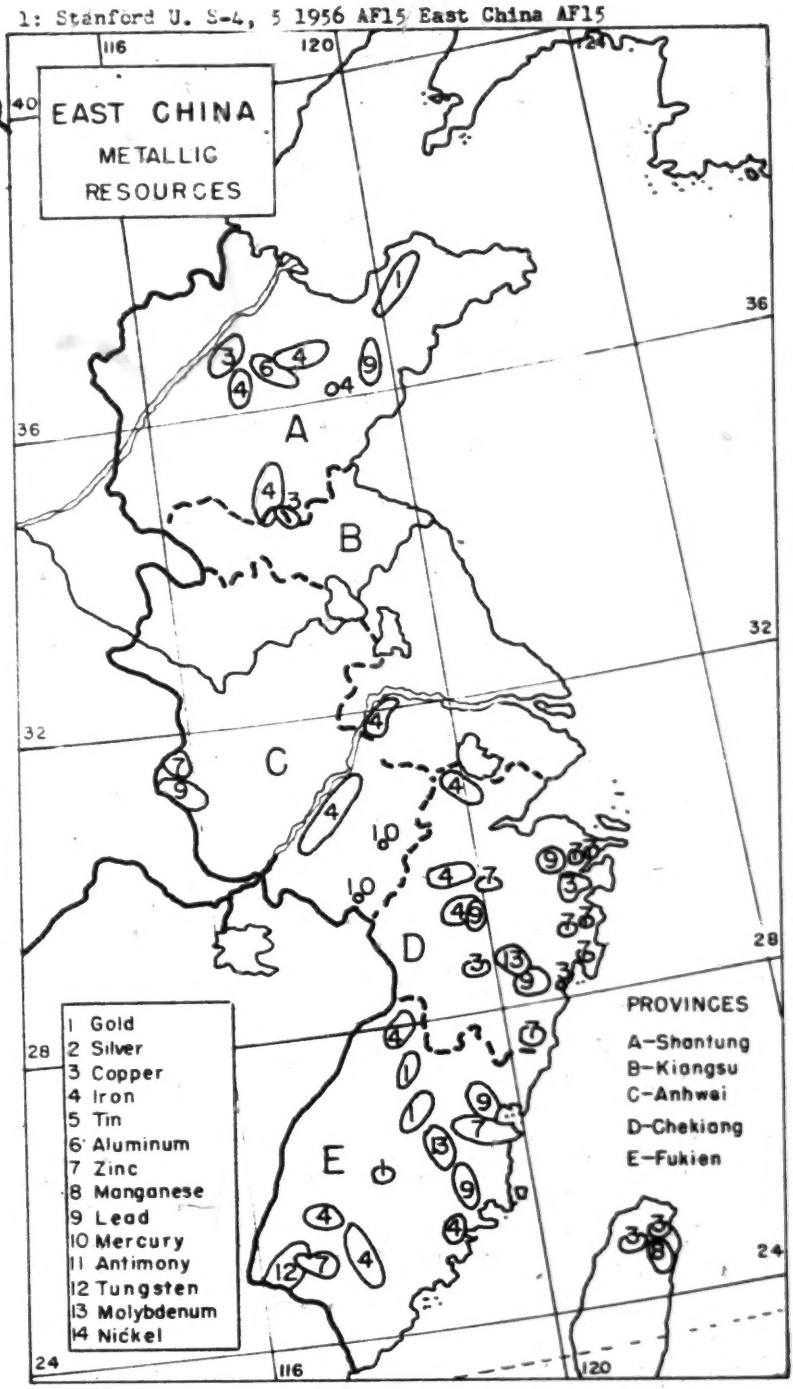

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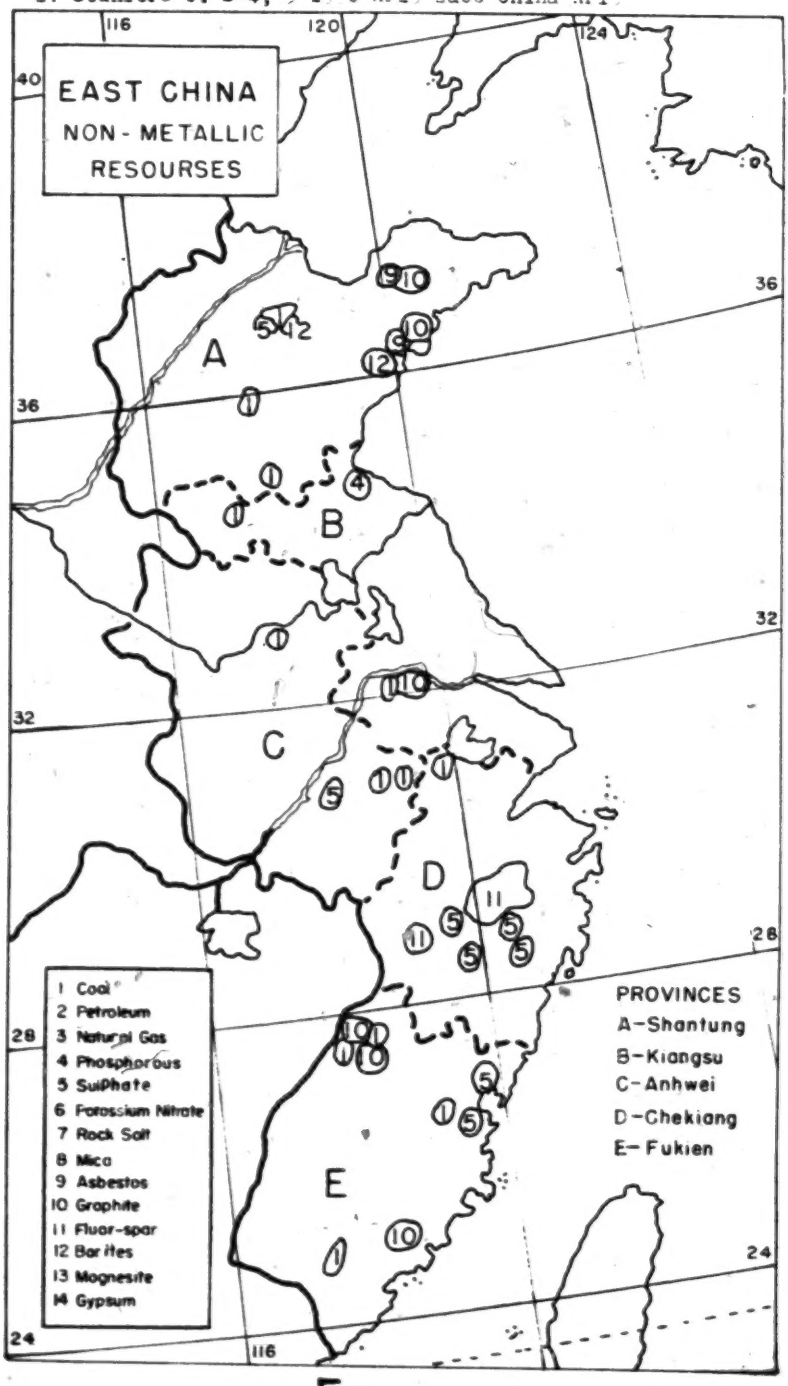

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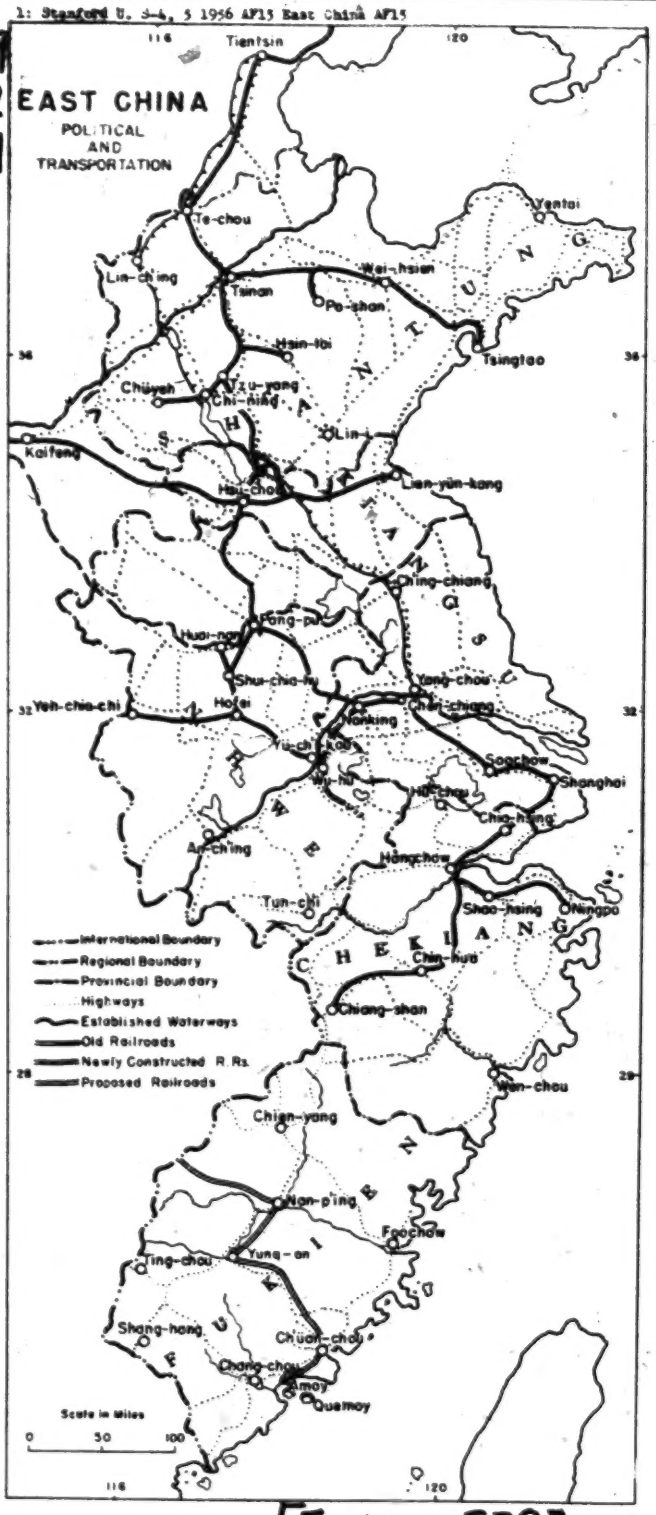

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2: Murphy G-4 (no date) 1953 AF15 East China AF15

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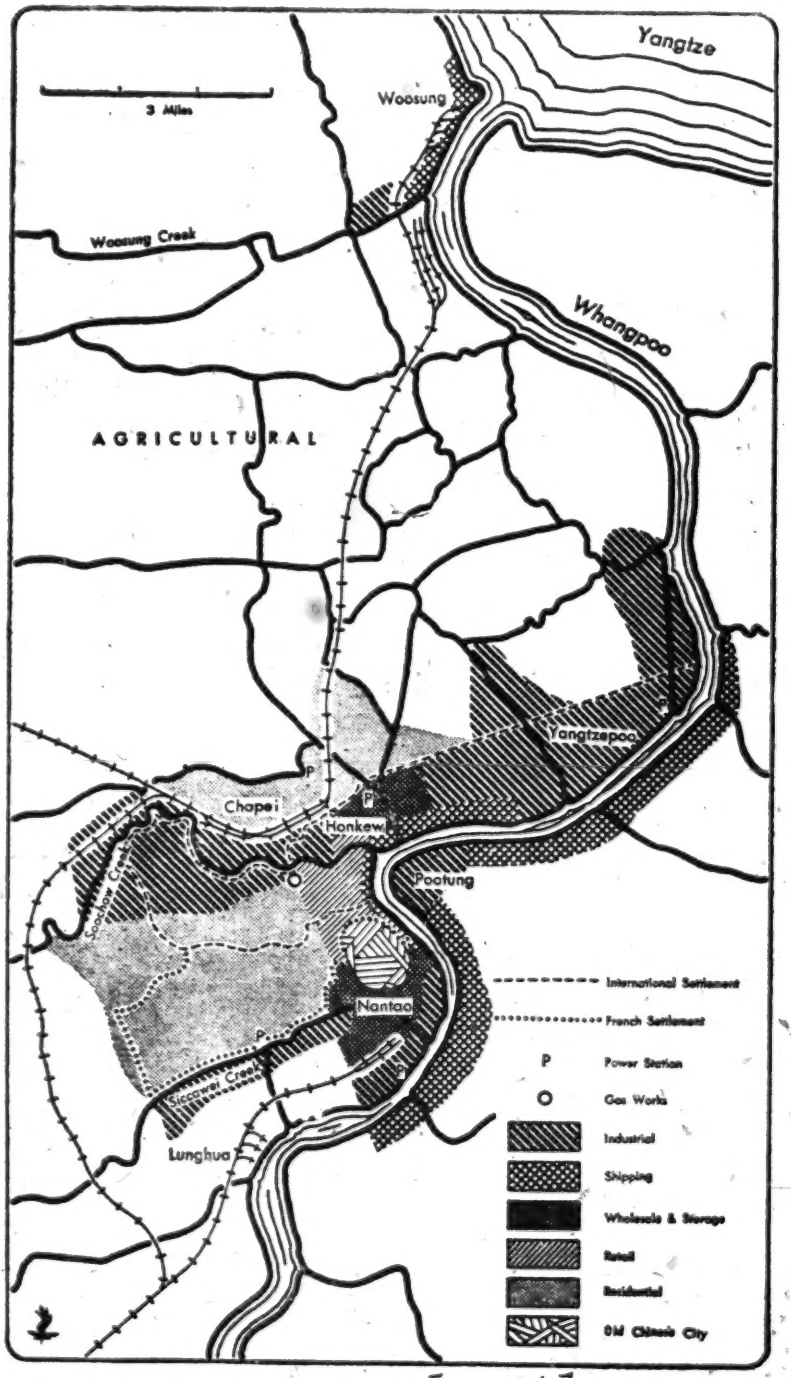

Map 3. Land Use at Shanghai, 1936 [p. 26]

111 AF15 East China

1: Stanford University. East China Handbook. New Haven: HRAF, 1956. HRAF-29 Stanford-3.

Pp. 974; 17 tables; 11 charts; maps; 1 plate.

/This is one of a series of five handbooks compiled by the research team at Stanford University under the general supervision of HRAF. Within a set format each handbook stresses its regional variations wherever found. Under three broad divisions labeled "Sociological," "Political," and "Economic," there are separate sections dealing with all aspects of modern China. Emphasis is placed on event and policies since the Communist assumption of control in 1949, but brief background materials are also included. The footnotes refer to numerous documents and periodical articles, mostly in Chinese. There is no bibliography or index./

Field date: none
Analyst: Frank W. Moore

Evaluation: Social Scientist
Processed in 1956

111 AF15 East China

2: Murphy, Rhoads. Shanghai, Key to Modern China. Cambridge: Harvard University Press, 1953.

Pp. xiii, 232; 11 maps; 8 graphs; 4 tables.

Yale: Nc96.C6.953M

/This is an account of Shanghai and her economic importance to China. The growth of Shanghai as a result of geographic, political, and economic factors is traced. The particular dependence of Shanghai on water transportation is repeatedly emphasized. The author has apparently relied chiefly on primary and secondary sources, in Western languages and Chinese. Notes are to be found at the end of the book, following the bibliography. --Analyst/

Field date: none
Analyst: Samuel Chu

Evaluation: Geographer--4
Processed in 1955

3: Hinder, Eleanor H. Life and Labor in Shanghai: A Decade of Labor and Social Administration in the International Settlement. New York: International Secretariat. Institute of Pacific Relations Publications Office, 1944.

Pp. x, 143.

Yale: Ndv96 C6 942hb

/This source deals with economic and social problems in the International Settlement in Shanghai in 1933-1942. Particularly, it discusses the way that the Industrial and Social Division of the Shanghai Municipal Council attempted to solve these problems, which, due to the existence of heavy industry, overpopulation and the war, became intensified. The problems discussed include those of labor relations and employment and working conditions in industry, living conditions and standards, and child labor. The author was the Chief of the Industrial and Social Division. --Analyst/

Field date: none
Analyst: Ada Farber

Evaluation: Government Official--5
Processed in 1955

2: Murphy G-4 (no date) 1953 AF15 East China AF15

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AUTHOR'S PREFACE TO THE PRESENT EDITION

On the morning of October 10, 1942, a ship steamed up the Mersey River carrying British and other European repatriates from the Far East recently exchanged for Japanese from the British Empire. For more than three weeks since the ship had left Capetown no radio broadcast had been received aboard. Suddenly down the passages and companionways the voice of the British Broadcasting Corporation was heard. It announced the relinquishment by Great Britain and the United States of the extra-territorial rights held by these countries in China. For everyone on the ship the moment was symbolic. The 18,000-mile repatriation journey's end, at the end of a residence in China, coincided with the end of an era. To those who considered that the special privileges were overdue for abrogation the news was welcome.

Final page proofs of the first edition of this book which had covered the situations it describes down to the middle of 1941, were ready in Shanghai when Pacific hostilities broke out on December 8, 1941. The British printing plant in which it was being published was closed by Japanese orders and remained so until May 1942. Thereafter its operations under Japanese supervision were permitted providing nothing was published without the approval of the Japanese Press Bureau. Consent to the appearance of the first edition was finally given on condition that all references to foreign countries were excised. The final chapter had originally made mention of recent progressive moves in industrially backward countries on the part of Great Britain. These were removed without in any way compromising the thesis of the book. All references to the Institute of Pacific Relations under whose auspices the book was to appear were also eliminated. The publication appeared at the beginning of August 1942, as a document of the Shanghai Municipal Council, but the Japanese Press Bureau would not permit its sale.

For the first eight months after the outbreak of hostilities the Shanghai Municipal Council's Industrial and Social Division went on under my direction. Indeed, some unusual opportunities presented themselves for progressive social developments, arising from the need for emergency measures aimed to control the factors affecting the people's livelihood. I resigned my post to return home, leaving Shanghai on August 17, 1942. For me thus ended a period which had begun in January 1933, during which I had the privilege of building up a

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114 Division aiming to serve the people. The work was relinquished with great regret and only because changed administrative controls made it necessary to do so.

128 This second edition of the monograph has been prepared at the request of the Institute of Pacific Relations. It speaks now in the past tense. It aims at viewing in perspective the ten-year experiment in creating an administrative social instrument in one of China's major cities and in assessing its usefulness as a pattern. The kind of industrial and social services that a Chinese city will need to meet the problems that will persist into the future is suggested in the body of the text and in a new final chapter. In the re-writing there has been kept in mind the possible value which the record may also have for those who, of whatever nationality, will take part in post-war rehabilitation and reconstruction measures in which the understanding of social situations will be important.

ELEANOR M. HINDER

Montreal, Canada.
September 1943.

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PREFACE

122 This is one of five monographs prepared by the staff of the China Project at Stanford University in fulfillment of a twelve-month subcontract with the Human Relations Area Files, Incorporated, New Haven, Connecticut.

121 The main purpose of this monograph is to present insofar as possible a concise account of the social, economic, and political conditions and problems of the East China Region, which is comprised of the provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien. Although primary emphasis is placed on developments since the Chinese Communists assumed the reins of government in the latter part of 1949, whenever necessary the region's past is touched upon.

127 It may be helpful to point out to readers unfamiliar with the Chinese source material used for the preparation of this monograph that, generally, official publications published before 1949 in Nanking or Chungking were of Nationalist origin, whereas those dated from 1949, unless their place of publication is Taipei, Hong Kong, or some other non-Communist area, are Communist sources. Moreover, two sources, the

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127 Survey of China Mainland Press and Current Background, although prepared by the American Consulate General in Hong Kong, are compilations of translations from Chinese Communist publications; unless the citations contained therein are specifically attributed to American editors, they refer to translations from Communist newspapers and magazines and neither represent nor reflect the views of the United States Government. The critical use of Communist and pro-Communist sources has been the principal means of analyzing developments in Soviet Russia. Scholars of China are now obliged by circumstance to employ similar sources in their study of contemporary China.

121 The regional approach embodied in this monograph represents an attempt to conform with the suggestion of our Prime Contractor. Although certain topics which cannot be properly treated on a regional basis have been discussed in more general terms, the bulk of this monograph is comprised of regional information. Since Communist China is undergoing many rapid changes, the studies contained in this monograph should be brought up to date at frequent intervals.

000 This monograph is intended to be regarded as a co-operative project, and no attempt will be made to identify the authors of the individual studies included. It is enough to mention the members of our staff.

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Sociological -- Shau Wing Chan, LiencheT. Fang, Susan Han, Kai-yü Hsü, John E. Manning, Arthur F. Wright

Economic -- Hsien-chang Ling, Yüeh-ch'iung Pu Tung, Yüan-li Wu

Political -- Carsun Chang, Yü-nan Chang, Franklin W. Houn, Robert C. North, Mary C. Wright

We are also grateful to our consultants who have rendered us invaluable assistance: Professor T'ung-ho Tung of the Academia Sinica, Dr. Kia-ngau Chang, Loyola University of Los Angeles, Dr. Shun-hsin Chow, now of the College of William and Mary, Dr. Ch'i-yün Chang and Dr. Shann Yau Wang of Hong Kong, Dr. Yün-t'ien Chiang of Formosa. We are also grateful to Professor Joseph E. Williams, executive head of the Department of Geography, Stanford University, for his supervision of our cartographic work. We should like to express our sincere appreciation to the staff of the Hoover Library, Stanford University, for their patient co-operation, and particularly to Dr. Mary C. Wright, curator of the Chinese Collections, for her unfailing support.

The views and opinions expressed in this monograph are those of the staff of the China

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Shau Wing Chan, Director

March 26, 1956
Stanford University
Stanford, California

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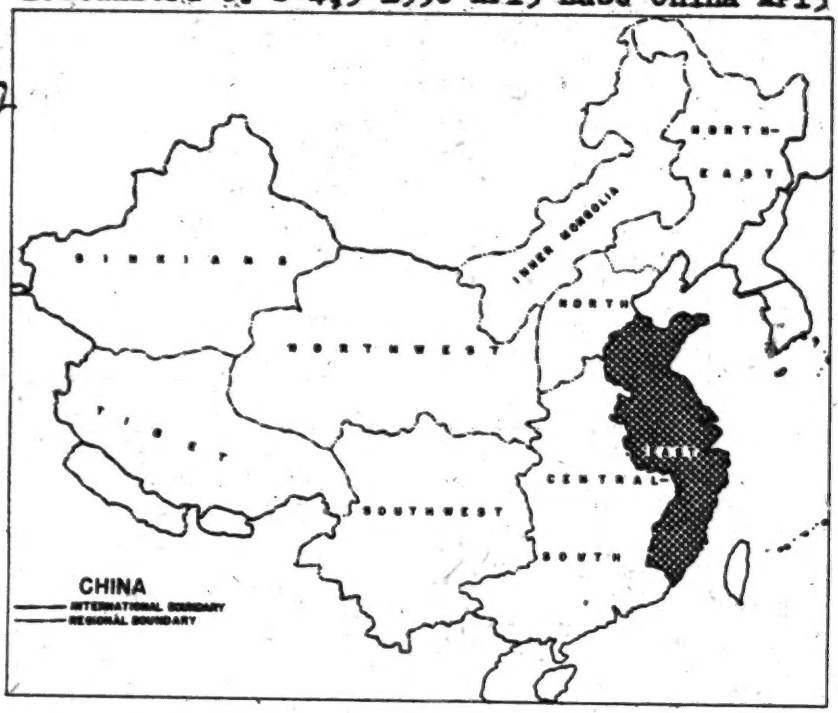

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[Facing p. 1] (b)

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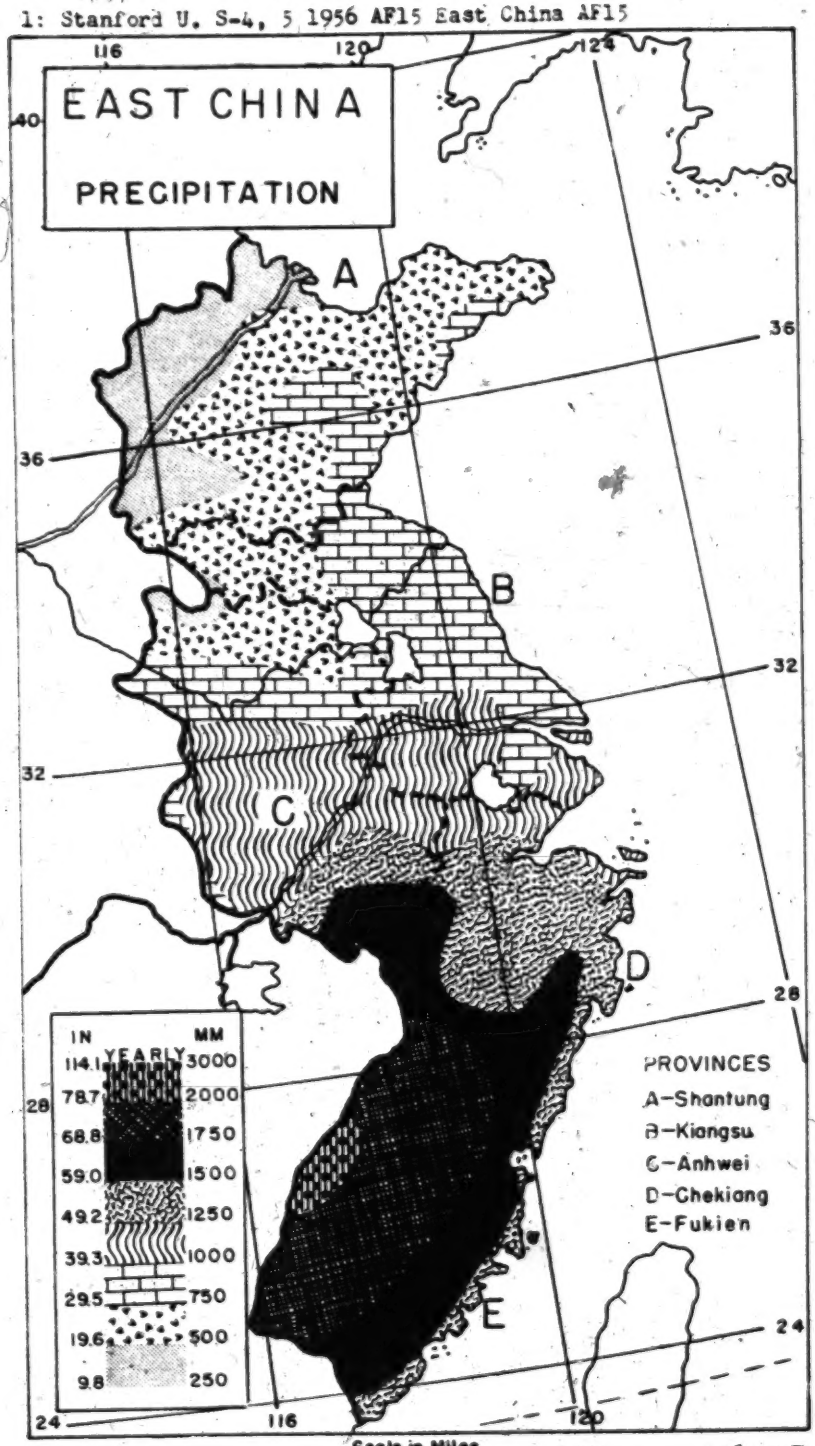

[Face p. I(a)]

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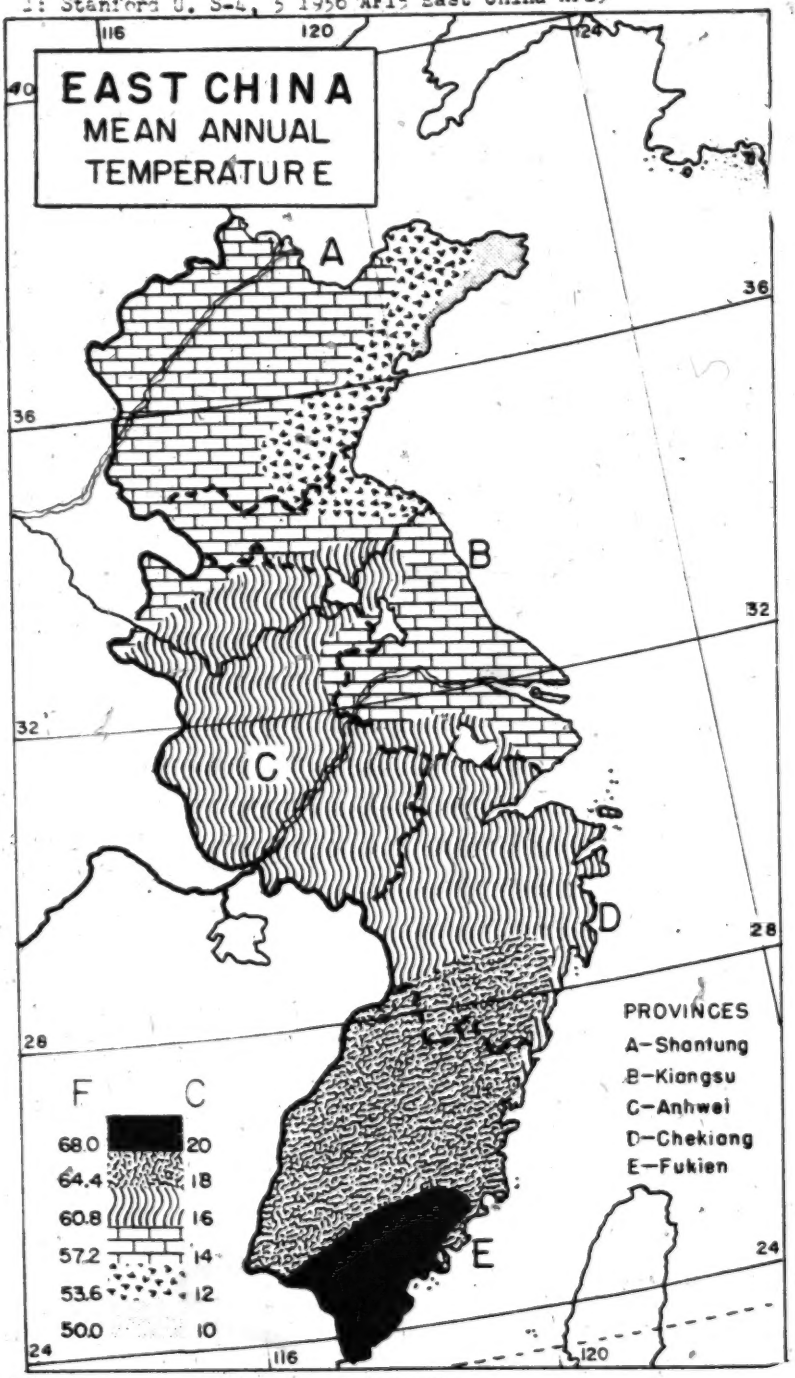

[Facing p.1(d)]

Annex "A," Subparagraph 1a,
Sociological Background
GEOGRAPHICAL SETTING

131 East China[1] lies between 27-28° North
162 latitude and 115-23° East longitude. It is composed of the provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien. The region covers 607,000 square kilometers (230,000 sq. mi.), or about six per cent of China's total territory, and supports 162,500,000 people, well over one-fourth of China's population. This amounts to an average of 269 persons per square kilometer (705 per sq. mi.).[2]

TOPOGRAPHY

133 The region of East China is higher on the southwestern side, and most of the mountains cluster in the southern portion. The northern and central sections are mainly alluvial plains intersected by a network of rivers. Many of the major rivers flow through lakes and lie across the land like strings of pearls. In fact, there is such a large number of waterways flowing through the region that the sampan is the most common means of transportation.

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1. See chapter on "Government Structure" for political subdivisions.

2. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [The Geography of New China], Shanghai, Ta Chung-kuo t'u-shu-chü, 1953, p. 40.

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A. Mountains and Plains

133 From north to south, the traveler first crosses a huge mudflat through which flows the last section of the Yellow River. Not far south of the Yellow River, and in the middle of Shantung Province, rises the T'ai-shan (peak 1,545 m. or 5,000 ft.). Compared with the giant massif in Southwest China, this mountain range is insignificant. However because the surrounding plain is only about 50 meters (160 ft.) above sea level, the T'ai-shan appears to be of more imposing stature.[3] It is one of the five celebrated mountains of China and is also known as the Tung Yüeh. The fact that it is impressive has been testified to by Confucius, who, upon ascending this mountain, said, "It dwarfs the entire world." To the east of the T'ai-shan, across a land depression known as the Chiao-Huai corridor, stands the Lao-shan Range (peak 1,130 m., or 3,600 ft.), which forms the bone and frame of the Shantung Peninsula.

Mao-shan (520 m. or 1,660 ft.) is one of the few mountains in the flat Yangtze delta. Southwest of Mao-shan, on the border between

3. Chu Ch'ang-i and Chang P'ei-yü, Chung-kuo Ti-li Ta-kang [An Outline of the Geography of China], Taipei, Ta Chung-kuo t'u-shu kung-ssu, 1954, p. 83.

133 Anhwei and Hupeh, is the Huo-shan Range, which has an average elevation of 1,000 meters (3,200 ft.). The highest peak in the region, the Huang-shan, (1,700 meters or 5,440 ft.), is located southeast of the Huo-shan. From that point southward, the land is more hilly. T'ien-mu-shan is to the east of Huang-shan. The former has peaks rising up to 1,547 meters (5,728 ft), and is an extension of the Huai-yü Range on the Anhwei-Chekiang-Kiangsi border.

The Ch'ien-tang River delta is a limited one. There are two mountain ranges south of the river, the Hsien-hsia Range on the west and the K'uo-ts'ang Range on the east, each rising 100-500 meters (320-1,600 ft.). Farther south the Wu-i Range is on the west and the Tung-kung Range on the east. The Wu-i Range (1,500 meters or 4,800 ft.) forms the boundary between Fukien and Kiangsi provinces. The Tung-kung Range is the northernmost of a series of hills covering the whole length of Fukien Province, with the Tai-yün Range immediately below it and the Liang-shan Range still farther south. These three ranges average about 800 meters (1,300 ft.) in elevation, and a few peaks rise over 1,000 meters (3,200 ft.). Again, because of Fukien's proximity to the sea, these hills look like high mountains and effectively isolate each settled area from the others.

The little flat land left in Fukien Province

133 amounts to about five per cent of the total area, and even that is limited to the narrow strips of river valleys and the small scallop-edged fans of the delta at the river mouths. The widest of these valleys scarcely exceeds five miles.[4]

B. Rivers

133 731 The section of the Yellow River in East China has contributed immensely to the river's reputation as a troublesome and unreliable waterway: (1) it is the last of the river's capricious changes of course; (2) it has an alarming capacity for silt accumulation, about 10 centimeters per year; and (3) as it is, the bed at places is already about 2-8 meters (6-17 ft.) above the level of its banks.[5] Under these circumstances, the river has long been a threat to the inhabitants of the area. As of early 1955, there were dikes on the lower reaches totaling 1,300 kilometers (806 mi.)

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4. Cressey, op. cit., p. 337; Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [The Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1953.

5. Wang Ming-yeh, "Huang-ho liu-yü ti shui-t'u liu-shih yü shui-t'u pao-ch'ih tso" ["The Erosion and Water Conservation Work in the Yellow River Area"], Ti-li Chih-shih [Geographic Knowledge], February 1955, p. 67.

133 in Shantung Province and in Honan Province
731 to the west. These dikes stand 1.5-2.5 meters (3.5-8 ft.) above the highest known flood level. Another flood-diversion project, at the river mouth, has also been completed, and the Peking regime claims complete elimination of flood threat on this stretch of the Yellow River. The current is swift as it nears the ocean, and only above Lo-k'ou is it slow enough for river-junk traffic.[6]

Other rivers in Shantung Province are minor ones, except for the I River and the Shu River, which issue from T'ai-shan Mountain and flow southeast into Kiangsu Province. Major flood control and prevention work
503 has been done on these two rivers. The Yün-ho [Grand Canal] connects the Yellow River with a number of small lakes and cuts southeast to reach Hangchow in Chekiang. This man-made waterway, which is divided into several sections, changes direction wherever it meets a lake or another river.[7] The section of the canal which extends from Chen-chiang in Kiangsu to Hangchow in Chekiang is navigable for small steamers all year round; north of

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6. Ko Sui-ch'eng, Chung-kuo Ti-li Hsin-chih [New Geography of China], Shanghai, Chung-hua shu-chü, 1940, p. 67.

7. Ch'en Shih-chien, Chung-kuo Ti Ho-liu, [China's Rivers], Peking, San-lien ch'u-pan-she, 1950, pp. 67-72.

503 Chen-chiang the canal is shallower.[8]

133 In the area between the Yellow River and
[311] the Yangtze River, the Hwai River is the main source of irrigation. The Hwai River receives water from about a dozen radiating tributaries but, curiously, has no outlet to the sea. Since 1853, when the last change in the course of the Yellow River usurped the Hwai's channel and dammed the river's flow with silt, the Hwai has emptied into land-locked Hung-tse Lake. Because the lake was gradually filling up with silt, the water during a flood ran overland and inundated thousands of acres in the vicinity.[9]

503 The North Kiangsu Main Irrigation Canal, completed by the Peking regime, helps to reliev the Hwai of its high water pressure during the flood season. On the upper reaches of the Hwai a total of sixteen reservoirs are being built to divert flood water.

133 The Yangtze River flows into this region from the west. Its width is restricted to 1 kilometer (3,280 ft.) by the Huo-shan Range as far as Chiang-yin, where it widens to over 4 kilometers (3 mi.). The entire stretch of the

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8. Ch'u, Shao-t'ang, op. cit., p. 74.

9. In the 1950 flood, over 40 million mou of land were submerged; 13 million people were affected. Cf. Cheh Shin-chien, op. cit., p. 53.

133 river is navigable in all seasons. The small lakes it traverses free the area of flood danger, and its tributaries offer extensive irrigation benefit to the entire delta. The Ch'ien-t'ang River south of the Yangtze is known for its trumpet-shaped, silt-cluttered estuary which helps raise spectacular tides when ocean waves push upriver. East of T'ung-lu a section less than 100 kilometers (62 mi.) long is navigable for small steamers.[10]

The rivers of the southeast coast below the Ch'ien-t'ang are short and swift. Their general characteristics are: (1) main streams cut through the coastal ranges and flow to the sea, forming narrow valleys with rocky beds, almost unnavigable for river traffic; (2) tributaries join the main rivers at right angles in intermountain areas where the land is open and the flow less turbulent; and (3) estuaries form potential harbors.[11] Among these rivers the larger ones are the Ou River in southern Chekiang and the Min River in central Fukien, but even the Min River, whose tributaries cover the entire northern, central, and western sections of Fukien, has too swift a current and too narrow a span to permit steamer transportation beyond a distance of 100 kilometers

10. Chu and Chang, op. cit., p. 77.
11. Cressey, op. cit., p. 335.

133 (62 mi.) from the sea coast.[12]

C. Coast

The coastline of this region is clearly divided into northern and southern halves at the Ch'ien-t'ang River estuary. In the north the line runs on the edge of low-lying delta plains, mostly sandy banks which yield few [504] harbor possibilities.[13] The only useful ports here are Wei-hai-wei, on the northern coast of the Shantung Peninsula, and Tsingtao, across the peninsula from Wei-hai-wei. The latter perches on the Chiao-chou Gulf which is a 297 square kilometer (110 sq. mi.) body of water, 60 meters (190 ft.) deep.[14] That this section of the coast is rising can be seen at the Yangtze estuary, where accumulated silt is blotting dry 1.5 kilometers (about one mile) of the ocean every sixty years, and, where an island (Ch'ung-ming) of 700 square kilometers (260 sq. mi.) has grown out of a mere sandbank in the relatively short span of 1,800 years.[15]

The southern half of the coastline is in dramatic contrast to its northern counterpart.

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12. Ko, Sui-ch'eng, op. cit., Vol. VI, p. 167.
13. Cressey, op. cit., pp. 49-50.
14. Chu and Chang, op. cit., p. 84.
15. Ibid., p. 78.

133 Rocky inlets and offshore islands mark the shoreline and provide many potential sites for ports; in this way it resembles the coasts of Japan and New England.[16] Offshore near Chekiang, for example, there are some 1,800 islands, the most important of which is the Chou-shan (Chusan) group. The Hai-t'an, Mei-chou, Amoy, Quemoy, and Tung-shan islands off the Fukien coast merit mention although their maritime value is less significant. The ports which have been developed to various degrees are: Hsiang-shan, San-men, T'ai-chou, and Wen-chou in Chekiang; and Sansha, Fu-chou, Ch'üan-chou, and Amoy in Fukien.

CLIMATE

132 In Eastern China, north of the Yellow River, the North China plain climate prevails. Winters are extremely cold; and in summer the temperature frequently rises above 35° C. (95°F.). In the Hwai and Yangtze River area, the four seasons of the year are clearly defined and are failry equal in length. Rainfall in this area is evenly distributed throughout the year. A winter with about 11 per cent of the annual precipitation is considered normal.[17] These

16. Cressey, op. cit., p. 334.
17. Ch'u, Shao-t'ang, op. cit., pp. 75-76.

132 climatic conditions, along with fertile soil and reliable natural irrigation, have enabled the inhabitants to make extensive agricultural development and have encouraged them to branch out into all types of industrial and commercial activity. Shanghai's rapid development in the last century, from an inconspicuous fishing settlement to a city of well over 5,000,000 people, shows that good soil and climate can counterbalance the lack of significant industrial resources in the area.[18] Foreign efforts have been a prime factor in harnessing these favorable factors for the continued growth of Shanghai.

South of the Ch'ien-t'ang River the summers are long, ranging from five to eight months, but are never extremely hot. Due to the moderating effect of the nearby ocean, the temperature seldom goes above 29°C. (84°F.) in the valleys, and never below 46° F. during the short winter. Winter in the mountains in western Fukien and southern Chekiang is considerably cooler.[19]

The heavy rainfall in the intermountain areas of central Fukien is frequently augmented by typhoons in July and September. One such

18. Cressey, op. cit., p. 301.
19. Ch'u, Shao-t'ang, op. cit., pp. 144-45.

132 storm can easily pour as much as 100 millimeters (4 in.) of rain into the valleys in a single day. During the same season typhoons and high winds may also cause damage, and the area of their threat extends as far north as Shanghai.

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Table 1. Climate at Selected Localities*

	Average Temperature (F.)		Rainfall (Inches)	
	January	July	Annual Average	Rainy Season
Tsingtao (Shantung Peninsula)	31	75	47	May-August
Shanghai (eastern Kiangsu)	35	81	45	June-August
Nanking (western Kiangsu)	34	82	42	June-August
Hangchow (northern Chekiang)	41	84	59	April-August
Wen-chou (southeastern Chekiang)	47	83	65	June-September
Huo-ch'iu (western Anhwei)	34	82	42	June-July
Wu-hu (eastern Anhwei)	39	83	48	June-July

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(Table 1 continued)

P'u-ch'eng (northern Fukien)	45#	68	59	June
Foochow (eastern Fukien)	53	84	56	June-September
Amoy (southern Fukien)	59	85	47	May-August

* based on Huang Chin-t'ao and others, Fu-chien Ching-chi Kai-k'uang [The Economic Situation in Fukien], Fukien, Provincial Government, 1948; Cressey, op. cit., pp. 76-79.

\# The coldest spot in Fukien; the lowest winter temperature recorded here is 19°F.

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IMPORTANT COMMUNICATION LINES AND CITIES[20]

489 In the region of East China the main north-south lines of communication are the Tientsin--P'u-k'ou Railway, the Grand Canal, and a few major highways. Crossing these lines at a right angle are the Chiao-chi (Tsingtao-Tsinan), Lunghai, and Nanking-Shanghai railways and the Yangtze River, which in this region is navigable all year round.

Tsinan (1), the capital of Shantung Province, is the rail and highway hub in northwest Shantung. The city thrives on rapidly expanding light industries and is in a strategic position because the Tientsin--P'u-k'ou Railway bridge spanning the Yellow River is immediately to the north. Tsinan is linked with the Shantung Peninsula by the Chiao-chi Railway, which
288 terminates at the port of Tsingtao . Tsingtao owes its early development to foreign effort, and it is the largest textile industrial center in this province. It is in the new No. 6 National

20. Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u, op. cit.; Ch'eng Kuang-Yü, Chung-kuo Tu-shih [The Cities of China], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1953.

288 Textile Factory at Tsingtao that a woman worker, Ho Chien-hsiu, developed her accelerated method of work which won her international recognition (at least among the Soviet nations) as a "labor heroine." A convalescent hospital and rest camp for "model laborers" has been established at the famous beach resort.
489 The port of Tsingtao, whose extensive rail spurlines connect the wharf with nearby warehouses, has a breakwater over 1,300 feet in length.

The Tientsin-P'u-k'ou Railway passes Tsinan, Tzu-yang , and Hsü-chou . Hsü-chou is in Kiangsu Province and has been the locale of many decisive battles in ancient and modern Chinese history. The Lunghai Railway links Hsü-chou with Lien-yün-kang on the coast. Lien-yün-kang, with a wharf of about 1,000 feet in length, is not an extensive port.

There is no north-to-south railway in Kiangsu Province, but the highway net is a complete one. The Grand Canal connects many eastern Kiangsu cities with Yang-chou , [317] formerly a noted resort. Besides luxury and comfort, Yang-chou also offers a large supply of salt produced in the lower Hwai River area.

489 361 In southeast Kiangsu the communication center is, of course, Shanghai. This city, the largest in the Far East, must rely on the

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489 Huang-p'u River and a seven-mile railway to
361 benefit from its port of Wu-sung (Woosung) at the Yangtze (Whamgpoo) River estuary. Wu-sung faces Ch'ung-ming Island on the estuary, and the forts on Wu-sung shore defend the entrance to the Yangtze River. From Shanghai it is about 450 miles to Chi-lung (Keelung) on Formosa and about 460 miles to Nagasaki. Since the Communist occupation, the city of Shanghai has been undergoing a great deal of reorganization. Over one-hundred industrial concerns have been moved outside of the city as a sanitary measure. The northwest section of the city, downwind, is being developed into an industrial "city within a city."
[349] A gigantic structure, begun on May 4, 1954, is rising on the former Hatung Garden on the western side of central Shanghai and is to be named "the Great Hall of Chinese-Soviet Friendship." Topped by a 330-foot tower, it will be the highest point in Shanghai.

There are three main routes inland from Shanghai: the Shanghai-Nanking Railway, the Shanghai-Hangchow Railway, and the Yangtze River. Nanking is, at present, the provincial capital of Kiangsu. The city is encircled by a wall twenty-one miles long -- the longest of
[873] its kind in the world. The central section of this erstwhile national capital has been undergoing a face-lifting, and a cultural center is rapidly rising with Nanking University and Nanking Engineering College as its center. The

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numerous scenic attractions in and around Nanking are also being groomed.

The Shanghai-Hangchow Railway starts from Shanghai and goes southwest to reach Hangchow through Chia-hsing , a key communication center on the Yangtze River Delta. Hangchow is the capital of Chekiang Province and is located on the north side of the Ch'ien-t'ang River. The famed West Lake is west of the city. Chien-ch'iao, to the northeast, was formerly the home of a cadet center operated by the Nationalist Air Force. The Chekiang-Kiangsi Railway begins at Hangchow and links such cities in Chekiang as Chin-hua , where two tributaries to the Ch'ien-t'ang River meet, and Chiang-shan , which is the last stop before the railway enters Kiangsi Province. Hangchow is also connected by highway with many important cities in eastern Chekiang Province. One of these cities is Ningpo , a well-known commercial port. This city is the meeting place for two fairly navigable rivers and is, therefore, the terminal for steamer traffic on the sixteen-mile down-river stretch to the sea. The offshore Chou-shan (Chusan) island group also contributes business to Ningpo. There is a railway connecting Ningpo with Hangchow, but the condition of this railway is at present unknown. Another important city in eastern Chekiang is Shao-hsing . Nicknamed "Home of Bureaucrats," Shao-hsing is the birthplace of modern China's literary idol Lu Hsün, to whom a memorial hall in the city

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[273]

has been dedicated by the Communists. Also well-known throughout China is the wine produced in Shao-hsing. A coastal highway connects Shao-hsing with Wen-chou , located on the Ou River about twenty miles from the sea. Only wooden boats sail on this stretch of the Ou River, and the riverfront wharf facilities at Wen-chou need much improvement. Formerly a navigation lane was in use between Wen-chou and Chi-lung on Formosa.

There is no railway in Fukien Province, and the provincial capital, Foochow , must depend on the Min River and the highways to communicate with inland cities such as Chien-yang . There is a distance of about thirty miles between Foochow and the sea. The Min River is partially navigable for small woodem boats, but seagoing vessels must anchor at Lo-hsing-t'a [Pagoda Anchorage] , about nine miles downriver from Foochow. An island (Nan-t'ai) in the middle of the river gives the city additional room for expansion, and it is connected with the city by two bridges. The Ma-wei Naval Yard, fifteen miles southeast of Foochow, used to build boats for the Nationalist Navy but was destroyed during the last war. Chien-yang is the transportation center of northeastern Fukien. Two tributaries to the Min River and three highways leading into Anhwei, Chekiang, and Kiangsi Provinces converge at Chien-yang. From Chien-yang a north-to-south main highway passes through many of the important cities of central Fukien and reaches Ch'ang-ting on the southwestern

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489 provincial border. In the early days of the
361 Chinese Communist development, Ch'ang-ting was for a short time, used as a main base by the Red Army. The same highway runs south of Ch'ang-ting to Shang-hang, which, in the late 1920's, was also a Red Army base.

The Fukien Province coastal highway extends from Foochow southward to Amoy . . . The city of Amoy is located in the southwest corner of Amoy Island at the estuary of the Chiu-lung [Nine Dragons] River. The strait between Amoy and the Mainland is about three miles wide. To the southeast of Amoy is Ku-lang-yü (Kulangsu) and between the two there is an excellent protected harbor. Amoy has extensive highways connecting it with the cities on the mainland. Offshore, but within sight of Amoy, lies the island of Quemoy. It is a bleak rock cluster, whose only permanent inhabitants are a few fishermen. At the end of the Ming Dynasty (c. 1640), a Ming general occupied this island, resisting the Manchus, until he was forced to retreat to Formosa. Now, the occupation of Quemoy by the Nationalists is focusing the attention of the entire world upon this tiny island.

Along the Yangtze River in this region are several key cities such as An-ch'ing and Wu-hu . Wu-hu, located on the south bank of the Yangtze River, is the largest economic center of Anhwei Province. The Ch'ing-i River cuts the city into two parts. The Huai-nan

489 Railway terminates at the point directly opposite
361 the Yangtze River. As of early 1955, traffic had not yet been restored on the railway running south from Wu-hu which was destroyed during the war. An-ch'ing at one time was the provincial capital. The southern edge of the city overlooks the river, with a terrain suitable for river defense. The railway going north from Wu-hu passes through Hofei , the capital of Anhwei Province. Hofei is a large rice market and is linked with Pang-pu to the north by the same railway. Pang-pu is also on the Tientsin--P'u-k'ou Railway and provides a market for the coal produced at the Huai-nan Mine to the southwest. Strategically, Pang-pu has always been mentioned with Hsü-chou to the north (in Kiangsu Province) because both are on the main route between North and South China.

Annex "A," Subparagraph 1b, AF15
Sociological Background

HISTORICAL SETTING

I. INTRODUCTION

631 On the basis of historical and cultural development, no valid reason existed for designating the five provinces of Shantung, Anhwei, Kiangsu, Chekiang, and Fukien as a common and distinct unit. The grouping of these five provinces as the East China Region from 1949 to 1954 by the Communist regime was an accident of recent history. When the vast territory south of the Yellow River fell suddenly into Communist hands during 1949, the victors solved the problem of administering it by placing the various field army commanders in control of the provinces their armies held. The East China Region coincided with the territory held by the Third Field Army under Ch'en I.

II. HISTORICAL AND CULTURAL DEVELOPMENT

175 A. Interaction of the Yellow River and Yangtze River Cultures

Western Shantung along the present course of the Yellow River was at the eastern extremity of the prehistoric cultures from which developed the first organized state in China -- the Shang

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175 (c. 1520 to c. 1030 B.C.).[1] Based on the irrigated cultivation of millet, this Bronze Age civilization became the mainstream of developing Chinese culture. It spread out from the Yellow River area of the North China plain in all directions to the limits of arable land and topographical barriers, absorbing other cultures and integrating elements of them.[2]

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[133] 1. For most of the historical era the Yellow River flowed through northwestern Shantung. However, at various times and from 1324 to 1852, the river followed a course south of Shantung, emptying into the sea more than 250 miles south of the former and present river mouth. See map in Walter H. Mallory, China: Land of Famine (American Geographical Society Publication No. 6), New York, American Geographical Society, 1926, Fig. 29, p. 49.

2. On Chinese prehistory and development of the Chinese state see H. G. Creel, The Birth of China, London, Jonathan Cape, 1936; and Wolfram Eberhard, A History of China, Berkeley and Los Angeles, University of California Press, 1950, pp. 3-21. Joseph Needham, Science and Civilization in China, Vol. I, Cambridge, England, the University Press, 1954, pp. 72-99, summarizes both the foregoing presentations and other modern scholarship on China's early development.

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175 The low lying mountains of central Shantung, the peninsula they blocked to the east, and the separate rice cultures of the Hwai and Yangtze rivers initially presented problems that early Shang military and agricultural techniques could not overcome. By about 1100 B.C., however, Shang civilization was dominant in all these areas but the Yangtze plain.[3] In the early centuries of the succeeding Chou Dynasty (c. 1030 to 221 B.C.), military pressure and migration from the North provided the Yangtze culture with the stimulation and techniques necessary for developing strong political organizations and effective armed defense. As new states began forming in that area during the eighth century B.C., the old Chou territories were fragmenting into petty kingdoms. Those in Shantung, Anhwei, Kiangsu, and northern Chekiang were strongly influenced by their original native cultures.

In the struggle for survival and supremacy that ensued among the principalities down to the third century B.C., two originally non-Chou kingdoms became the principal contenders for hegemony over all China. The state of Ch'u dominated the Yangtze area from Chungking to the sea by 333 B.C., and Ch'in was expanding from the

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3. On the spread of Shang civilization see C. W. Bishop, "The Geographical Factor in the Development of Chinese Civilization," Geographical Review, Jan., 1922, pp. 28-29; and map in Albert Herrmann, Historical and Commercial Atlas of China, Cambridge, Mass., Harvard University Press, 1935, p. 9.

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175 northwest into the Yellow River region. The victory of Ch'in over Ch'u in 223 B.C. was followed two years later by the establishment of the first unified Chinese Empire. This process of Chinese unification, whereby consolidation of power in either the Yellow or the Yangtze river areas was the basis for further expansion and the establishment of empire, was repeated many times over in the succeeding centuries.[4]

B. The Foundations of Confucianism

812 In the four centuries before the emergence of the first Chinese Empire (221 B.C.), the principal philosophies with which China was to be occupied for the next two millenia were developed in the East China Region.[5] From the small,

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4. On the influence and fragmentation of the Chou state and the rise of the Ch'in unified empire see Eberhard, op. cit., pp. 25-68; Needham, op. cit., pp. 90-98; and Kenneth S. Latourette, The Chinese: Their History and Culture, 2nd ed., rev. (two volumes in one), Vol. I, New York, The Macmillan Co., 1934, pp. 42-83.

5. Readable summaries of the philosophers, their ideas and influence which are mentioned in the following pages may be found in H. G. Creel, Chinese Thought from Confucius to Mao Tse-tung, Chicago, University of Chicago Press, 1953; E. R. Hughes, Chinese Philosophy in Classical Times, London, J. M. Dent and Sons, Ltd., 1942. For translations of the works of individual philosophers see "Suggestions for Further Reading," Creel, Chinese Thought, pp. 263-65.

812 weak state of Lu in what is now southern Shantung there emerged during the sixth century B. C. one of China's and the world's most influential [829] thinkers -- Confucius. He blended and refined elements of the early Chou code of chivalry and the older, popular cosmological beliefs of the Yellow River culture to achieve the idea of a unified state, functioning as a great, harmonious family of unequals under a wise emperor-father ruling by example with the aid of learned and virtuous counselors. In the last half of the fourth century B.C., the same state of Lu produced the philosopher Mencius, who further developed Confucian ideas along the line of their originator, and stressed the innate goodness of human nature.

The last great contributor to Confucianism before it became a state cult was Hsü-tzu. He was a native of the state of Ch'i, which occupied most of present-day northern Shantung, but he spent much of his life in Ch'u. Living in the third century B.C. when the power struggle in China had reached its height, he was more realistic 829 and tough minded than his predecessors. He differed from them in maintaining that man was innately evil and that he could be made a worthwhile citizen of society only through the ministrations of rites, rewards, and punishments by an authoritarian state served by Confucian scholars.

With additions and modifications, the Confucian doctrine became the state cult which governed Chinese thought and behavior for most

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829 of the next two thousand years. The birthplace, grave, and descendants of Confucius have been honored by successive dynasties since the Han (206 B.C. to A.D. 220), and his direct male heir of the seventy-seventh generation now holds a sinecure as Officer of Confucian Rites in Formosa. Confucius and his doctrine fell into disrepute from the founding of the Republic (1912) through the early years of Kuomintang rule, but national recognition of his birth day was restored in 1931 at the time reworked elements of his philosophy were being revived by the Nationalist Government.[6] It is important to note also that two years before Mao Tse-tung took part in the founding of the Chinese Communist Party, he went out of his way to visit Confucius' birthplace and grave in Shantung.[7]

C. Moism and Taoism

812 Between Confucius and Mencius, yet another great founder of a school of thought came to the fore in or near the state of Lu. This man was Mo Ti (Mo-tzu), whom some scholars make a native of Lu and others a native of the neighboring state of Sung. He expounded a doctrine

6. See Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology," The Far Eastern Quarterly, Aug. 1955, pp. 515-32, particularly pp. 520-21.

7. See Mao Tse-tung's autobiographical account as reported by Edgar Snow, Red Star Over China, New York, Random House, 1938, pp. 136-37.

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812 of utilitarianism and universal love. More precise and systematic in his argument than his predecessors or contemporaries, he and more particularly his later disciples began to work out a methodology of argument that, along with his program for social improvement, endeared him and his followers to revolutionary thinkers of the twentieth century such as Hu Shih.[8]

The antithesis of Confucianism in China was Taoism. It had its beginnings in the time of Confucius, but its greatest exponent was Chuang-tzu, who is supposed to have lived in Anhwei during the last half of the fourth century B.C. The source of Taoism has been attributed both to a note of protest against the rise of the formalistic, aristocratic city civilization which marked the feudal system of the late Chou and to an element of thought prevalent in the Yangtze civilization. Oriented to anarchy and inaction, the Taoist philosophy opposed the rites, ethical system, cultivation of character, and learning of the Confucian school as well as the intellectualism and utilitarianism of Mo Ti and his followers.

175 177 D. Sinification of the East China Region

The East China Region was brought into

8. See for instance Tsi C. Wang, The Youth Movement in China, New York, New Republic, Inc., 1927, pp. 12, 46-47.

176 both the Ch'in (221 to 206 B.C.) and Han
177 (206 B.C. to A.D. 220) empires. The reaction of the independent Yangtze civilization to the Confucian orthodoxy evolving in the last half of the first century B.C. may be detected in the thinking of Wang Ch'ung, a native of what is
[812] today Chekiang. A fatalist influenced by both Confucianism and Taoism, he depreciated the Han Confucianists' emphasis on the importance of man, their belief in natural phenomena as signs of heaven's judgment on human behavior, and their acceptance of the authenticity of ancient historical literature. His arguments were fuel for Confucian revisionists during the remainder of the imperial period and for the anti-Confucianists of the republican era.

At the end of the Han Dynasty, the East China Region with the exception of present-day Shantung was still inhabited by mountain-dwelling Yüeh and valley-dwelling rice cultivators who had not been absorbed into the Chinese civilization. In the post-Han period of disunion, the Wei Kingdom (220 to 264) centered on the Yellow River, and the Wu Kingdom (220 to 280) centered on the Yangtze River undertook active measures to eliminate or absorb these alien groups. Military campaigns were followed by the establishment of colonies of soldiers to construct communication and irrigation waterways

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and farm the land.[9]

Despite the sinification efforts of Wu, Fukien and southern Chekiang were slow in accomodating to Chinese civilization. Encompassed by mountain ranges, the area has always been difficult of access by land, and its narrow river valleys posed problems not easily solved by the agricultural techniques evolved on the broad plains bordering the Yellow, Hwai, and Yangtze rivers. The Yellow River civilization had had practically no influence on the independent political organizations the southern peoples had developed by the third century B.C.,[10] but they succumbed to the Ch'in and Han drives to unify China. After the Han Emperor Wu Ti (140 to 87 B.C.) conquered the area, he is reported to have transplanted great numbers of its people to the Hwai River valley as a means of speeding their integration into the Chinese system.[11]

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9. Harold Wiens, China's March Toward the Tropics, Hamden, Conn. Shoe String Press, 1954, p. 140; Chi Ch'ao-ting, Key Economic Areas in Chinese History, London, George Allen and Unwin, 1936. pp. 98-104.

10. Wiens, op. cit., p. 8.

11. Latourette, op. cit., pp. 111-12.

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However, the development in Fukien of water-control projects -- a mark of Chinese traditional civilization -- began only under the Western and Eastern Chin dynasties (265 to 420). It remained minor until the Sui Dynasty (581 to 618), became large-scale only with the T'ang Dynasty (618 to 906), and reached the highest stage of expansion under the Sung Dynasty (960 to 1279).[12]

E. The Yangtze Basin as a Key Economic Area

The beginning of large-scale construction of water-control works in Fukien was accompanied by an increase of this type of activity in Chekiang and Kiangsu. The impetus was provided by the mass immigration of Han-Chinese fleeing from nomad invasion, drought, and famine above the Yellow River at the end of the third century and the beginning of the fourth century.[13] The establishment of the Eastern Chin Dynasty (317 to 420), with its capital near present-day Nanking, facilitated Han-Chinese dominance in the area and encouraged its agricultural development.

By the time of the Sui Dynasty (581 to 618), the Yangtze delta area of East China achieved

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12. Chi, op. cit., pp. 40-45, 130-31, and table, p. 36.

13. Wiens, op. cit., pp. 176-79; Eberhard, op. cit., pp. 125-162.

175 an economic and agricultural development equal
177 to that of the Yellow River area. However, the political center of the unified empire under the Sui and T'ang (618 to 906) dynasties remained at Ch'ang-an. To link the Yangtze economic base with the capital, the Sui Dynasty constructed a number of canals that joined together older canals and rivers to create a fairly direct water route from Ch'ang-an (present-day Sian) to Hangchow via Kaifeng, Huai-an and Yang-chou. Other construction projects linked Ch'ang-an with Peking, providing a continuous though circuitous water route from Peking to Hangchow. This series of projects, resulting in the first Grand Canal, entailed the labor and misery of millions of drafted, unwilling workers.[14]

Serving as a military and tax-grain transport system tapping the wealth of the Yangtze Valley, the waterway stimulated the further rapid development of agriculture in Chekiang, Kiangsu, and Anhwei. At the beginning of the eighth century, it was estimated that these three provinces and Kiangsi in the Central-South Region were supplying nine-tenths of the total land tax of the T'ang Empire.[15]

Under the alien Yüan Dynasty (1260 to 1368), the section of the old canal from

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14. Ghi, op. cit., pp. 98-129.
15. Ibid., p. 125.

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175 Hangchow to Huai-an was restored and a new
177 series of canals were constructed through western Shantung to provide a more direct route from the heart of the key economic area to the Mongol capital at Peking.[16] Although free from the risks and losses of ocean transport and less vulnerable to pirate raids along the coast, the inland waterway was increasingly costly to maintain and operate. Technical problems and innovations and the mismanagement of a corrupt bureaucracy brought the usefulness of the canal to an end at the beginning of the twentieth century.[17]

F. Division in the East China Region

Although it was the key economic area of the T'ang Empire, the Yangtze delta region was still divided on geographical and historical lines. Its physical and cultural homogeneity was advanced under the Sung Dynasty by improved communications and the influx of a cultured elite when the conquest of North China by the Juchen Tartars forced the Sung court to move its capital from Kaifeng to Hangchow in 1127. By the end of the dynasty (1279), the lower Yangtze

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16. Ibid., pp. 139-41.

17. See Hu Ch'ang-tu, "The Yellow River Administration in the Ch'ing Dynasty," The Far Eastern Quarterly, Aug. 1955, pp. 505-13.

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175 region had reached a stage of economic and
177 cultural development and unity that was not substantially altered until the intrusion of the Western powers after 1842.[18]

While the Yangtze delta area was being developed and unified, Anhwei and Kiangsu above the Hwai River and all of Shantung were surrendered to the Juchen Tartars. Initial attempts under the Sung general Yo (Yüeh) Fei to regain the territories lost in 1127 were thwarted when his execution was engineered in 1141 by a pacifist faction under the chief minister at court, Ch'in Kuei (Kuai). A peace treaty was then negotiated with the Tartars whereby the Sung was obliged to cede its former possessions above the Hwai River and pay a yearly tribute to the alien power. Through subsequent centuries up to the present day, the story of the hero-patriot Yo (Yüeh) Fei and the base traitor Ch'in Kuei (Kuai) has been made widely known throughout China by historical fiction and drama.

This division of the East China Region from 1127 to 1279 was a repetition of what had occurred during most of the fourth, fifth, and tenth centuries. While the North was subject to alien rule by various nomad tribes originally from the north and west of China, Chinese culture

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18. Chi, op. cit., p. 133.

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was making some of its greatest advances in the South.[19] Differences in dress, spoken language, and habits of daily life grew out of this division. Also, the consciousness within North and South of their separate identities was reinforced and has never been completely eradicated.

However, these differences should not be too much stressed. A sufficient number of the families stayed in the North to fill most of the administrative jobs under the alien dynasties and instill Chinese values and forms of organization in the conquerors.[20] Moreover,

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19. The best accounts of the nomadic conquest and rule of North China are: Eberhard, op. cit., pp. 110-77, 207-39; Wolfram Eberhard, Conquerors and Rulers,, Leiden, E. J. Brill, 1952, pp. 64-120; and Karl Wittfogel, Feng Chia-sheng, et al, History of Chinese Society: Liao (907-1125), issued as Transactions of the American Philosophical Society, n.s. 36, 1946, Philadelphia, The American Philosophical Society, 1949.

20. Eberhard, A History of China, pp. 178-79, makes much of the differences that grew up between North and South during the first period of division. In his Conquerors and Rulers, pp. 65-121, however, Eberhard demonstrates the persistence of the Chinese cultural and political administration in the North under alien rule. Needham, op. cit.,p. 119, minimizes the differences that grew out of the period of division.

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175 since the Mongol conquest of China in 1279,
177 the country had been almost continuously united until the middle of the nineteenth century, when the Taiping Rebellion opened the way for an upsurge of provincial autonomy.

G. The Seaward Orientation of Fukien

Handicapped by a mountainous terrain that increased the normal difficulties of farming and limited communication by land with the rest of China, Fukien tended to breed a highly individualistic and truculent people, strongly drawn toward the sea. They resisted the intrusion into the province of the imperial power and put their seamanship to whatever use promised the most advantage to themselves. Many coastal people emigrated to the South Seas and Southeast Asia, but the majority stayed home to engage in fishing, foreign and domestic trade, and fighting on the sea.

From the time of the T'ang Dynasty, and especially during the Sung Dynasty, what is today the port of Ch'üan-chou was one of the Chinese Empire's principal foreign trade
706 centers.[21] During and after the time of the Sung, natives of Fukien contributed a high proportion of the sailors in China's merchant

21. Latourette, op. cit., pp. 205, 250.

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706 and naval fleets. With the beginning of naval modernization in the 1860's, the establishment of a naval shipyard and academy at Foochow enabled natives of Fukien to gain a nepotistic monopoly on the Chinese navy. It was under the command of Sah (Sa) Chen-ping, whose home was in Foochow, during the last years of the Ch'ing Dynasty. He maintained control even after his retirement until his death in 1951, opportunistically placing the navy at the service of the Republic, various warlords, the Nationalist Government, and the Communist regime.[22]

579 Another use to which the people of Fukien put their seamanship and fighting ability was piratical raiding of rich farming and trade centers within access of the sea, particularly the area around the Yangtze estuary. During the Ming Dynasty (1368 to 1644), the natives of Fukien along with Japanese and persons of mixed ancestry operating from bases in Japan constituted a serious menace to the people and wealth of coastal China. When the foreign havens of the freebooters were eliminated by Japan's self-isolation at the beginning of the seventeenth century, the raiders continued their forays from Chinese offshore islands and isolated inlets in Fukien and northern Kwangtung.

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22. Percy Finch, Shanghai and Beyond, New York, Charles Scribners' Sons, 1953, pp. 127-28.

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579 One of the most famous of these pirates was Cheng Chih-lung, a native of Fukien who had married a Japanese woman. He was eventually persuaded by the Ming court to give up his freebooting and accept the official position of guarding the coast against pirates and Dutch traders. His even more famous son, Cheng Ch'eng-kung, is known to the West as Koxinga. In the service of the Ming Dynasty, he gained esteem by defending his home province against the invading Manchus until forced by superior numbers to retire to Formosa. After driving out the Dutch traders who had seized it as a center for commerce with China, he used the island as a base from which to mount raids against the Chinese coast. So great was the menace he, and his son after him, posed to the new ruling Ch'ing Dynasty (1644 to 1912), that it ordered the depopulation of the Chinese coast from Shantung south. The order was most strictly enforced in Fukien, undoubtedly because of the sympathy, aid, and bases Koxinga and his forces might expect to find there. Only in 1683 was habitation of the Fukien coast again permitted by imperial order.[23]

175 H. The Rise of the Ming Dynasty

The last native dynasty to rule China, the Ming (1368 to 1644), was a product of the lower Yangtze area of the East China Region. Its founder, Chu Yüan-chang, was the son of

23. Cf. A.W. Hummel, Eminent Chinese of the Ch'ing Period, Vol. I, Washington, D.C., Library of Congress, 1944, pp. 108-11; and Latourette, op. cit., pp. 310, 331-32.

175 a poor, farming family in Anhwei. Having lost his parents in one of the frequent famines that marked the last years of the alien Mongol Dynasty (1260 to 1368), the orphan became a novice at the Buddhist Monastery of Huang-chüeh in Feng-yang, Anhwei Province. Forced out of his refuge by a bandit raid, Chu joined one of the marauding gangs in the vicinity and quickly rose to a position of leadership. Having made himself master of the lower Yangtze valley, he pressed into the Yellow River area, drove out the Mongols from their capital at Peking, and became ruler of all China in 1368 under the reign title of Hung Wu. The national capital was maintained at the original seat of the ruling house in Nanking until 1409, when a son of Hung Wu usurped the throne from the dynastic founder's grandson and moved the political center of the country to his own power base at Peking.[24]

I. New Elements in Chinese Thought

812 While the Southern Sung maintained its capital at Hangchow, Chekiang and Fukien became the cultural heart of China. It was during this period that Fukien contributed its most notable figure to Chinese history -- Chu

24. Latourette, op. cit., pp. 286-87; Eberhard, A History of China, pp. 252-54, 258-59, 268-69.

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812 Hsi (1130 to 1200). He is known throughout China as the last and most important of a line of Sung thinkers who reworked Confucianism into the form which became the predominant orthodoxy of the scholar class and the state down to the nineteenth century. The fresh interpretation, known as neo-Confucianism, synthesized in one doctrine elements of conflicting Confucian, Buddhist, and Taoist interpretations of the universe, man's place in it, and the means to understanding their interrelation, nature, and functions.[25]

More than three centuries later, one of the great personages of Chekiang, Wang Yang-ming (Wang Shou-jen, 1472-1529), took issue with Chu Hsi's idea that the "investigation of things" -- usually interpreted as the study of ancient literature and the past -- was the key to understanding the nature of man and the universe. Wang maintained that the mind of man himself was the source of knowledge, and that the goal of thought was to understand oneself and the immediate world in order to translate knowledge into action.[26] After Wang's fresh attempt to resolve the ancient problem of the relationship between knowledge and action, it

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25. A short and readable account of the thought and influence of Chu Hsi is available in Creel, Chinese Thought, pp. 206-12; and Latourette, op. cit., pp. 257-64.

26. Creel, Chinese Thought, pp. 213-16.

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812 constituted a major element of concern in the ideas of subsequent thinkers. The strain is apparent in the political ideas of such modern figures as Sun Yat-sen and Chiang Kai-shek and in the pre-Communist and Communist writings of Fung (Feng) Yu-lan, one of modern China's leading philosophers.[27]

III. THE MODERN PERIOD

177 ### A. The Invasion of the West

Toward the middle of the nineteenth century, the East China Region was subject to the intrusion of western military, material, and economic forces. They carried with them new secular and religious ideas incompatible with the traditional cosmological, social, political, and economic views of China. These forces for change coincided with a phenomenon which had been repeated many times over the centuries in China -- the decline of the ruling dynasty with an accompanying abuse of power and growth of disorder.[28]

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27. See David S. Nivison, "The Problem of 'Knowledge' and 'Action' in Chinese Thought since Wang Yang-ming," Studies in Chinese Thought, Arthur F. Wright, ed., Chicago University of Chicago Press, 1953, pp. 112-45. Also see Nivison's Communist Ethics and Chinese Tradition, Cambridge, Mass., Mass., Institute of Technology, 1954.

28. [see the following page]

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177 Although it was in the lower Yangtze River area that Western material and ideological forces made their deepest and widest penetration in China after 1852, the educated elite and imperial officials from the provinces of the East China Region by and large remained committed to the old tradition and the ruling dynasty. Those men who saw the need for adopting the technical knowledge and advances of the West to preserve China and the throne rejected fundamental changes in the traditional political, economic, and social system that would have permitted China to establish the necessary basis for supporting and managing a technical civilization.

Only as the Western penetration became more pronounced and the old system was challenged from outside the East China Region did it produce a new kind of leadership that was

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28. The course and affect of Imperial China's interaction with the West are described from different points of view in H. B. Morse, The International Relations of the Chinese Empire, 3 Vols., London, Longman, Green, and Co., 1910, 1913, 1918; and John K. Fairbank and Teng Ssu-yü, China's Response to the West: A Documentary Survey, 1839-1923, Cambridge, Mass., Harvard University Press, 1954. Unless otherwise noted, the following material is taken from these sources.

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177 instrumental in shaping the destinies of modern China. Nanking, first capital of the Republic and seat of the Nationalist Government, was the measure of this new leadership and the penetration of western political and social ideas. The growth of a new Chinese middle class and professional influence in the twentieth century was most directly attributable to Shanghai and vicinity, where Western economic dominance was more overtly apparent than elsewhere in China. Neither Shantung, which had been closely identified with traditional Chinese civilization, nor Fukien, which had been slow in accommodating to Chinese civilization and tended toward isolation, contributed significantly to the leadership of the new forces in China. But Shantung symbolized China's humiliation by the force of Western arms and provided the spark of Chinese nationalism, while the rugged terrain of Fukien provided a refuge from the Kuomintang for the Communist Party between 1927 and 1934 while it worked out the technique of rural revolution and guerrilla warfare.

186 B. <u>Lin Tse-hsü and Li Hung-chang</u>

The initial reaction of the scholar class to the western intrusion in China was typified by Lin Tse-hsü (1785-1850), a native of Fukien. Commissioned by the Chinese emperor to stamp out the importation of opium at Canton in 1839, Lin adopted an uncompromising

186 attitude in the firm belief that he represented the only civilized nation on earth and a righteous and moral cause. His firm stand stirred up resentment among the British promoters of empire, helped precipitate the Opium War, and resulted in his official exile. Before and after his banishment he was aware of the material advances of the West and saw the necessity of China's possession of modern ships and weapons to withstand the "rebellious barbarians."[29]

178 The superiority of Western arms and technology was even more evident to Li Hung-chang, a native of Anhwei who carried the burden of China's foreign relations in the last three decades of the nineteenth century. He was a leading figure in the formation of China's first modern army and navy, the construction of some of the country's first arsenals and shipyards, the promotion of modern mining, textile industries, and railroad and telegraph systems, and the advocacy of educating Chinese abroad. Yet, he refused to institute changes in China's political, economic, and social system, believing it was based on a superior culture, and his efforts at modernization were sabotaged by graft, corruption, and arbitrary interference in official circles, extending up to the throne.[30]

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29. Fairbank and Teng, op. cit., pp. 23-30.
30. Ibid., pp. 68-76, 78, 86-88, 91-93, 108-12, 118-21.

C. Shanghai

177 The series of treaties at Nanking following the British victory of 1842 ended Canton's monopoly on foreign trade by opening four more ports to Western commerce. They were Amoy and Foochow in Fukien, Ningpo in Chekiang, and Shanghai in Kiangsu. In the newly opened Fukien trade centers, as in Canton, the foreigners' right of residence was disputed and their persons subjected to insult and violence.

No such resistence was encountered at Shanghai. Within a few years, the port at the entrance to the Yangtze became the center of foreign trade, population, and business activity in China. Foreign demands for services and opening of new sources of wealth quickly drew Chinese businessmen and laborers within the city's expanding boundaries. The Chinese population of the city was further swelled by refugees seeking shelter from the Taiping Rebels when they swept north to capture Nanking and overrun most of China. Western military forces in Shanghai staved off Taiping attempts to take the city in 1860, and Western adventurers like the Americans Frederick Townsend Ward and Henry Burgevine and the Englishman Charles "Chinese" Gordon successively led a body of Chinese troops known as "The Ever-Victorious Army" that helped the Hunan and Anhwei armies of Tseng Kuo-fan and Li Hung-chang drive out the rebels from the East

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177 China Region by 1864.

The effect of the period of disruption of imperial control over the provinces of the East China Region was to establish foreign jurisdiction over the richest part of Shanghai -- the Western residential and business district known as the International Settlement. When the rebellion had been put down, foreign business and political dominance over this predominately Chinese area was so firmly rooted that it was not relinquished until World War II. The Chinese only slowly gained a place, and then only a minority representation, on the municipal council that governed the International Settlement. At the same time, that part of the city became a haven for Chinese persons and publications out of sympathy with the constituted Chinese regime.

The foreign-dominated International Settlement was to the Chinese a symbol both of all they admired and all they hated in the Westerners' presence in China. Through foreign secular and religious largesse, a part of the city's population experienced the advantages that modern educational and health facilities afford. The wealth, comforts, and goods produced by Western business and industry made explicit the fruits that China might expect from her own modernization

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177 and industrialization. Western ideas and material strength intrigued Chinese youth and drew those who could afford it to Western educational institutions to learn at first-hand the means to a better life for themselves and their country. In far greater numbers, young Chinese learned these things at second-hand in Japan, considered to be a model for China's own development.

On the other hand, exclusive clubs for foreigners only, vice of every description, extraterritoriality, lack of Chinese tariff autonomy, and foreign political and economic dominance of Chinese territory existed most grossly and openly in Shanghai. These were the characteristics of the West in China which most deeply rankled in the Chinese heart, fostered Nationalist and Communist China's xenophobia, and provided ready ammunition for the current regime in pursuing its anti-imperialistic theme.[31]

D. Hu Shih

The positive effects of the West in China are exemplified by the Western-educated scholar Hu Shih, a native of Anhwei.[32] With

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31. The story of Shanghai up through the early years of World War II has been colorfully told largely from an eye-witness point of view in the undocumented work by Finch, op. cit.

32. On Hu Shih, see Fairbank and Teng, op. cit., pp. 251-58.

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177 his knowledge and admiration of modern Western civilization, he became as a young man one of the most significant contributors to the reform of Chinese written expression and helped to change the style of modern Chinese literature. As a professor and editor of a journal of opinion in the following decades, he spread the principles of John Dewey's pragmatism the scientific attitude, objective literary criticism, democracy, and material progress. The importance and influence of his work in China may be inferred from the heavy attacks he and his ideas have encountered under the Communist regime.[33]

669 E. The Warlords in the East China Region

One of the negative aspects of the coincidence of the Western invasion of China and the decline of the Manchu Dynasty was the period of warlord rule (1916 to 1928) in the East China Region. Military despots armed with Western

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33. See for instance the comments of the American editors of Current Background, Hong Kong, American Consulate General, 315, p. 2, and translation following of Chinese Communist press reports. Also see "The Campaign against Hu Shih, "Ibid., 167. Citations from Current Background, unless specifically attributed to the American editors, as above, refer to literal translations from Communist newspapers and magazines, and should be treated as such.

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weapons and motivated by the desire for power and wealth arose to fill the vacuum left by the disintegration of central political authority in 1916. As a port through which Western weapons could be smuggled and as a source of vast revenue, China's richest city, Shanghai, was a major attraction to the warlords.[34]

Dominance of the city passed from one to another of them until Sun Ch'uan-fang, a product of Shantung, seized Shanghai in 1925. He took it in the course of carving out a domain for himself which, by 1926, included Kiangsi in the Central-South Region and all the provinces of the East China Region with the exception of his native Shantung. In 1927, he was driven from his realm by the armies of the Kuomintang.

Sun's rise to power was engineered by a series of alliances and betrayals and abetted by another warlord and native of Shantung, Wu P'ei-fu. Wu followed Ts'ao K'un as leader of the Chihli (Hopei) Clique, one of three warlord factions which alternated in control of Peking. The other factions were the Anfu Clique (an for Anhwei and peace; fu for Fukien and good fortune) dominated by Tuan Ch'i-jui;

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34. On the warlords see H. F. NacNair, China in Revolution: An Analysis of Politics and Militarism under the Republic, pp. 46-64, and passim. On their role in the East China Region see Finch, op. cit., passim.

669 and the Fengtien (South Manchuria) Clique led by Chang Tso-lin. After 1923, Feng Yü-hsiang, until then the chief lieutenant of Wu P'ei-fu, became an independent and additional element in the dominance of Peking. Both Tuan and Feng were natives of Anhwei but operated largely outside the East China Region.

F. Shanghai and the Nationalist Revolution

669 During 1923, the founder and leader of the
668 Kuomintang, Sun Yat-sen, reached agreement with representatives of the Soviet Union for its material help in reorganizing the Kuomintang on Communist Party lines and aiding it in the achievement of national unification and independence. Members of the Chinese Communist Party, founded two years before in Shanghai, were admitted into the Kuomintang and permitted to conduct the major share of the propaganda and grass roots organizational campaigns. In the East China Region, these efforts were most heavily concentrated on the industrial workers of Shanghai. Particular attention was paid to organizing them into unions, propagandizing for labor benefits, and indoctrinating labor in nationalistic and

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anti-imperialistic ideas.[35]

In the course of this campaign, a demonstration held May 30, 1925 to protest the death of a worker in a strike against one of the city's Japanese-owned mills was fired on by police of the International Settlement, killing several marchers. Communist labor leaders took advantage of natural Chinese resentments to promote a general anti-imperialist movement marked by strikes, boycotts, and demonstrations against Britain and Japan. This action aided greatly in stirring up enthusiasm for the radical Kuomintang program then being disseminated in Canton and for the Northern Expedition which set out from that city a year later to unite all

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35. The history of the reorganization of the Kuomintang, its alliance with the Soviet Union, the beginnings of the Communist Party and subsequent events is recounted from a number of points of view in MacNair, op. cit.,; T'ang Leang-li, The Inner History of the Chinese Revolution, London, G. Routledge and sons, 1930; Harold Isaacs, The Tragedy of the Chinese Revolution, rev. ed., Stanford, Stanford University Press, 1953; Robert C. North, Moscow and Chinese Communists, Stanford, Stanford University Press, 1953; and Benjamin I. Schwartz, Chinese Communism and the Rise of Mao, Cambridge, Mass., Harvard University Press, 1951.

669 China and free it from foreign control. The
668 May 30th incident helped to swell the ranks of the Communist-led unions. On Marcy 22, 1927, the unions were able to seize control of Shanghai as a small Nationalist army approached the city. The Kuomintang army was welcomed into the city by the labor forces, but it was evident that they intended to maintain at least a hand in controlling the city and that they were in sympathy with the Communist-dominated left-wing of the Kuomintang government at Wuhan, which had split with the more conservative majority of the party elsewhere. On orders from Chiang Kai-shek, the reinforced army within Shanghai struck without warning at the labor forces on April 12, 1927, slaughtering thousands of labor union members, their Communist and leftist leaders, and their worker army, which had buried its arms on Comintern orders. The action was preceded by a conference between Chiang and the business leaders of Shanghai, who had been shocked by the excesses of the Wuhan Government's appeal for peasant and labor uprisings. With the support of the business element and the warlords within the ranks of the Kuomintang, Chiang was able to achieve leadership of the party and drive the left-wing government from Wuhan. He turned the revolution to the right. The Russian advisors were expelled from the country and the Communists from the Kuomintang.

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G. Shanghai and Opposition to the Kuomintang

668 As the Kuomintang turned toward the right and shortly afterward became the governing power in China, Shanghai became one of the principal centers for movements out of sympathy with the one-party government. Many of Shanghai's businessmen and professional men were leaders of the Nationalist Salvation Movement, which from 1935 to 1937 condemned the government's policy of appeasement toward Japan and failure to institute democracy in the country.[36] Shanghai was also a primary center of the leftists, socially oriented literary expression of the late twenties and the thirties. Among its most noted exponents were two natives of Chekiang -- by which Shen Yen-ping, better known by the pen-name of Mao Tun, and Chou Shu-jen, who has become universally famous under his pen-name of Lu Hsün (Hsin). Mao Tun is currently one of the leading Chinese Communist authors. Lu Hsün at the time of his death in 1936 was the most popular writer in China, especially among the students. His novel The Story of Ah Q is a major classic of modern Chinese literature.

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36. See P.M.A. Linebarger, The China of Chiang K'ai-shek (sic): A Political Study, Boston, World Peace Foundation, 1941.

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668 Though Lu Hsün never joined the Communist Party, he had become sympathetic with it in the last years of his life. The anniversary of his death is celebrated and publicized by the Communist regime; he and his works are lauded in the Communist press; and his home in Shao-hsing, Chekiang, and his grave in Shanghai have become national shrines.[37]

648 H. Shantung and the Boxer Rebellion

From the end of the nineteenth century until 1929, Shantung was repeatedly the object of foreign aggression. Initially and for the most part, the aptest pupil of the West, Japan, was the aggressor. But the inroads of Western powers themselves were the first to rouse Chinese hatred and reaction.

The Shantung peninsula was bombarded and occupied by Japanese forces during the Sino-Japanese War (1894-1895). They had not been withdrawn when Germany seized the pretext of the murder of two German missionarie in Shantung to sieze Tsingtao as a naval base in November 1897. Railway and mining concessions in the province were also wrung from the Chinese government. When the Japanese forces in Wei-hai-wei (Weihaiwei) were withdrawn in May 1898, the British moved in

37. See, for example, the translation of an article from the Communist press by Feng Hsüeh-feng, "Lu Hsün: His Life and Thought," Current Background, 217.

648 to take over rights wrested from the Chinese in negotiations. After France had been similarly compensated by the lease of Kwangchow Bay in Kwangtung, Italy unsuccessfully demanded a like cession in Chekiang.

669 These national humiliations coupled with a disastrous flood raised a wave of anti-Manchu and anti-foreign sentiment among the people of the East China Region in 1899. The membership of secret societies swelled, and bandit gangs became rife throughout the five provinces. These two kinds of groups, often indistinguishable one from the other, were the traditional outlets for grievances against the government and frequently became the nuclei around which ambitious persons organized movements intent on seizing the throne.

Anti-foreign hatred and violence in Shantung finally coalesced in the I-ho-t'uan (The Righteous Harmony Corps), also called the I-ho-ch'üan (Fists of Righteous Harmony). Known to the West as "the Boxers," the membership of this society had originally been organized against the ruling dynasty, but were persuaded to turn their resentment against the foreigner. Beginning with rice riots and raids on Christian missions, the sect soon turned to violence against native Christians, German prospectors and railroad workers, and foreigners generally. The secret society not only had gentry leadership, but was also encouraged by the Manchu

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669 governor of Shantung, Yü-hsien. When under foreign pressure Peking replaced him with Yüan Shih-k'ai in January 1900, the activities of "the Boxers" declined rapidly in Shantung. The sect's scene of operation then shifted northeast to Hopei and was particularly active around Peking, where the sect won open support from the imperial family.

I. Shantung and Japan

648 The eyes of China were again on Shantung from 1915 through 1929. In the former year, Japan entered World War I on the side of the Allies and proceeded to drive the Germans out of Shantung despite the protests of China, then a neutral. Having replaced Germany in the province, Japan forced on China the "Twenty-one Demands." One demand stipulated Chinese recognition of Japan's right to take over Germany's position in Shantung.

China entered the war in 1917, but not with the intent of gaining a hearing for her rights at the peace table. Rather, the declaration of war was forced through over parliament's objections by the warlord Tuan Ch'i-jui with the aim of enriching himself and his cohorts through war loans from Japan. These loans and Japanese agreement with the other Allied Powers recognizaing her "special rights" in China strengthened Japan's position in Shantung by the end of the war. At the

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648 Versailles Treaty negotiations, Japan skillfully maneuvered the other Allied representatives into officially confirming her special position in Shantung. When news of the Versailles Treaty provision validating Japanese control of Shantung reached China in 1919, the students instituted a protest demonstration that constituted a turning point in modern
668 Chinese history. Known as the May Fourth Movement, the demonstration grew into a national protest and anti-Japanese boycott joined by bankers, merchants, and other articulate sections of the country. It forced the resignation of the warlord government of Tuan Ch'i-jui, moved the Chinese delegation at Versailles to refuse to sign the treaty, instigated a rising tide of nationalism at home, and turned China away from trust and hope in the Western powers and toward a search for salvation through the aid of the Soviet Union and the use of Communist organization and methods. From the May Fourth Movement can also be traced the injection of strength and substance into the Kuomintang and the birth of the Communist Party. The current Communist regime recognizes its debt to the May Fourth Movement, and views it as the watershed of the revolutionary stream which

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668 carried the Communists to victory.[38]

648 Though China won back control of Shantung through negotiations initiated at the Washington Conference (1921-22), Japan maintained her economic interests in the province. On the basis that these and her citizens were threatened, Japan moved troops into Shantung in 1927 and thwarted the Nationalist army's drive through the province toward Peking in 1927 and 1928. Only after a full-scale battle at Tsinan in 1928 did the Japanese give way and permit part of the Nationalist forces to move north and seize the old capital of China. Japan withdrew her troops on May 20, 1929, but the widespread Chinese boycott on Japanese goods which had been instigated by the Tsinan incident continued through the summer of that year.

Shantung was once more subject to Japanese military assault and occupation in 1937. Before Chinese troops were driven out of the province the following year, they won one of China's few World War II victories, at T'ai-erh-chuang.

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38. The student role in the May Fourth Movement and subsequent events are described in Kiang (Chiang) Wen-han, The Chinese Student Movement, New York, Kings Crown Press, 1948. On the reorientation of the Kuomintang, the rise of the Chinese Communist Party, and Russia's role in both, see references, footnote 35.

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J. Nanking

165 The fall of Peking to Kuomintang forces in June, 1928 marked the nominal unification of the country under the Nationalist forces. On October 10, 1928, the Nationalist Government was officially inaugurated with its capital at Nanking rather than at Peking, reflecting the predominantly southeastern composition and orientation of the Kuomintang. Nanking was closer to the power centers of both the older element of the party, largely from Kwangtung and its neighboring provinces, and to the newer business element centered on Shanghai. The new capital had been the political center of the republican provisional government set up in 1912. The removal of the capital to Peking in February 1912 had always been resented by the southern revolutionaries. The shift reflected the designs and power interests of Yüan Shih-k'ai, to whom Sun Yat-sen surrendered his leadership of the provisional government in the hope of effecting more quickly the victory of the revolution and the unity of China.

An equally compelling reason for the selection of Nanking as the national capital was the association it had for many of the southern leaders with native rule of the country. The city had been the original seat and capital of the last native dynasty to rule China, the Ming, and many southern leaders

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165 identified their overthrow of the alien Manchu house with the Ming Dynasty's expulsion of the foreign Mongol regime. Shortly after accepting the office of provisional president, Sun Yat-sen had led a formal ceremony before the tomb of the founder of the Ming Dynasty, Hung Wu (Chu Yüan-chang), to announce the restoration of Chinese rule over the country.

K. Chiang Kai-shek

The Kuomintang and national government centered on Nanking were under the leadership of Chiang Kai-shek, a native of Chekiang. He had been comparatively unknown when the Northern Expedition set out from Canton two years earlier. His western training having been confined to the military arts, he had been a minor revolutionary figure until he was given command of the Whampao Military Academy on his return from training at Moscow in 1923. As head of the academy, he acquired a military following which afforded him a power position in the Kuomintang that no civilian member could dispute with impunity. He held together the party's diverse factions by demanding their leaders' personal loyalty to himself rather than to any ideal.[39]

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39. On Chiang see Linebarger, op. cit., pp. 254-72; Mary C. Wright, loc. cit.; and Theodore H. White and Annalee Jacoby, Thunder Out of China, New York, William Sloane Associates, Inc., 1946, pp. 118-31 and passim.

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665 Under Chiang's leadership, the party and nation were ostensibly devoted to the realization of Sun Yat-sen's Three Principles of the People -- nationalism, democracy, and the people's livelihood. However, the government was beset by difficulties that complicated the immediate institution of Sun's program. Moreover, Chiang seems to have been in philosophical disagreement with it. He found his models of ideal behavior in men like Tseng Kuo-fan, who had saved the Ch'ing Dynasty from the Taiping Rebellion, and was most insistent on instilling a form of reinterpreted Confucianism in the Chinese people.[40]

The territory under the real control of Nanking in 1928 extended only to the minority of provinces in or adjacent to the lower Yangtze basin. Most of China was under the direct rule of warlords who gave at best only nominal allegiance to the central government. They frequently repudiated Nanking's control in the following decade, and Communist forces dominated smaller areas after 1931.

Chiang was increasingly acknowledged as the leader of China even in areas outside his real control, as the outbreak of the anti-resistance

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40. See Mary C. Wright, loc. cit.

665 war against Japan showed. He continually strove to unite the nation by military force, maintaining that unity and the elimination of Communism in China were the most pressing problems the country faced. To Chiang's mind, their solution was a necessary condition for resistance against Japan's inroads in the North and for the institution of democracy in China. While little was done to improve the livelihood of the people in the provinces under Nanking's effective control, strides forward were made with government help in the expansion of industry and the nation's transportation and communication networks. Attention was given also to attaining the first of Sun's Three People's Principles, nationalism, by striving for tariff autonomy, the elimination of extraterritoriality, and the end of foreign concessions on Chinese soil.

L. The Ch'en Brothers

Chiang's rise to power marked a shift in the preponderance of Kuomintang leadership from the old Kwangtung revolutionaries to more moderate army officers and civilians from the East China Region, particularly from Chekiang. Among the most powerful and influential of the new leadership were the brothers Ch'en Kuo-fu and Ch'en Li-fu from Chekiang. Both were members of the party's Central Executive Committee and held positions in the party and government which controlled the training and education of China's youth

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665 and the party membership. To both men, the revolution had been completed with the establishment of the national capital at Nanking in 1928. They believed China's need in subsequent years was for organization and discipline, and the brothers helped to think out and promote the return to the conservative Confucian principles advocated by Chiang Kai-shek.[41]

M. Nanking and the Japanese Occupation

642 Almost as soon as the Nationalist armies were forced from the East China Region, the victorious Japanese established a puppet government at Nanking. Inaugurated in March 1938, it was known as the Reformed Government of the Republic of China. For two years the Reformed Government at Nanking existed side by side with the Provisional Government of the Republic of China, another puppet regime set up by the Japanese at Peking in December 1937. The difficulties and embarrassments attendant upon the supposed national character of the two governments were resolved in March 1940 when both were dissolved and a Reorganized National Government headed by the old Kuomintang revolutionary

41. See Linebarger, op. cit., pp. 84, 134, 142; White and Jacoby, op. cit., pp. 107-15 and passim; and Mary C. Wright, loc. cit.

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642 Wang Ching-wei was established with its capital at Nanking as the political authority for all China. In reality, the new government like the old ones it displaced had no real power, attracted no important Chinese leaders to its standard other than Wang, and derived no real support or recognition from the Chinese people.[42]

IV. THE RISE AND VICTORY OF COMMUNISM

A. Birth of the Party in Shanghai

668 The East China Region and particularly Shanghai played an important part in the rise of Communism in China. Approximately midway between two other centers of intellectual ferment and radical thought in the early republican period -- Peking and Canton -- Shanghai was the natural meeting place of 665 representatives of the new ideas. In September 1920, a meeting of some eight intellectuals discussed the formation of a Communist Party in China, and at a larger gathering the next year in the same city, the Chinese

42. Linebarger, op. cit., pp. 183-210; and George E. Taylor, The Struggle for North China, New York, Institute of Pacific Relations, 1940, pp. 159-62, 176-77.

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665 Communist Party was formally established.[43]

The 1920 group included such famous natives of the East China Region as Chang Tung-sun, a philosopher, educator, and journalist from Chekiang who was later to become a leader of the Democratic Socialistic Party and still later to cast in his lot with the Communist regime; Shao Li-tzu, also from Chekiang, a chü-jen (holder of the second degree in the traditional examination system), and graduate of the Jesuit Universite l'Aurore at Shanghai, who later became secretary-general of the Whampao Academy and is now a non-Communist member of the Standing Committee of the National People's Congress; Chang T'ai-lei from Kiangsu, organizer of the proto-Communist Social Democratic Youth Corps in 1918 and later to become a Communist martyr after his death in the abortive Canton Rebellion of 1927; and Ch'en Tu-hsiu, an Anhwei man educated in Japan and France who played the leading role in the Chinese literary and cultural revolution as an editor of Hsin-ch'ing-nien (New Youth) and professor of

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43. On the formation of the Communist Party see references, footnote 35; and Conrad Brandt, et al, A Documentary History of Chinese Communism, London, George Allen and Unwin Ltd., 1952, pp. 29-30, 51-65.

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665 Chinese literature at the University of Peking.[44]

None of these men was present at the 1921 Shanghai conference which founded the Chinese Communist Party, but Ch'en was elected its first chairman. He held that position until 1928 when he was read out of the party and blamed for the Communists' defeat at the hands of Chiang-Kai-shek in 1927. In 1930, he became the leader of a dissident Trotskyist group, and in 1931 was arrested by the Central People's Government and imprisoned.

B. The Ruralization of the Communist Party

Following Marxist dogma, the Party initially concentrated most of its hopes and efforts on the city proletariat. The lives or sympathies of the large following the Communists had acquired in Shanghai were wiped out by Chiang Kai-shek's coup on April 12, 1927. Thereafter, the Party's highest leaders continued without success to attempt to revive the sympathies of labor and reconstruct the shattered labor organizations. The real strength of Communism after 1927 was located in the rural Soviets at Kiangsi and

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44. On Ch'en Tu-hsiu see Fairbank and Teng, op. cit., pp. 239-45, 249-51.

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665 Fukien under Mao Tse-tung and Chu Teh.[45]

Throughout its history, the Chinese Communist Party had had few leaders of proletarian origin or background. From 1927 to 1949, "the vanguard of the proletariat" lacked a worker-following as well. The ruralization of the Party after 1927 precluded the development of a significant proletarian leadership or following.[46]

As a consequence of the rural nature of the Communist Party, its main source of leadership was the agricultural provinces of China. However, Kiangsu is even with Hupeh and second only to Hunan in respect to total number of representatives contributed to the various Chinese Communist politburos or guiding bodies from 1921 through 1945. Anhwei ranks third. Moreover, Kiangsu was the only province to have two or more representatives on each of these policy-making bodies from 1927 through 1945. In percentage of membership on the Central Executive Committee of 1945, natives of Kiangsu were equally represented with those of Hupeh but outnumbered

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45. On the subsequent history of the Communist Party see reference, footnotes 35 and 43.

46. This thesis is fully developed in Schwartz, op. cit.

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665 by persons from both Hunan and Szechwan. Fukien, with Shansi, had the fourth largest representation.[47]

C. Chou En-lai

The most important representative of Kiangsu from 1927 through 1945 was Chou En-lai. Grandson of a Ch'ing Dynasty official and son of a traditional scholar, Chou had shown great promise in his literary studies before he forsook them to take part in the New Culture Movement. After playing an active student role in the May Fourth Movement, he went to Paris to finish his education, helped to found a branch of the Chinese Communist Party there in 1921, and travelled to England and Germany before returning to China at the age of 26 to join the Nationalist Revolution in Canton. Sent to aid in the organization of the labor insurrection at Shanghai in 1927, Chou was one of the few leaders of the labor forces to escape Chiang's coup in April. Chou subsequently helped organize abortive Communist uprisings at Nanchang, Swatow, and Canton before joining Mao Tse-tung in the rural Soviet areas

47. Robert C. North, Kuomintang and Chinese Communist Elites, Stanford, Stanford University Press, pp. 65-71, and Appendix D, pp. 116-119.

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665 of Kiangsi and Fukien.[48]

Though his early Communist career was involved in violence, Chou has since shown that his forte is diplomacy. Through all the turnovers in the Central Executive Committee, instigated in the first years of the Chinese Communist Party by the Soviet Union and in later years by internal power struggles, Chou has shown a remarkable ability to retain his seat.[49] He now ranks with Liu Shao-ch'i just below the Party Chairman, Mao Tse-tung. Chou was the leading Communist representative at Sian in 1936 following the kidnaping of Chiang Kai-shek by army officers dissatisfied with his appeasement policy toward Japan. By negotiating the release of the Generalissimo, Chou laid the groundwork for Kuomintang and Communist Party co-operation in the early years of the war with Japan.[50] During the war, Chou was the Communist liaison representative stationed at Chungking, and since the establishment of the Communist regime, he has been responsible for the conduct of China's foreign policy.

D. The Communists during the Resistance War Against Japan

48. Snow, op. cit., pp. 44-49.
49. See North, Moscow and Chinese Communists, pp. 141, 146, 157, 174, 180.
50. Snow, op. cit., pp. 413-35.

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The fall of Shanghai to Japan in 1937 and of the rest of the East China Region the following year created a new situation for the Communists. They had become experts at guerrilla warfare in the countryside, and the Party seized the opportunity of the war to establish guerrilla bases in the rural areas where neither the Kuomintang nor the Japanese exerted any real control. At the end of 1937, remnants of the former soviets in Fukien and Kiangsi became the nucleus of the New Fourth Army. Largely Communist-led, it was sanctioned by the Chungking Government to operate in the area against the Japanese. Suspecting with good cause that the Communist leadership was at least equally interested in laying the groundwork for a post-war comeback as in fighting the Japanese, the Central Government ordered the army to move north of the Yangtze River at the end of 1940. While the army was enrouted, it was attacked by Kuomintang troops in January 1941. The action resulted in heavy casualties, capture of the army commander Yeh T'ing, and the end of what little co-operation had existed between the Kuomintang and Communist parties.[51]

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51. See Linebarger, op. cit., pp. 110-21, Gunther Stein, The Challenge of Red China, New York, Whittlesey House, McGraw-Hill Book Co., Inc., pp. 20-21, 314-15, and Agnes Smedley, Battle Hymn of China, New York, Alfred Knopf, 1943, pp. 247-398.

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Following this incident, the Central Government disbanded the New Fourth Army, but it continued to operate and expand under Communist aegis in the East China Region and west of it along the Yangtze River until the end of the war. The army functioned not as a unit but as a collection of separate bands maintaining scattered rural bases isolated from one another by Japanese forces concentrated in the cities and communication centers. In Shantung and northern Chekiang, a similar pattern of Communist operation was effected by the Communist Eighth Route Army from 1938 on.[52]

The nature of these armies' existence and lack of independent finances necessitated that the guerrilla forces cultivate close relations with the people. They were encouraged to participate in Communist-sponsored local governments.

Rents due absentee landlords were suspended; taxes on the poorer peasants were lowered; and producer co-operatives were organized for the benefit of the armies and

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52. See Stein, op. cit., pp. 324, 328-30, and map facing p. 458.

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726 local population.[53]

669 E. Victory of the Communist Party

At the end of the war, Communist forces were scattered throughout the East China Region with the exception of southern Chekiang and Fukien. These troops immediately began to expand their areas of control by accepting the surrender of Japanese occupying forces and came into conflict with Kuomintang troops bent on the same mission. Central Government orders to the Communists to desist in this operation had no affect, and a full-scale civil war was soon in progress throughout China.[54]

A Kuomintang offensive from July 1946 to July 1947 drove the bulk of the Communist

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53. See Linebarger, op. cit., pp. 116-23, 159-75; Stein op. cit., pp. 333-41; and U. S. Office of Strategic Services, The Guerrilla Front in North China, Washington, D.C., 1943 pp. 14, 20-21.

54. The names, dates, and campaigns connected with the Communist victory are largely taken from a Communist source, which is accurage in regard to these facts insofar as can be determined by checking against other, scattered sources: Liao Kai-lung, From Yenan to Peking, Peking, Foreign Language Press, 1954, pp. 3-4, 8-11, 15116, 18, 21, 32, 36-38, 49-54, 60-65, 89-91, 101-04, 107.

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669 armies out of all the East China provinces except Shantung. Despite the government's capture of the Communist capital of the province at Lin-i in February 1947, the Red forces were able to hold on in the province and to organize thrusts cutting the Lunghai Railroad in western Anhwei during early 1947. In the second half of the year, field armies under Generals Ch'en I and Su Yü moved from central Shantung to the periphery of the province, while other units under Hsü Shih-yu and T'an Chen-lin struck toward the east and the Shantung Peninsula.

Elements of these and other armies spread out in the whole region between the Yangtze and Yellow rivers from the sea on the east to the Han River in the west. By the end of 1947, the Communist felt well enough established in the region to form what was called the Central Plain Liberated Area. As in the war against Japan, the Communist did not occupy contiguous territory but rather isolated patches of countryside, particularly along communication routes, leaving the cities and their communication hubs to the enemy.

The Communists' first decisive victory in the East China Region was the capture of Tsinan in September 1948. After the battle, the Communists took time out to reform the armies previously occupied in the Northwest, the Central Plains, the East, and the Northeast into respectively the First, Second, Third, and Fourth Field Armies.

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669 From November 7, 1948 to January 10, 1949 the Second and Third Field Armies engaged in what was called the "Huai-Hai Campaign." It involved the sweeping out of Kuomintang forces between the Yellow and Yangtze rivers by key victories at Hsuchow, in northern Kiangsu, and in eastern Honan. Again, there was a pause while the Communists regrouped their armies along the north bank of the Yangtze and talked peace with the Kuomintang

By April 20, 1949 the stage along the Yangtze was set for the final blow. The following day crossings of the river were made between Nanking and Hankow by the Second and Third Field Armies. Nanking fell to the invaders three days later. The next day Chinkiang, capital of Kiangsu, fell. Hangchow, capital of Chekiang, succumbed May 3, and Shanghai was entered May 27. The remaining Kuomintang troops above the Yangtze were pulled out of Tsingtao by sea transport early in June, giving the Communists claim to all the East China Region above southern Chekiang. Fukien's capital at Foochow was lost on August 17, and one month later the Communist forces took Amoy, the last important city in the East China Region. With all its provinces under Communist control, the conquerors did not consider the campaign ended. The offshore islands, principally Quemoy and Formosa, were included in the East China

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669 Region and still await "liberation" by Communist forces.

The rapid occupation of the four southern provinces of the East China Region indicated the extent of Kuomintang collapse by mid-1949. The people of the region were thoroughly sick of fighting and largely out of sympathy with the Kuomintang regime because of its inability to control graft in its midst and a runaway inflation, which struck particularly hard at the non-farming population of the cities. Any regime that promised peace and stability would have been welcomed. Even many of the private businessmen were willing to take a chance on the Communists, seeing their rule in the moderate terms outlined by Mao Tse-tung in his New Democracy. To the great majority of China's population, the peasants, the struggle for power was none of their business. They stood aside, waiting for the winner to emerge, and accepted the victory of the Red Army as the beginning of a new dynasty which had inherited the "mandate of Heaven" from the discredited Kuomintang.[55]

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55. For a description of the reception of the Communists in the East China Region see L nn and Amos Landman, Profile of Red China, New York, Simon and Schuster, 1951; and Otto B. Van der Sprenkel, et al, New China: Three Views, London, Turnstile Press, 1950. Both works are generally sympathetic and optimistic concerning the Communist regime, but the eye-witness accounts of the authors indicate that much the same mood prevailed among most of the population of the East China Region.

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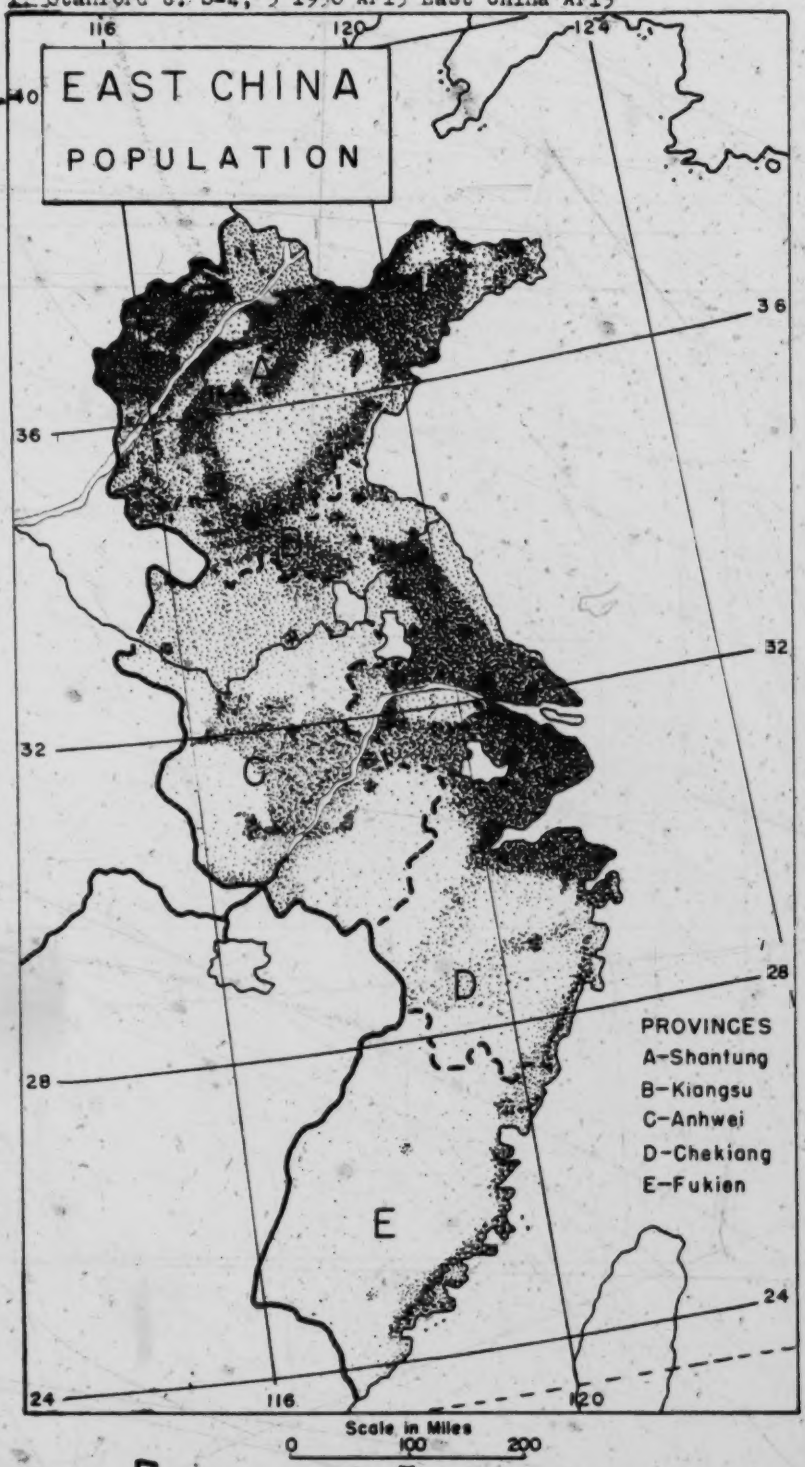

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Annex "A," Subparagraph 1c, Sociological Background

POPULATION

I. DISTRIBUTION, DENSITY, AND GROWTH

A. Distribution

(6) The results of the 1953 Census show that as of June 30, 1953, over 162 million people lived in the East China Region comprising, Shantung, Kiangsu, Chekiang, and Fukien provinces. This makes East China the second most populous region in China, although its area of 235,866 square miles ranks sixth. The distribution is as follows:

Table 1. Population of East China by Province */

Anhwei	30,343,537
Chekiang	22,865,747
Fukien	13,142,721
Kiangsu	41,252,192
Shantung	48,876,548
Shanghai Municipality	6,204,417
Regional Total	162,685,262

*/ Kuang-ming Jih-pao (Enlightenment Daily), November 1, 1954, p. 1.

The accuracy of the figures in Table 1 is, of course, still open to question. Doubt may easily be cast on these figures on the basis of any one or all of the following facts: (1) The 1953 census-taking was not thorough; in certain areas where direct counting of noses was not possible, undefined "indirect" methods (possibly estimates) were employed. (2) Not long before the results of the census were announced the responsible Communist quarters had already started a campaign to

161 "correct undesirable habit of filing false reports," and no less authoritative an agency than the Bureau of Statistics had begun to criticize the lack of reliability in the statistical work of various government departments.[1] Until 1952, the estimates on China's population cited by Communist officials had remained under 500 million. Early in 1953, several months before the census figures were completely tabulated, the same Communist officials had already stepped up their estimates to around 550 million. Thus there is ground for suspicion that the Peking government might have made a conscious effort to exaggerate the figures for propaganda purposes.[2]

However, until additional evidence is discovered to substantiate charges of fabrication, the figures in Table 1 will stand as the result of the first and only direct nationwide census. Relative reliability is further strengthened by the following points: (1) They generally tally with the figures on the electoral delegates and the voters they represented in the general election for which the census was initiated.[3]

1. Jen-min Jih-pao (People's Daily), Peking March 31, 1954, p. 1.

2. Tsui-chin Ch'i-ko-yüeh Lai Chung-yao Fei-ch'ing Tsung Pao-kao, (Comprehensive Report on the Conditions of the Chinese Communists in the Last Seven Months), Taipei, the Sixth Section, Central Committee, the Nationalist Party, 1954, pp. 22-23.

3. Yuan-li Wu, Economy of Communist China, New York Bookman Associates, 1956, pp. 13-22.

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161 (2) The fact that scattered reports on the basic-level elections are available, roughly covering all the corners of China, should serve to indicate the geographic extent, if not the degree of thoroughness with which the census-taking was carried out. And such thoroughness is unprecedented in China. (3) The Communists as far back as 1949 began their study on population, and it appears possible to say that the Peking regime had exercised considerable discretion in checking the 1953 census against the previously released figures. (4) Only a comparatively small portion of the 1953 figures (or about 8 million) was derived from the so-called "indirect method of census-taking." (5) The above-cited communique also reported on the review of these figures by the Bureau of Statistics. It states that after rechecking 9 per cent (or 52,950,000) of the total population in a cross-section of many different localities, the duplicates only amounted to 0.139 per cent and those uncounted in the initial registration only 0.255 per cent.

Bearing in mind the above observations and reservations, we will proceed to discuss the population figures in Table 1.

Since the census was taken, there have been signs indicating subsequent changes, some of which may be great enough to cast doubt on the validity of the figures in Table 1. At least one example has been found in the Communist press: in the sixteen months following the 1953 census, 206 births and 71 deaths have occurred in Ch'ing-lung hsiang and Chiang-ning hsien in Kiangsu Province and 126 people have moved into the

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161 village group. These changes have affected 46.2 per cent of the 1953 census figure for this hsiang.[4]

On the basis of the 1953 census, the authorities were at a loss in carrying out rationing, planned purchase, consolidated supply, etc. In Ch'ing-lung hsiang, five additional surveys had to be made in order to adjust the 1953 census figure. It was reported that at the end of these successive enumerations, the ration coupons still failed to tally with the actual population in that village group. The government is said to have learned a lesson from the above experience and is vigorously pushing a permanent registration system to keep pace with the population trends in all corners of China.

E. Density

The Yangtze River delta in this region and the Pearl River delta to the south are the two most populous sections of China. Within the Yangtze River delta, the area south of the river is even more crowded than the north. Great differences are observed between the Ch'ien-t'ang River estuary area and the Hsien-hsia-ling Mountain section in the same province of Chekiang. The following table shows the average density.

4. Enlightenment Daily, April 2, 1955.

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/61/ Table 2. Population Density in East China

	Per Sq. Km.	Per Sq. Mile
Anhwei	207.5	537.42
Chekiang	205.8	533.02
Kiangsu	400.0	1,036.00
Fukien	100.0	259.00
Shantung	322.9	836.31
Shanghai Municipality	6,547.6	16,958.28
Regional Average	268.35	695.02

An average density of 695.02 per square mile makes this region the most congested among all the regions of China. This is a continuation of the traditional situation in China's coastal provinces where economic development has been most favorable to growth and concentration of population. In comparison, the states of New York, Pennsylvania, Virginia, North Carolina, South Carolina, New Hampshire, and Connecticut have an aggregate area of 234,804 square miles, which is quite close to that of the East China Region. But the average population density of these states is 159.12 per square mile, only one-fifth that of East China. Burma is slightly larger than East China, but the population amounts to only one-eighth that of East China.

C. Growth

In explaining the census results, the Peking regime tirelessly quoted its success in the improvement of standards of living and medical services throughout China. To substantiate the

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161 census reports, the Communist press cites such cases as that of Ai-ling and Sheng-li hsiang in Chiang-ning hsien, Kiangsu Province.[5]

163 From June 1951 through June 1953 in these two
165 village groups the average birth rate was 33.64 per thousand, or 3.36 per cent, and the average death rate was 1.93 per cent. The natural increase thus was 1.43 per cent, somewhat lower than the national average of 2 per cent given in the communique announcing the official results of the 1953 census. On the other hand, a higher average of 2.7 per cent was reported after a survey conducted during 1952-53 by the municipal government of Chiang-ning hsien in co-operation with the Department of the Interior of the Central People's Government and the Revolutionary Military Committee, using as a cross-section 29 municipalities, 5 hsien, 2 hsiang, and one village. There appears to be some grounds for the Peking claim of 99.5 per cent accuracy for the 1953 census. The population increase in the East China Region, judging by the few scattered samples reported in the Communist press, seems to be well within the general pattern of the nation as a whole.

Another comparison may be made of earlier census figures and those for 1953. The result tends to show that Peking is exercising considerable discretion in claiming the 2 per cent average rate of increase. Although, when we examine the following table such a study may help to ascertain the validity of Peking's claim,

5. Jen-min Jih-pao (People's Daily), Peking March 11, 1954.

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161 it is just as important to take into account the margin of error in the earlier figures, the differences in methods of survey, and other factors.

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Table 3. Population Increase in East China*

	1948	1951	1953
Anhwei	22,462,217	30,000,000	30,343,637
Chekiang	19,958,715	21,000,000	22,865,747
Fukien	11,143,083	12,000,000	13,142,721
Kiangsi	36,080,123	40,000,000	41,252,192
Shantung	38,865,254	45,212,458	48,876,548
Shanghai Municipality	4,630,385	6,000,000	6,204,417
Regional Total	133,139,777	154,212,458	162,685,262

*/ The figures are based on Chung-hua Min-kuo T'ung-chi t'i-yao [Statistical Abstract of the Republic of China] , Taipei, Executive Yuan, Directorate-General of Budgets, Accounts & Statistics, 1955 p. 34. The figures are from The Atlas of the People's Republic of China by Province, p. 19.

161 An increase in population has been discernible during the past century in most of the provinces of the East China Region, but some of the gazeteers have recorded a decrease in the population of Fukien Province. Available statistics have placed the Fukien population at 17,173,293 in 1829, the peak year, and from that time the population in Fukien has declined until it reached a low of less than 10 million in 1930. Some slight fluctuations have been observed, but the highest figures have not exceeded 14.5 million.[6] In explanation it might be said that the economic backwardness of the province discouraged any population increase, and, as well, the wars fought in this region have had some effect on the decline in population. Added to these factors is the emigration of the Fukienese to Thailand and other countries.

II. COMPOSITION OF POPULATION

A. Age Groups

162 The communique announcing the 1953 census failed to give details on average ages of the population. Breakdown figures, subsequently released, are incomplete and inadequate as a test of the Communist claim that the young and able-bodied element is predominant in China. So far we have learned that

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6. Chin-t'ao Huang, Fu-chien Ching-chi Kai-k'uang [The Economic Situation in Fukien], Fukien, Provincial Government, 1943, pp. 19-21.

1:Stanford U. S-4, 5 1956 AF 15 East China
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162 children under ten years of age account for about 26. 6 per cent of the total population, and 58. 92 per cent of the population comes from the group 18 years or over.[7]

When examined closely, other sources giving earlier statistics show more serious signs of unreliability. The data offered in 1948 by the Bureau of Statistics of the Central Government at Nanking, for example, were based on a random sampling of only twenty municipalities and hsien, of which five were in East China. The ratio between the sampled and the total area is about 1:100. Furthermore, the age-group breakdown figures do not tally with the totals. Assuming that much of this could have been copyist's errors, the approximate age-group distrubition of population in the East China Region in the 1930's would be as follows:

[See next page for chart.]

7. People's Daily, Nov. 1, 1954, p. 3.

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Table 4. Age Composition of East China Population in the 1930's */

Age	Percentage of Total
0-10	20.0
10-30	36.5
30-60	35.0
60 or over	8.5

*/ Based on statistics in The Economic Situation in Fukien; Ju-heng Chao, Chiang-su-sheng Chien [Gazeteer of Kiangsu], Shanghai: Hsin Chung-kuo chien-she hsueh-hui, 1935; Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking Bureau of Statistics, 1948.

The above figures indicate that now there may be more children under 10 years of age in East China than there were twenty years ago. There is no way to determine whether the older age group (above 60 years old) has increased. However, the life span of the average Chinese could not have greatly increased during the past two decades in view of the death rate and other prevailing factors. Of the 1954 estimated population in the United States, about 21 per cent is under 10 years of age, a higher proportion than in Table 4 but a lower proportion than that of China today. The U.S. group 60 years old and over amounts to about 12 per cent of the total population, which is consider-

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162 ably higher than its Chinese counterpart.[8]

B. Sex Ratio

The national average sex ratio derived from the 1953 census is 107.55 males for every 100 females. Although there is no regional information to test if this average represents a true picture of the East China Region today, a comparison with earlier surveys suggests that this region possibly remains close to the national average.

Table 6. Sex Ratio in East China Population (1948) */

(Number of males per hundred females)

Anhwei	112.04
Chekiang	111. 93
Fukien	107.44
Kiangsu	106.42
Shantung	99.00
Shanghai Municipality	123.78
Regional Average	103.44

*/ Based on Statistical Abstract of the Republic of China.

8. World Almanac, 1955.

162 Table 6 makes it clear that, taken as a whole, there were more males than females in the East China Region in 1948. It also contradicts the theory maintained by some earlier Occidental writers that there are no old bachelors in China, especially when we realize that the people in East China traditionally abhor polyandry and that the practice of polygamy may well have had a slow death. The only obviously irregular line in the sex pattern expressed in Table 6 is the male-female ratio of the Shantung population. The emigration of males to the northeast will be discussed in the following pages.

847 Peking claims the complete elimination of infanticide, which had victimized the infant girls in many sections of China. Although the thoroughness of the measures taken to eliminate infanticide may be questioned, there is evidence that infant girls do have a better chance to live than they did some years ago. Peking also makes a conscious effort to relocate laborers with their families. In the long run, these measures will tend to check imbalance in the sex ratio, and it is quite possible that the situation in Shantung Province is being improved.

C. Rural and Urban Population

162 As a corollary to their persistent claim of industrialization in China, the Communists have been insisting on the trend of an increase in urban population. According to Peking, an upward trend has been generally observed in most cities; and in some extreme cases

162 populations have doubled or trebled within the past five years. A 40 per cent increase in population since 1948 is said to be the average. However, the same Peking officials said in 1953 that on the national average, 86.74 per cent of the population is rural and 13.26 per cent is urban.

[See following page for chart.]

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Table 7. Rural and Urban Population in East China (1948)*

	Percentage of Total	
	Rural	Urban
Anhwei	67.59	32.41
Chekiang	70.25	29.75
Fukien	64.63	35.37
Kiansu	69.51	30.36
Shantung	84.97	15.03
Shanghai Municipality	-----	100.00
Regional Average	70.97	29.03

*/ Based on Statistical Abstract of the Republic of China, and The Yearbook of China, Taipei, Chung-hua min-kuo nien-chien she, 1953. The municipality of Shanghai was no longer in 1948 the old city of Shanghai located a short distance to the south.

162 Without explaining the criterion upon which the 1953 percentage figures were compiled, the announcement would seem to contradict the claim of an increase in urban population, especially when we compare it with earlier announcements.

[See following page for Table 8 .]

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Table 8. Population in Shanghai and New York City*

Year	Population	
	Shanghai	New York City
1880's	129,000	1,911,698
1900	352,020	3,437,202
1910	1,185,000	4,766,883
1920	1,605,276	5,620,048
1930	3,023,111	6,930,446
1950	5,406,644	7,891,957
1953	6,204,417	--------

*/ The Shanghai population figures are from Ko Sui-ch'eng, Chung-kuo Ti-li Hsin-chih [New Geography of China] , Shanghai, Chung-hua shu-chu, 1940. Shang-hai Chih-nan [Guide to Shanghai] , Shanghai, Commercial Press, 1925. (Gazeteer of Kiangsi, The Atlas of the People's Republic of China by Province.

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162 Chinese and Occidental students of China have agreed that the cause of the sudden growth of Shanghai's population is, in the main, the rapid industrialization of that metropolis as the only convenient port serving the huge hinterland of the Yangtze River Valley and delta. It is to be recalled, however, that in the particular case of Shanghai there has been a serious industrial and business recession during and immediately after the Communist occupation. We may, with reason, doubt the Communist claim that such a recession had no effect on the population growth in Shanghai, and we certainly may ask why, with the admitted serious unemployment situation in Shanghai in early 1950,[9] the increase in Shanghai's population was expected to continue uninterrupted. The population figure could become more questionable if we give credence to reports from anti-Communist sources on food shortages in Shanghai, which supposedly have been driving people out of that city.[10]

There has been no recent survey on the professional composition of the population in the East China Region. Earlier surveys, wherever available, are incomplete. Therefore it is with understandable misgivings that the following figures on two of the five provinces in this region are offered for reference:

[See following page for Table 9.]

9. Chung-kuo Kung-jen [Chinese Worker Monthly], Peking, June 15, 1950, p. 85.

10. Ya-chou Tien-hsün [Asia Foundation News Bulletin], San Francisco, Aug. 12 1955.

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Table 9. Professional Composition
of Population in Fukien and Kiangsu (by percentage) *

	Fukien (1947)	Kiangsu (1938)
Farmers	42.2	51.1
Merchants	4.3	6.2
Workers	3.2	9.8
Unemployed	18.6	4.1
Others	31.7	28.8

*/ Based on information in The Economic Situation in Fukien, and Gazeteer of Kiangsu.

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II. INTERNAL MIGRATION

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The trend of migration toward expanding industrial centers is clearly observed in East China. Although many cities in Central-South China are being industrialized in the best and most rapid way the Communists know, in the East China Region there is more renovation of the already existing industries such as textile factories in Tsingtao (in Shantung Province) and Shanghai (Kiangsu Province). Toward these centers are moving many people and their families. Some had worked in the cities and had acquired some technical training, and now are returning to the reopened plants Although new industries in the Central-South and Southwest regions are only hiring new workers, the migration toward such cities as Shanghai has a somewhat different character -- and this may be described as a "two-way" migration. Shanghai, for example, had been the source of skilled labor before World War II during the short period of industrial boom in China. Now the Communist authorities are using places like Shanghai once again as training grounds for experienced labor. Whether this is economically sound or not is another question, but the fact remains that the Communists have been encouraging available manpower to move into town from the countryside. After a period these trained and semi-trained personnel are dispatched to new industrial centers in the southwest, northwest, and northeast. Not only workers are so encouraged, but labor organizers, union personnel, and other political activists are apprenticed in places like Shanghai before

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166 assignment to the less industrialized localities
464 both inside and outside the region.

Relocation of industrial plants for expansion and
166 construction of sumptuous "cultural palaces" and
464 exhibition halls require a great amount of manpower
in Shanghai; in China today human brawn continues
178 to be employed instead of machines. (For the expansion of Shanghai, see chapter on Geographical Setting.) An even greater amount of manpower is mustered in order to keep in repair the dikes along the Huai River in Anhwei Province. The flood-control project on the Huai River began over five years ago, and in its initial stage 4.5 million people were employed.[11] The irrigation projects in northern Kiangsu need workers, the dredging of the Grand Canal needs workers. And when these projects are brought to a conclusion, there will be further development of the railway system, which suffered considerable damage during the war. There will be harbor construction projects, some of which were propoaed as early as Dr. Sun Yat-sen's administration and most of which have been featured in the Communists' blueprint for long-range reconstruction. Millions of people in this region will be kept busy moving from one project to another, and they will constitute one of the mainstreams of internal migration.

166 As has been mentioned in the foregoing paragraphs,
464 the movement of the people

11. Chih Huai [The Harnessing of the Hwai River] Shanghai, Hua-tung jen-min ch'u-pan-she, 1952; Hua-chiao Jih-pao [China Daily News], New York. Aug., 1955.

1:Stanford U. S-4-5 1956 AF 15 East China
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166 464 within this region is not and cannot be completely controlled by the government, no matter how authoritarian the latter may be. According to some anti-Communist sources, the employment situation in Shanghai is by no means completely under control. The unanswered question of Shanghai's unemployment as a factor disturbing to the Communist scheme of concentration of available labor for training in Shanghai's factories as well as similar factors will continue to disrupt this general pattern of internal migration. Anti-Communist sources also said that in the summer of 1955 the authorities in Shanghai had to resort to "persuasion" and possibly more drastic measures to return a part of the steady flow of workers to the countryside to resume farming. Additional trains were reported to have been scheduled daily to ship these "surplus" people from Shanghai.[12] If it were possible to substantiate these anti-Communist reports, which originate from Hong Kong then it would be possible to say that internal migration in the East China Region will remain a difficult problem for the present regime.

166 Recently Communist authorities have been enforcing the registration of the movement of population, including the movement of individuals from town to town. The general effects of this tightening of regulations seems to be a lessening of the flow of internal migration.

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12. Asia Foundation News Bulletin, Aug. 12, 1955.

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Another population movement deserves mention here, although it has no direct connection with internal migration. The province of Fukien is the place of origin of the majority of Chinese emigres in the Philippines, Indonesia, Malaya, Borneo, Siam, and islands in the South China Sea. (Chinese in the United States, as a rule, come from Kwangtung Province.) A survey conducted in 1930 revealed that among more than four million Chinese emigrants in the above-mentioned places, over one-third were originally from Fukien Province, an increase of nearly fifty per cent over the 1921 figure.[13] Undoubtedly, the exodus continued because the causes for emigration -- political, social, and economic -- had not changed. In fact there is reason to believe that the exodus gained impetus from the reports of emigres whose success abroad must have been a great temptation to those staying at home. The 1953 Communist census figure of 11,743,320 overseas Chinese, although undoubtedly an estimate, serves to point up the continuation of similar emigration in the future, but the door of exit from Red China has not yet been slammed. From time to time Hong Kong reports the number of recent emgres from Red China, giving as reason for emigration their predicament in China under Communist rule. On the other hand, the Communist press has been vociferous in touting the success of Peking's program to encourage the return of Chinese emigrants to their motherland. It would appear that this interflow of people, if only a trickle, will still find a way to cross the border and, if the destination is somewhere in the South China Seas, will continue to find the Fukienese in its ranks.

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13. Ta Chen, Emigrant Communities in South China, New York, Institute of Pacific Relations, 1940, pp. 263,269

Annex "A," Subparagraph 1d, Sociological Background

ETHNIC GROUPS

563 Ethnic minorities are herein defined as groups bound together by common ties of race, nationality, or culture, living together within an alien civilization but remaining culturally distinct. The Chinese Communists, following the practice of the USSR, have termed the ethnic minorities within the Chinese territory "nationalities" "national minorities," or "minority nationalities" in juxtaposition to the Han nationality. Therefore, the term "nationality" as used in China today is a designation for an ethnic and geographical community. Owing to the fact that the Hui people, neither racially homogeneous nor concentrated in one area, are also regarded as a separate nationality by the Chinese Communists, the reason for such a classifications seems to be the presence of customary laws and practices peculiar to a group of common origin which have, over a period of time, regulated its standard of behavior and given rise to group consciousness and distinctive characteristics. It is on this same broad principle that we base our classification of the ethnic groups of China. Accordingly, the Han Chinese, though by far the great majority of the Chinese population (94%), are also considered as one of the many ethnic groups in China.

I. INTRODUCTION

162 East China is populated predominantly by Han Chinese who came from North China, especially during the periods 265-618 and 906-1280 A.D., when North China was invaded by the northern tribes.[1] Since 617, official Chinese histories have not

1. Li Chi, The Formation of the Chinese People, Cambridge, Massachusetts, Harvard University Press, 1928, pp. 165-166, 237.

1:Stanford U. S-4, 5 1956 AF15 East China
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162 mentioned any "barbarians" even in the two southernmost provinces of East China, Chekiang and Fukien.[2] This fact does not indicate that there have not been remnants of non-Han ethnic groups in East China but that most of them have adopted Han Chinese culture.[3]

II. THE HAN CHINESE

162 144 The Han Chinese in East China can be divided into two groups according to the different elements assimilated. Those north of the Yangtze River are taller and more akin to the Han Chinese in North China in racial composition, an admixture of Han Chinese and northern tribal elements such as the Tungus, Hsien-pei, Hsiung-nu, Nü-chen, Mongol, and Manchu. (See the chapter on Historical Setting.) Those south of the Yangtze River, particularly in the provinces of Chekiang and Fukien, are an admixture of the Han Chinese and the aborigines known in the earliest records as Tung Yüeh in Chekiang and Min Yüeh in Fukien, and in later records as Yao in general.[4] (For cultural characteristics of the Han Chinese in East China, see the chapters on Family and Social Structure.)

III. NON-HAN ETHNIC GROUPS

A. The She of Chekiang and Fukien

During the early Han Chinese migration from North China, the Wu-i Range blocked the

2. Ibid., pp. 249-250.

3. Those who refused to adopt Han Chinese culture migrated southward into Kwangtung and Kwangsi. 4. [see next page]

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drive east toward the Sea. Fukien and southern Chekiang were thus by-passed by the Han Chinese, who settled in Kiangsi, Kwangtung, and Kwangsi long before they reached Chekiang and Fukien.[5] In addition, the people of the mountainous area in Fukien and Southern Chekiang, having developed a fairly high degree of political organization by third century B.C., were able to put off direct Han Chinese rule for a longer period of time than people in areas to the west of it, i.e., Kiangsi and Hunan.[6] The southward exodus of the aborigines, who made way for the Han Chinese, was in fact never completed, and today descendants of the aborigines are still to be found in Fukien and southern Chekiang. They are a branch of the

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4. Compared with the Chinese in South and Southwest China, the northern Chinese are generally taller, have longer and larger heads, relatively lower foreheads and cheekbones, lighter skins, and a less pronounced development of the almond-shaped eyes. Although the northern Chinese are more uniform in appearance than their compatriots in South and Southwest China, they are still a very mixed group; and the fact that they speak a more or less common dialect by no means indicates lack of diversity in their ethnic composition. Li Chi, op. cit., p. 167.

5. Harold Wiens, China's March toward the Tropics, Hamden Conn., The Shoe String Press 1954, p. 8.

6. Ibid., pp. 276-277.

162 Yao people mentioned in Chinese historical
144 records, and are related to the Yao people in Kwangsi. Today, these remaining aborigines are called She Yao, Hsia, or more commonly, She.

162 The total She population is now estimated at 200,000. The great majority are found in Fukien particularly in the Wu-i mountain region of Chien-ning and Ch'ang-ting districts. Only about 44,000 are at present living in the southern section of the Kuo-ts'ang mountain chains near Li-shui in Chekiang Province.[8] Lan, Lei, Chung, and P'an are the four surnames of the She people; intermarriage is approved only
241 among families bearing these names.[9] They are poor slash-and-burn farming folks like the Miao and Yao in South China. (This type of agriculture entails burning off the natural vegetation on the mountain slopes to enrich the soil for planting; but the fertility of the soil is exhausted after two to four years, and the farmer
197 must move on.) Those who work for the Han landlords usually speak the local Chinese dialects.[10]

563 Regionally as well as nationally, the She people are still as much neglected by the Communist administration as they were during

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7. The Yao people of Chekiang and Fukien fled to remote mountain regions after the Yao suppression campaign of Wang Shou-jen during the Ming dynasty. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.

563 previous regimes. When the People's Government celebrates its national holidays in Peking, no She representatives are present. Nor are the She people mentioned in the activities of minority ethnic groups in East China.[11] This could mean either that successful She individuals are weaned away by the prevailing Han Chinese culture and lose their identity as She or that among the She people there are not enough leaders to claim a separate identity.

B. The Hui of Shantung.

162 In East China the Hui people can be found in cities like Shanghai, Nanking, and Ch'ien-chou (in Fukien); but most of them are found in the province of Shantung.[12]

563 Like the Hui people elsewhere in China, the Hui in Shantung trace their descent from Arabian and Iranian soldiers and merchants who moved into China from the seventh to the thirteenth centuries and who intermarried with the Han Chinese, and from Han Chinese children adopted by Hui families. Today, the Hui people in general continue to intermarry with the Han Chinese. However, when a Han Chinese wishes to marry a Hui woman, he must embrace Islam, whereas a Han woman who wishes to marry a Hui man need not change her religion.

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11. Jen-min Jih-pao [People's Daily], Peking, September 30, 1950; October 23, 1950.

12. There are many Moslem peoples in China of which the Hui is one. Other Moslem peoples include the Uigurs, Kazaks, Mongol Moslems, and Tibetan Moslems. →

563 Although different ancestry sets apart the Hui people from the Han Chinese, lack of racial prejudice on the part of the Hui facilitates the assimilation of Han Chinese into the Hui community and renders the racial composition of the Hui more or less similar to that of the Han Chinese around them. The cohesiveness of the Hui people in East China is attributable to factors other than racial and physical similarity. Their religion (Islam, called Hui Chiao or Ch'ing-chen Chiao), language (Chinese, supplemented by Iranian and Arabic elements of a religious nature), and customs which stem from religious practices and observances make them cohesive as an ethnic group in spite of outside cultural forces and the fact that in Shantung the Hui generally do not have large and contiguous communities. Most of the Hui people in Shantung live in Lin-ch'ing, Chi-ning, Chou-ch'eng, P'eng-lai, and cities along the railways.[13]

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The Kuomintang Government seemed to take for granted that the Hui people were sufficiently assimilated into Han Chinese communities and did not merit recognition as a separate ethnic group. In the 1930's the Hui were treated merely as "believers in Islam," and their ethnic difference was minimized. The present Communist government has reversed the Kuomintang

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There are about 3.5 million Hui people in China. Information on the numerical strength of the Hui people in East China is not yet available.

13. Huang Tse-ts'ang, Shantung, Shanghai, Chung-hua shu-chü, 1935, pp. 99-100.

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563 practice. By emphasizing past grievances under previous regimes between the Han and the Hui in Northwest China (where there are large concentrations of Hui population), the People's Government claims that its policy toward the Hui people in all parts of China is the most enlightened of all times. The Communists, now anxious to foster a better working relationship between the Han and Hui in Shantung, have probably exaggerated the role played by the Hui people in the Shantung Liberated Area and in the Shansi-Hopei-Shantung-Honan Border Region Government during the last war against Japan. As early as January 1950, the Commission on Nationalities at Peking sent Liu Ke-p'ing, one of its deputy chairmen who claims to be of Hui origin, on an inspection tour around Tsinan, Shantung, in order to familiarize the government with the econmic activities and educational conditions of the Hui people in Shantung.[14] So far we have not been able to appraise the result of the Communist effort.

563 463 Traditionally, the Hui people are merchants, handicraftsmen, inn-keepers, and restaurant operators; the Hui people in Shantung are said to prefer earning their living in their accustomed way rather than by farming evenwhen offered land to till after the land reform. The Communists may have achieved some initial success in diverting some Hui people into agriculture, since at least 49 agricultural mutual-aid teams under Communist cadres have been organized among the Hui people in Shantung.[15]

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14. People's Daily, January 22, 1950.
15. People's Daily, April 28, 1954.

563 According to a report at a meeting held by the Hui Cultural Association at Peking, ten autonomous hsien and chou have been established for the Hui people in China.[16] The scattered Hui communities in different parts of Shantung have their representatives in local governments under the present Communist regime. There are indications, however, that the Hui people in Li-ch'eng, Shantung, probably have their own government.[17] If this is the case, Li-ch'eng's autonomous government would be the only one of its kind outside Northwest China and Inner Mongolia.

C. The Tan People in Fukien

563 162 A Communist publication lists the Tan people as one of the minority nationalities in Fukien. The Tan people are boatmen on the lower Min River, near Foochow. In physical appearance they are indistinguishable from the rest of the Fukienese population.[18] Their numerical strength is unknown.

IV. POLICY AND ADMINISTRATION OF THE COMMUNISTS

563 657 Communist cadres working among ethnic minorities elsewhere in China are cautioned against exhibiting Han Chinese chauvinism in order not to arouse the "narrow nationalism" of ethnic minorities; in East China, no such caution has so far been voiced. Communist ethnic

16. NCNA, April 15, 1955, Survey of China Mainland Press, No. 1031, April 20, 1955, Hong Kong, American Consulate Gen'l, pp. 32-33.

17. People's Daily, April 28, 1954.

18. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [Geography of New China], Shanghai, Ta-chung t'u-shu chü, 1953, pp. 159-160.

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policies elsewhere in China emphasize "winning the leaders of ethnic minorities who are influential among their own peoples"; in East China no such leaders have been found. Unlike the ethnic minorities in the Southwest, who may look to Tibet or to countries across the border for cultural and political leadership, and unlike the ethnic minorities in South China, who are so scattered that their acute social and economic problems take inter-ethnic group forms, the ethnic minorities in East China are apparently docile and contented residents and do not constitute a problem for the Communist administration. These minorities could be weaned away by the surrounding Han Chinese culture, and the Communists see no need for treating these minorities separately by awakening them politically, building up their minority economy, or reviving minority languages and folklore. The gradual assimilation of minorities is not a Communist achievement, but the Communists prefer to say that it is the result of a program of "equality for all nationalities."

The Hui people in East China are accorded some special attention by the Communists. It is clear that this is not due to their numerical strength in Shantung but to their significance in the national scene. The recent activities of the Islamic Association in Peking and the Communist government's emphasis on the Islamic aspects of the Hui people's activities indicate that the Communists intend to make use of the Hui people in order that other Moslem peoples in China may be brought closer to Peking.[19]

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19. People's Daily, September 27, 1952.

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The lack of significant content in ethnic policy and administration in the region has forced the Communists to publicize the activities of ethnic minorities there whenever possible, as illustrations of progress and political enlightenment under Communist leadership. The Communist Party newspapers blatantly publicized the fact that 470,000 minority nationals, among a total of 90,000,000 voters in this region, exercised their "democratic political right" in the popular election of 1954, and that many people so elected were of non-Han origin.[20]

In Shanghai, a number of people who are publicized as "minority residents" welcome and entertain visitors from ethnic groups in other parts of China and delegations from other countries. Their names are frequently found in newspaper headlines and their photographs are displayed on magazine covers.[21] In fact, these people look like devotees of a political cause who express their political convictions. Since their relationships with their own ethnic groups are artificially fostered and modulated by the Communist government, they are not representatives of ethnic minorities.

Although the small number of minority nationals in East China do not present the Communist administration with serious minority problems, their presence provides a ready instrument for propaganda depicting equality and fraternity among ethnic groups in China. Most of the propaganda has no immediate bearing on

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20. Ibid, April 28, 1954.

21. Chieh-fang Jih-pao [Liberation Daily], Shanghai, May 5, 1952; January 5, 1953.

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the welfare of the ethnic groups involved.

There is, however, one unique feature of the ethnic policy of Communist China which stems from the present political situation between the Chinese Mainland and the island of Formosa. The latter is regarded by the Communists as a province of East China lost to Chiang Kai-shek. Hence Communist China claims to be the fatherland of the 160,000 aborigines, the Kao-shan people, in the eastern part of the island. The Communists have gathered together a number of "representatives of the Kao-shan people" to sit in Peking among the delegates from other ethnic minorities and make speeches advocating the "recovery" of Formosa.

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22. People's Daily, July 13, 1952.

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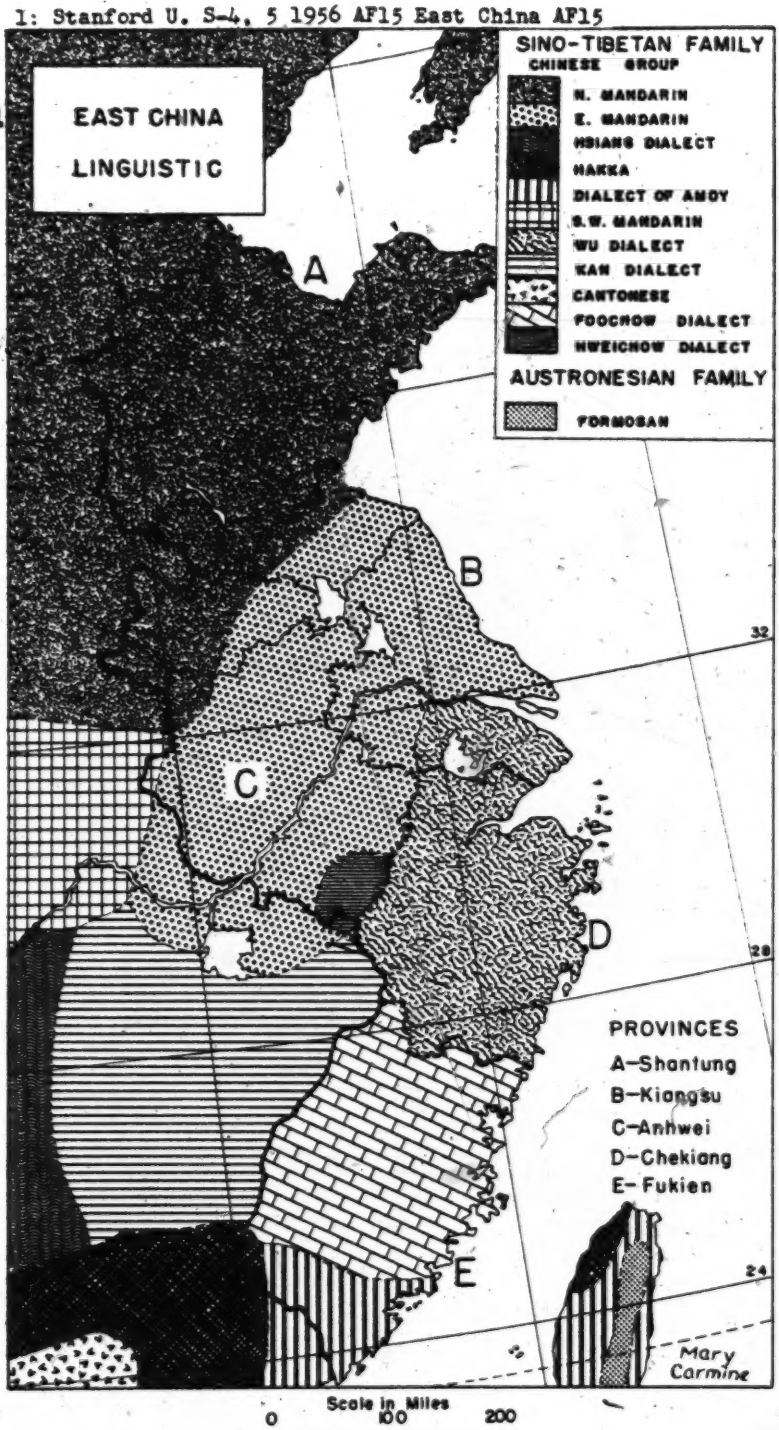

A B

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[Facing p. 109]

Annex "A," Subparagraph le, Sociological Background
LANGUAGES

I. MAJOR DIALECT GROUPS

197 In this region, there are no significant groups of people speaking non-Chinese languages. The Chinese dialects spoken are: Northern Mandarin, Eastern Mandarin, Wu, Hui-chou, (Hweichow) and Min.

II. GEOGRAPHICAL DISTRIBUTION AND NUMERICAL STRENGTH OF SPEAKERS

A. Northern Mandarin

Northern Mandarin, the largest Chinese dialect group, spreading throughout the northern part of China, is spoken in the province of Shantung and north of the Hwai River in Kiangsu and Anhwei provinces, where local dialectal variations do not, of themselves, form a subunit of this major dialect group. It has approximately 72,000,000 speakers.

B. Eastern Mandarin

Eastern Mandarin is spoken by some 35,000,000 people in central Anhwei, parts of mrthern Kiangsu, and the area around Nanking and Chen-chiang (Chinkiang) south of the Yangtze River in Kiangsu Province.

C. Wu

The name of this dialect group is derived from the ancient Wu kingdom, which occupied

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197 Chekiang and southern Kiangsu provinces. About 32,000,000 people are speaking this dialect.

D. Hui-chou

Although comparatively small, this dialect group is independent of other groups. There are some 10,000,000 people in southern Anhwei Province speaking it.

E. Min

Speakers of Min can be generally distinguished. Northern Min is spoken by about 8,000,000 people in Fukien Province north of Amoy; southern Min prevails south of Amoy with about 5,000,000 speakers in this region.

III. DISTINGUISHING FEATURES OF THE DIALECTS

A. Northern Mandarin

197 Dialects of Northern Mandarin have in common the following distinguishing features:

194 1. There are two kinds of stop affricative consonants which are not voiced and voiceless as b, d, g, dz, and p, t, k, ts in English, but voiceless unaspirated and voiceless aspirated, commonly expressed in phonetic symbols of the Wade-Giles system of Romanization as p, t, k, ts, and p', t', k', ts' respectively. Roughly speaking, p, t, k sound like English p, t, k, in speak, still, and skill; and p', t', k' sound like English p, t, k in peak, till, and kill. Voiced consonants

197 such as b, d, g in English do not exist in
194 Northern Mandarin.

2. There is a set of retroflex affricatives and fricatives distinguishable from dental affricatives and fricatives. For example:

Chu (pig) : tsu (to rent)
Ch'eng (city wall): ts'eng (story, layer)
Shan (hill) : san (three)

3. The guttural nasal ng does not occur in in the initial position of a word as it usually does in many other dialect groups.

4. A vowel scheme such as the following exists:

	Front	Central		Back	
	Unrounded	Rounded		Unrounded	Rounded
High	i	ɨ			u
Mid	e		ə	ə̂	o
Low			a		

With an additional symbol for the apical vowel, the above scheme will suffice to indicate all the vowel sounds of these dialects. Ordinarily, e and ə, or ə̂ and o are not distinguishable.

5. Only two final nasals, n and ng are found (except in Shansi Province), and they are distinguishable regardless of the vowel preceding them.

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Lan (indigo)	:	lang (wolf)
Chen (true)	:	cheng (to steam)
Min (people)	:	ming (name)
Sun (grandchild)	:	sung (loose)
Ch'ün (a crowd)	:	ch'iung (poor, impoverished)

6. There are four tones. The pitch of the first tone is high-level; that of the second, high-rising; that of the third, low-dipping; and that of the fourth, high-falling. Graphically, these four tones may be represented as follows: ˥, ˥˧, ˨˩˦, and ˥˩, respectively. However, the dialects spoken in Shansi and areas adjacent to it have an additional fifth tone, which is always associated with a glottal stop in a final position. Another characteristic of these dialects is that n and ng rarely occur after the vowels a and e.

7. A few variations from the standard Northern Mandarin are noted in this dialect group as spoken in East China.

a) Tonal changes

In different areas the tonal patterns vary as follows:

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	First Tone	Second Tone	Third Tone	Fourth Tone
Standard Northern Manadarin	High-level	High-rising	Low-dipping	High-falling
Dialects in western Shantung, northern Anhwei and Kiangsu	Mid-rising	High-falling	High-level	Low-falling-rising
Dialects in eastern Shantung	Low-falling	High-falling	Rising	Mid-level

b) Palatal Differentiations

In some scattered areas in this region, Mandarin palatals are divided into dental sibilants followed by i or ü, and gutturals followed by i or ü. In these areas, certain Mandarin homonyms are pronounced with distinguishable variations

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as follows:

	Standard Mandarin	East China Variation
wine	chiu	tsiu
nine	chiu	kiou
fun	ch'ü	ts'ü
to go	ch'ü	k'ü
to wash	hsi	si
to like	hsi	hi

In some areas in southern Shantung, the standard Northern words chao (to search for), ch'a (to investigate), and shan (mountain) are pronounced tso, ts'a, and san, respectively.

B. Eastern Mandarin

Although basically similar to Northern Mandarin, Eastern Mandarin has its clearly distinguishable features, of which the major ones are:

1. Lack of differentiation between initials l and n.

Speakers of Eastern Mandarin tend to pronounce these two initials interchangeably without distinguishing between them. To them, such standard Northern Mandarin words as nan (south) and lan (indigo), ni (you) and li (reason), nu (anger) and lu (road), and nü (female) and lü (brigade) are homonymous twins.

2. Absence of final n, and often final ng after the vowels a and e.

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For example, kuan (officer) in standard Northern Mandarin is pronounced by the residents of Nanking as kua but with a nasalized a. In this connection, the finals ng and n after the voweli are usually pronounced ng in Eastern Mandarin, such as ping (guest), which is pronounced as pin in standard Northern Mandarin.

3. Presence of a fifth tone.

In addition to the four tones used in standard Northern Mandarin, Easter Mandarin has a fifth tone -- short high-level -- which is associated with a final glottal stop. This tone comes from the ancient "entering" tone which has merged into other tones in standard Northern Mandarin.

4. Lack of retroflex initials.

The retroflex initials in such words as shan (mountain), ch'ung (worm), and chu (to cook) in standard Northern Mandarin, are pronounced in Eastern Mandarin with a dental sibilant; thus, they become san, ts'ung, and tsu, respectively.

C. Wu

1. In addition to the usual unaspirated and aspirated voiceless stops in standard Northern Mandarin, another set of "voiced" stops are found in the Wu initial system. The voiced stops as initials originally existed in all Chinese dialects, but they gradually disappeared

197 from all other dialects except Wu. In Wu
194 these voiced stops are not fully voiced but are pronounced with voiced aspiration. In the following illustration, the dialect of Soochow is chosen as representative of Wu.

	Mandarin	Wu
to accompany	p'ei	be (e as in "set")
same	t'ung	tung
mad	k'uang	kuang

2. Ancient voiced affricatives and fricatives have been kept partially voiced in Wu. At the same time, certain dialects in this group tend to mix voiced affricatives with fricatives as shown in the following comparison:

	Mandarin	Wu
room	fang	vang
to follow	ts'ung	zung
dam	cha	za

3. Some Mandarin zero-initials, immediately followed by u (pronounced as in "pull") and originated from an ancient labio-dental nasal, are in most dialects of Wu either m vernacularly or v literarily.

	Mandarin	Wu
197 literary	wen	men (or ven)
194 stocking	wa	ma
ten thousand	wan	man (or van)
tail	wei	mi (or vi)
have not	wu	vu

4. Mandarin j becomes a voiced fricative or a nasal in Wu; thus Mandarin jih (day) becomes zih or nih.

5. Many dialects of the Wu group have in general preserved the ancient guttural nasal initial, with a variety of palatalized n before high front vowels. Northern Mandarin words e (forehead), wai (outside), and i (to doubt) are pronounced as nge, ngai, and ni, respectively, in Wu.

6. In the final system of Wu, many Mandarin diphthongs are simplified into simple vowels; thus Mandarin lai (to come) becomes le (e as in "set"), and Mandarin kuai (unusual) becomes kua in Wu. Many Mandarin finals lose their nasals in Wu; thus Mandarin nan (difficult) becomes ne (e as in "set"), and t'ien (sky) becomes t'ie in Wu.

7. Wu dialects have as many as eight tones. The eight tones may be characterized as fully falling (˥˩), low rising (˨˧), low falling-rising (˨˩˦), low falling (˨˩), mid rising (˧˦), falling-rising (˧˩˧), short high-level (˥), short low-rising (˨˦). Certain dialects in this group have only seven tones as a result of not distinguishing between the rising and falling tones for words with voiced initials.

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8. Local variations in Wu are more noticeable than those in the Mandarin group, as the following comparison will show:

	Soochow (in Kiangsu)	Hangchow (in Chekiang)	Wen-chou (in Fukien)	Chin-hua (in Chekiang)
I, me	ngau (a as in "sofa", u as in "pull")	ngo (o as in "sorry")	ng	nga (a as in "ask")
we	ni	ngo man	ng le	ng liang
he	li	t'a	k'i	k'o (o as a in "all", pronounced with an "entering" tone)

D. Hui-chou

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Although Hui-chou dialects are spoken in a relatively small area in East China, they are sufficiently different to constitute almost a separate group. The dialect spoken in An-ch'ing, former capital of Anhwei Province, is perhaps most representative. Its special characteristics are as follows:

1. There is no initial h before u; thus Mandarin hu (tiger) becomes fu in Hui-chou.

2. The ancient initial ng has been preserved in Hui-chou; thus Mandarin i (to doubt) becomes ngi in Hui-chou.

3. Palatals are used in place of many retroflexes; thus Mandarin chu (pig) becomes tsü in Hui-chou.

4. Very few diphthongs are found in Hui-chou; for instance, Mandarin tai (to substitute) becomes ta.

5. Mandarin finals n and ng following the vowel a lose their nasal quality in Hui-chou; thus Mandarin wan (to finish) becomes wao (o as in "sorry"), and Mandarin yang (sheep) becomes io.

6. There are six tones in Hui-chou, one of which is originated from the ancient "entering" tone and is always accompanied by a glottal stop.

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F Min

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The Min dialect group is usually divided into Northern Min and Southern Min. Northern Min is represented by the dialect of Foochow, while Southern Min is typified by the dialect spoken in Amoy. In general, all Min dialects have the following features:

1. There is no labial fricative sound. For example, Mandarin f is replaced by h, p, or p'. Hence Mandarin fa (law) becomes Foochow huak, Amoy huat, and Swatow huap; Mandarin fan (cooked rice meal) becomes Foochow puong and Amoy pong; and Mandarin fang (fragrant) becomes p'ang for most major Min dialects.

2. Words with dental or retroflex affricative initials in other dialects are replaced by dental stop initials. Thus, Mandarin ch'ih (pond), ch'ou (to extract), and chung (middle) become tie, t'iu, and tüng, respectively, in Foochow, and ti, t'iu, and tiong in Amoy.

3. Ancient voiced stops and affricatives have lost their voiced quality as has happened to those of the Mandarin dialects. But, unlike Mandarin, they have all become unaspirated instead of being both aspirated and unaspirated as conditioned by tones. Thus, Mandarin p'o (old woman), po (to bind), t'i (topic, title) tan (but), ts'ao (trough), and chin (to exhaust) becomes po, puok, te, tang, tso, and tseing in Foochow, and po, pak, te, tan, tso, and tsin in Amoy.

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4. There are generally seven or eight tones, and a very elaborate system of tone sandhi, especially in Northern Min.

Besides the above-mentioned common features of the Min group, Northern Min has the following unique characteristics:

1. Vowels vary according to tones. There are seven tones in Northern Min: high-level, fully falling, mid-level, low-rising, low-level, rising-falling, and short high-rising.

2. There is only one nasal final in Northern Min; thus Northern Min ng takes the place of both ng and n in Mandarin.

3. Northern Min is noted for its system of tone sandhi. Each of its seven tones has three or four different variations, depending upon the tone of the word that follows.

Southern Min, which is spoken in Amoy and in areas south of Amoy, further characterizes itself by the following features:

1. There is a tendency to oralize the nasal initials when they are not immediately followed by nasalized vowels or the nasal ng. Thus, b, l, g and m, n, ng are distributed complementarily in general.

2. Nasalized vowels and diphthongs are popular in daily speech, although usually not recorded in dictionaries dealing only with literary pronunciations.

3. Tone sandhi is very common, but its system is not as elaborate as that of the dialects of Foochow. Each tone has only one sandhi form, regardless of the tone of the word following.

IV. DEGREE OF AUDITORY INTELLIGIBILITY

Although it is rather difficult to point out the exact degree of mutual auditory intelligibility of the dialects spoken in East China, the previous section dealing with their distinguishing features should have made it reasonably clear that speakers of Northern Mandarin and Eastern Mandarin are generally understandable to one another for all practical purposes. However, speakers of those two groups of dialects may experience great difficulty in trying to understand or make themselves understood by the speakers of Min, Wu, or Hui-chou dialects. It must be noted that the differences of the dialects tend to diminish in the "twilight zones" between the dialectal areas in East China, and residents of these areas usually understand two or more dialects in addition to the one appropriate in their home place.

The existence of two systems of pronunciation in non-Mandarin dialects merits attention. A non-Mandarin dialect speaker is likely to employ a "literary" system of pronunciation when he reads a printed text, but will use a "vernacular" system to pronounce the words in conversation. For example, in Wu the "literary" v initial becomes "vernacular" m. In Foochow the difference between these two

197 systems is even more noticeable; thus "literary" huang (rice) becomes "vernacular" puong. The situation is further complicated by the fact that some non-Mandarin dialect speakers freely mix "literary" with "vernacular" pronunciations in daily conversation.

V. THE NATIONAL LANGUAGE OR KUO-YÜ

Since there is no standard spoken Chinese and since the various Chinese dialects in general are sufficiently different to make them mutually unintelligible to various degrees, many difficulties naturally arise. The Chinese themselves have long felt the need for a national language that will help them solve such difficulties. Consequently, as early as 1911, a movement was launched to unify the national language, and a system of thirty-nine phonetic symbols which were later reduced to thirty-seven was devised primarily for the purpose of indicating speech sounds. In the following year the pronunciation of Northern Mandarin as typified by the dialect of Peiping was adopted as the standard for the new national language. With the strong support of the government and educational leaders, the movement soon gained momentum and swept the entire country. Gradually more and more speakers of other dialects began to make an effort to learn the new national language or kuo-yü.

During the years of China's war of resistance against Japan when people speaking various dialects were squeezed into the hinter-

197 land, dialectal barriers were gradually broken down. A situation like that proved to be favor able to the further popularization of the national language. Although it may be exaggeration to say that now the national language has replaced the local dialects in the Central-South Region, it is neverless true that kuo-yü is gaining wider acceptance than ever before.

VI. THE CHINESE WRITTEN LANGUAGE

212 Despite the fact that the Chinese people in this region speak different Chinese dialects, the fact still remains that they use one and the same system of writing. China's written language consists of thousands of uniformly understood logographs or "characters" as they are commonly called. They can be understood only with reference to their ancient forms.

A. Pictographs

Chinese characters are traditionally classified into six main categories, the first of which is pictographs. The characters in this category all originated from simple pictures: jih⊖ (now written 日) is the character for "the sun;" yüeh ☽ is the character for "the moon," (now written 月). However, they have long lost their function of picturing things and become merely conventionalized visual symbols of spoken words.

B. Ideographs

212 The second category is that of the ideographs, which are characters indicating in a diagrammatic manner simple ideas, as shang 上 for "up, above", hsia 下 for "down, below", i 一 for "one", erh 二 for "two", san 三 for "three", etc. Pictographs and ideographs, presumably bases of ancient Chinese characters, however, amount to only one-tenth of the entire stock of China's written symbols.

C. Compound Ideographs

The third category is that of the compound ideographs or characters whose meanings are determined by the combined meanings of their component parts, as ming 明, which is a combination of the "sun" and "moon", stands for "bright"; hsin 信, which is a combination of "man" and "word", hence, the "words of a man" stands for "honesty."

D. Phonetic Loan Characters

The fourth category is that of phonetic loan characters. These characters were all borrowed from existing words homophonous with the new ones for which written symbols had to be coined. For example, when a written symbols had to be created for the new word lai, meaning "to come," instead of resorting to pictographic or ideographic devices for the coining of such a symbol a symbol, the old character 來, meaning "barley," also similarly pronounced, was borrowed for that

212 purpose. Often such a borrowed character displaced the original source. Thus, 來 is now used exclusively to mean "to come" rather than "barley." Similarly, ch'i 其, the third personal pronoun, is now used invariably as such rather than as a symbol for "basket," the meaning of the original word similarly written and similarly pronounced.

E. Phonetic Compounds

Phonetic compounds constitute the fifth and perhaps the most numerous category of Chinese characters. They consist of two portions, a "signific" or meaning portion, and a "phonetic" or pronunciation portion. The former reveals the general meaning while the latter indicates the pronunciation of the compound. Thus, jan 燃, "to burn" has huo 火 "fire" as its signific, and jan 然, "so, thus" as its phonetic. Similarly, t'ang 糖 "sugar" has mi 米 "rice, cereal" as its signific, and t'ang 唐 "bold talk" as its phonetic. It may be pointed out here that the phonetic element of such compounds may or may not have been a "phonetic loan compound," that the pronunciation of the phonetic may or may not be exactly identical with that of the compound even on the basis of ancient Chinese pronunciation, and that the meaning indicated by the signific is at best categorical rather than minutely accurate.

E. Derivative Characters

The last of the six categories consists of what may be called derivative characters, the

212 origin, of which is still uncertain. Some scholars think that the characters of the category resulted from graphic inversion, such as lao 老 "aged, old" and k'ao 考 "aged, old"; others think that they resulted from changes brought about by modifications in sounds accompanied by modifications in meanings, such as heng 亨 "propitious" and hsiang 享 "to enjoy." At any rate this is the smallest category.

VII. CHINESE SCRIPT AND THE HIGH INCIDENCE OF ILLITERACY

It is true that written Chinese is uniformly understood throughout the country and has created no difficulty for literate Chinese in communicating ideas to one another regardless of their dialectal affiliation. But it is also true that although Chinese characters might have been devised for writing the spoken language in ancient times, now the great majority of symbols have become merely conventionalized written equivalents of individual spoken words. Some of the characters for most commonly used words such as 鹽 "salt" and 鐵 "iron," for instance, consist of twenty-four and twenty-one strokes respectively. To say the very least about them, they are time-consuming for the average Chinese to learn and memorize. As there are thousands of characters in everyday use, many of which are comparable in complexity and clumsiness, it should be apparent that it will take an average person many years to become adequately literate. It is entirely possible and highly probable that there is a definite connection between the

212 complicated and clumsy Chinese script and the high incidence of illiteracy in China, although other equally convincing factors, too, must have contributed substantially to that fact.

VIII. LITERARY CHINESE

212 195 Besides the many different dialects, many of which have their own written counterparts of varying degrees of completeness, there is yet another language in China known as the literary language, as it is usually called by Western writers. It is the language of China's undying classics, owing its preservation to the inflexible and conservative system of writing of the country. As such, it has no standard pronunciation of its own. In other words, it has as many standards of pronunciation as there are dialects in China. That is to say that if a passage written in literary Chinese is read by a speaker of Northern or Southwestern Mandarin, Kan-Hakka, Cantonese or Southern Min, it will sound like the dialect he speaks. Moreover, in grammar and syntax, literary Chinese is so different from any of the dialects that it is almost a different language, entirely free from the influences of the changes that have taken place in the dialects. Hence, it is possible for a lettered Chinese at the same time to speak his own dialect and write literary Chinese without any strange feeling on his part at all. As a language, literary Chinese is noted for its conciseness, frequently leaving out many things which are ordinarily expressed, thus creating a kind of ambiguous terseness all its own, requiring its readers to fill in the

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missing elements as they go along. This characteristic accounts for the reason why a passage written in literary Chinese, when read aloud, can seldom be fully understood by a listener even though he may speak the dialect of the person reading.

Despite such a shortcoming, literary Chinese has been exerting a tenacious influence on the Chinese, especially the lettered segment of the population. It is literary Chinese that has kept China's classics alive and perpetuated the many pithy dicta of wisdom unsurpassed in the living language of the Chinese people despite dialectal barriers of any kind. Although the written national language has been gaining wider and wider acceptance, the great majority of government and commercial organizations are still using literary Chinese in the transaction of their business.

IX. LANGUAGE REFORMS

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Attempts to introduce language reforms in China began on a nationwide basis with the movement to unify the national language shortly after the establishment of the Chinese Republic in 1911. The movement was followed closely by efforts to reform the written language. Those who advocated such reforms were of the opinion that since the characters were so complicated and time-consuming for the average person to learn, and since literary Chinese was so unrealistic and impractical, something

212 185 had to be done to make the written language of China more effective, so that it could be within the grasp of the average Chinese citizen in a relatively short period of time.

A. Phonetic Symbols

198 185 One type of reform advocated the use of phonetic symbols as an aid to the illiterate to learn to read. However, since the sole function of these symbols is phonetic, they are effective when they are used as a guide to correct pronunciation in accordance with the standard of the national language for the purpose of leveling down dialectal differences in pronunciation. They are helpful only to those who have not yet acquired such a knowledge. They cannot possibly add anything to the attempt to make the Chinese language system simpler or more readily accessible to the illiterate masses.

B. Alphabetization

212 185 Another type of reform advocated was the alphabetization of Chinese in order to get away from ideographic writing. As a matter of fact, the use of the Roman alphabet for the transcription of sounds of the Chinese language is no novel suggestion. As early as the beginning of the sixteenth century, Matteo Ricci, a Jesuit missionary to China, [illegible] to transcribe the then Mandarin sounds with the Roman alphabet on the basis of the speech sounds of his own native Italian language. Later, other systems of romanization were devised by others to meet the needs of those speaking other

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Western languages. The most widely used system among English-speaking peoples is the so-called Wade-Giles system, originally devised by Sir Thomas Wade, a member of the British legation in China, and later revised by the British sinologist, Herbert A. Giles. Another system in current use in this country is devised by the linguists at Yale University, and it is known as the Yale System.

In 1928 the Chinese Ministry of Education adopted a system of romanization known as Gwoyeu Romatzyh or National Language Romanization, devised by a group of Chinese linguists and intellectual leaders such as Dr. Yuen Ren Chao, Dr. Lin Yutang, and others. Its distinguishing feature is that instead of indicating Chinese intonation by means of superior figures or diacritical marks, it spells the different tones of Chinese words with different letters: mai (second tone, Wade-Giles mai^{2}) "to bury"; mae (third tone, Wade-Giles mai^{3}) "to buy"; may (fourth tone, Wade-Giles mai^{4}) "to sell."

Between 1929 and 1931 another system of romanization known as Latinxua was devised ma mainly by Professor A. A. Dragunov, a linguist of Leningrad, primarily for teaching the Chinese workers in the USSR to read. It has been very popular, for obvious reasons, with the Chinese Communists, who have been doing all they can to promote it and popularize it. However, since the system makes no attempt, except in an ad hoc manner, to distinguish tones in Chinese, it is not only in-

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adequate and unsatisfactory, but often misleading.

C. Simplified Characters

Yet another type of proposal advocated the simplification of Chinese characters, especially the more complicated ones in common use, by reducing the number of their strokes. Advocates of this proposal believed that a simplified system of writing would make the whole process of learning to read and write Chinese much easier and less time-consuming. For example, ts'ai "then" has been reduced to look like 才, and 鐵 t'ieh "iron," to look like 铁. If a satisfactory principle of simplification that is philologically sound can be worked out, so that the simplified characters, if necessary, can be identified with the origina characters, the adoption of such a system amy turn out to be a boon to China's millions of illiterate people in their effort to become literate.

D. Basic Chinese

A fourth type of proposal advocated the reduction of the number of characters to be meant for general use in order to simplify the written language. For example, the series of textbooks for teaching the illiterate compiled by Dr. Yen Yang-ch'u, leader of the Mass Education Movement, who is better known abroad as James Y. C. Yen, represents an effort made in this direction. On the basis of some 1,200 characters chosen by him in

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terms of their frequency, he compiled texts that he believed would enable China's illiterate people to meet their basic needs in expression. As another effort made more or less in the same direction, we may mention the list of characters chosen by Hung Shen, the famous dramatist. In 1935 he published his Method of Teaching and Using 1,000 Basic Chinese Characters. Instead of basing his choice of characters on frequency and limiting their usefulness and expressiveness to the rudimentary plane, he chose them on the criteria of their flexibility in forming compounds with other characters and their adequacy for general use in everyday situations.

X. DEVELOPMENTS UNDER THE COMMUNISTS

The Chinese Communists have been cautious in their efforts to reform the Chinese language. They frequently quote Stalin, that the language of a people cannot be artifically changed and that the evolution of any language has to follow a natural course.[1] However, to combat illiteracy the Communists also see the immediate need of simplifying the Chinese written language. In this regard the government policy is based on Mao Tse-tung's statement in his On New Democracy that, "under certain conditions, the written language of China must be reformed."[2]

1. See quotation, discussion in Ts'ao Po-han Yü-wen Wen-t'i P'ing-lun Chi [Critical Essays on the Language Problem], Shanghai, Tung-fang shu-tien, 1954, p. 95.

2. Mao Tse-tung, Mao Tse-tung Hsüan-chi [Selected Works of Mao Tse-tung], Vol. II, Peking, Jen-min ch'u-pan-she, 1952, p. 680.

212 185 Envisaged as an ultimate goal of language reform is the complete Latinization of the Chinese written language. In other words the characters will be replaced by the Latin alphabet. Communist promoters of Latinization often cite Lenin's pronouncement that, "Latinization is the great revolution of the East,"[3] to substantiate their argument.

192 185 The Communists are trying to cultivate a politically conscious proletariat in China; China's spoken language, as reflected in songs, plays, and speeches, is becoming more proletarian and drifting away from the set phrases and expressions traditionally used by the intellectual class. Extensive use of professional jargon and local expressions is the vogue of the day. Political and scientific terms, particularly those of Russian origin, are apparently on the lips of every Chinese who has had Communist indoctrination.

191 185 It must be noted that the Communists, in adopting many new terms heretofore unfamiliar to the average Chinese, are aware of the danger of corrupting their language. The People's Daily (the Pravda of China), in an editorial on June 6, 1951, urged the use of correct Chinese and stressed the need for the study of grammar so that "the Chinese language will not become corrupt and impure."[4]

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3. John de Francis, Nationalism and Language Reform in China, Princeton University Press, 1950, p. 90.

4. Quoted in Jen-min Chiao-yü [People's Education], Peking, March 1955, p. 28.

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As to the movement to eradicate illiteracy, the current trend is to promote accelerated methods of language teaching and to standardize the simplified characters already in use. One of the most publicized methods to accelerate language learning was introduced in 1948 by Ch'i Chien-hua, a cultural cadre attached to the armed forces. Ch'i champions the use of the "National Phonetic Symbols" (not to be confused with the Gwoyeu Romatzyh discussed earlier in this chapter) as the "walking stick" for new learners. The phonetic symbols are employed as a pronunciation aid to the students. This method was said to be so successful that the Communist government in May 1952 recognized Ch'i's contribution by inviting him to the capital and awarding him a citation.[5]

Simplification of written characters has received official blessing. When the Committee on the Study of Language Reform under the Ministry of Education compiled 798 such simplified characters and recommended that they be adopted, the recommendation was given immediate attention. On May 1, 1955 the Committee announced that 57 of the simplified characters would be adopted by six national periodicals for experimental purposes.[6] On October 15 1955, an All-China Conference on Language Reform was called by the committee to revise and enlarge the proposed list of simplified characters.[7]

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5. People's Education, May 1952, p. 4.

6. Hua-ch'iao Jih-pao [China Daily News], New York, May 2, 1955, p. 1.

7. Min-chu P'ing-lun [The Democratic Review], Hong Kong, Nov. 1, 1955, p. 577.

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The Latinization movement, although without much official promotion, is by no means dead. There are publications printed in this new form of Chinese. One ardent supporter of this movement, Ni Hai-shu, claimed that in 1949 there were over 300 such publications with a total circulation of about 500,000, already on the market.[8] In February 1952, there was evidence to show that active support of this movement was discernible in East China.[9]

There are other recent developments in language reform. One is the attempt to standardize the use of punctuation marks. On October 5, 1951, the Government Administration Council issued a directive on the correct use of punctuation marks.[10] Since that time the general trend has been toward standardization.

Another development in language reform is the practice of writing Chinese horizontally and from left to right. Such a practice is not new, but the Communist government is the first regime to sanction it. Following lengthy discussions on such a practice, national publications like the Enlightenment Daily and New China Monthly, since January 1, 1955, have been printing their texts horizontally.

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8. Ni Hai-shu Chung-kuo Yü-wen Ti Hsin-sheng [The Rebirth of the Chinese Language] Shanghai, Shih-tai shu-pao ch'u-pan-she 1949, pp. 458-59; also see John de Francis, op. cit., pp. 131-34.

9. Hsin-wen-tzu Pan-yüeh-k'an [New Language Semimonthly], Shanghai. February 16, 1952, p. 28.

10. Jen-min Shou-ts'e [People's Handbook], 1952, Shanghai, Ta-kung pao, 1952, p. 437. [p. 136]

212 185 As to the languages of minority nationality groups, the over-all Communist policy is to help them create their own written scripts. The theory is that these people must first be given their own languages; then it will be easier for them to learn Chinese (Latinized Chinese, most probably). In East China, minority nationality groups are more scattered than those in Central-South and Southwest China; there has been no report on Communist attempts to reform the minority languages in this region.

XI. SPEAKERS OF FOREIGN LANGUAGES

191 Before 1949, the use of foreign languages, mainly English, was noticed in a few large port cities in East China such as Shanghai, Tsingtao, and Amoy. Contact with English-speaking people in such cities and inclusion of English in school curricula accounted for the popularity of English. However, with the exception of a few foreign missionary schools in which English was emphasized and taught by native speakers, instruction in English in the schools did not amount to much. This was true even of the colleges of the region. Although some college students could manage to read a publication in English with reasonable ease they could hardly converse in it. Generally speaking, it may be safely assumed that about one-tenth of the secondary school graduates and possibly one-third of the college graduates could read English, although not without some difficulty. The over-all percentage of those who could speak it would be even smaller.

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The Communist policy is to discourage the use of English or any other Western language except in advanced and specialized studies. But as late as 1953, knowledge of simple English was still required for enrollment in colleges.[11] It appears reasonable to assume that the number of senior middle school and college students able to read or speak English has not changed much. Foreign language instruction has been eliminated from the junior middle school and primary school curricula.[12] Although the study of Russian has been encouraged by the Communists, it is doubtful if much has been achieved during the past five years.

There is no statistical information on the number of people able to read or speak English in East China, but if the curricula[13] for senior middle schools and colleges are any indication then there could not possibly be more than 70,000. As to the number of people in this region who can speak or read other Western languages, there is even less information to serve as a basis for conjecture.

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11. I-chiu-wu-ssu-nien T'ou-k'ao Ta-hsüeh Chih-tao [Guide to Taking College Entrance Examinations in 1954] Hong Kong, Hsüeh-sheng shu-tien 1954 pp. 98-100.

12. Wu-nien-lai Ti Kung-fei Chiao-yü Kung-tso [Communist Education in the Past Five Years], Taipei, Sixth Section. Central Committee, Nationalist Party. 1955, p. 16.

13. Total number of senior middle school graduates in China from 1949 to 1953 was 216.000. It is believed that of this number no more than one-third could be in this region. People's Handbook, 1955. pp. 571-73.

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Annex "A," Subparagraph 1f,
Sociological Background

SOCIAL STRUCTURE

565 The social structure in the East-China Region closely resembles that of other regions in China. It has, however, some unique features which can be traced to the region's geographical location and past history.[1]

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1. Within the cultural tradition of China as a whole there are in East China many local variations, special combinations of features and configurations, all of which are Chinese but none of which can be said to be typical of the region's social structure. Studies on the social structure of local communities in East China are more numerous than that of other regions of China. The better known include: Martin Yang, A Chinese Village, (New York, 1945), a study of a village in Shantung; Lin Yueh-hwa, The Golden Wing, (New York, Oxford University Press, 1947), a study of a community in Fukien; Morton H. Fried, Fabric of Chinese Society, (New York, Praeger, 1953), a study of a county near Nanking; and Fei Hsiao-tung, Peasant Life in China, (London, Kegal Paul, Trench, Trubner & Co., Ltd., 1939), a study of a small community in the lower Yangtze Valley.

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I. THE TRADITIONAL SOCIAL STRUCTURE

A. Social Classes

565 The people of traditional China often viewed society as being comprised of four occupational groups: the literati, the farmers the artisans, and the merchants. Soldiers had no social status and were not members of any group. Although this classification indicates that all members of society recognized the prestige of the literati and the low status of the merchants, it fails to account for two things: the wide diversity in wealth, standards of living, and cultural and recreational interests within each occupational group; and the free interchange of occupations among the top layers of the farming, merchant, and governing groups.[2]

In reality, social stratification in Chinese society was not entirely based on occupational lines. Rich merchants and wealthy landlords were often linked by marriage; retail

2. In some dynasties, sons of merchant families were not allowed to join the governing group. However, with the help of economic resources it was relatively easy for the third generation to come into the governing group. It was quite common for retired bureaucrats to engage in commerce.

565 merchants and middle peasants were socially compatible; the social distinction between a craftsman and a simple peasant was even more difficult to draw, and bureaucrats were often wealthy landlords as well. Thus, if we employ the term "social classes" to mean the stratification of society on an economic basis, we will find that class lines cut across the traditionally accepted occupation-status classification.

556 However, members of all the occupational groups regarded the possession of land as the true indication of prestige and security. A landless peasant hoped to possess land, a peasant with some land hoped to acquire more, and the wealthiest landlord wished to do likewise. Artisans who had acquired savings would invest them in land. Merchants invariably put excess capital that might have been used for business expansion into land, although often they did not rely on the income from it as their principal means of support. Bureaucrats were even more preoccupied with owning land concomitant with their rise in officialdom. This is a common phenomenon in any society where other tangible assets for accumulation are lacking.

Although the possession of land was a criterion for determining prestige and, to a large extent, the sign of real power, prestige did not always result from wealth and the land-holdings of any one family seldom remained constant for more than two or three

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556 generations.[3] These conditions accounted for the lack of a permanent ruling caste in China. There are definite ideals in traditional Chinese culture which conditioned the upward and downward mobility of the people within the social hierarchy.

B. Social Mobility

596 428 618 The family ideal. Large families, especially of the extended type, were the ideal in China.[4] However, in practice the ideal was limited by economic means. Primogeniture in China had been done away with long before the Manchu Dynasty (1644-1912). Land was divided equally among sons. After successive divisions, individual holdings became infinitesimally small. This contributed to the decline of the economic status of even the wealthiest families, particularly when land was the sole source of income.[5] On the other

3. Martin Yang, A Chinese Village, New York, 1945, p. 132; Francis Hsu, Under the Ancestors' Shadow, New York, Columbia University Press, 1948, p. 4.

4. Consult the chapter on The Family in this handbook.

5. "In the matter of inheritance, the general pattern observed for poor agriculturalists holds very well for the merchant group. Just as at the death of a farmer, there is a sharing of the property. In the agricultural situation, however, there seems to be greater fragmentation of the legacy, each son working his share more or less independently and with a minimum of combination. (continued next page)

hand, because of the existence of extended families and the clan structure, less fortunate members of these groups might be helped by relatives to gain a living or an education. A substantial amount of land was usually allotted to the communal family or clan for religious, educational, or charity purposes by illustrious members of the family or clan. Nepotism was simply a projection of the family ideal of mutual help among the members. Clan nepotism often accounted for a man's rise on the social and economic ladder. This practice contributed to the upward movement of poorer segments of the population who otherwise might never have advanced socially and economically in a relatively short period of time.

The scholar ideal. Learning was much esteemed, especially when combined with wealth. The prestige of the wealthy was never complete until their wealth was adorned with culture. Indication of respect for learning was common in China, as typified by the saying: "Although your children may be of low intelligence, you as parents should make them

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5. (continued) In the merchant situation there is somewhat more cohesion among the heirs, who often work the inherited enterprise as partners." Fried, op. cit., p. 52.

555 study the Classics."[6] The emphasis on learning was buttressed by the imperial examination system, the means by which official positions were obtained, which, in turn, was the quickest means during peace time to the acquisition of wealth and social prestige in China. The saying, "After I have studied I will take a government position," was indicative of the usual goal of education. Wealthy families as a matter of course and poorer families at great sacrifice educated one or more of their children in the Classics in order to obtain immediate prestige in the eyes of the community and with the hope of eventual success in the examination, which might lead to an official position and enrichment of the family fortune. Thus, education contributed to the upward movement of the families, be they of the landed, merchant, 558 or bureaucrat groups. On the other hand, the allocation of family income to the support of one or more unproductive persons through years of study with no assurance of economic

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6. This stress on learning and cultivation of the Chinese was studied by Max Weber. In his Religion of China, Weber goes so far as to conclude that this emphasis caused the lack of capital accumulation necessary for the development of modern capitalism in China.

558 return often dissipated the fortune of the family and led to the loss of economic status. Moreover, the belief that those who used their brains were superior to those who used their brawn contributed to the scholars' contempt for manual skills and commercial activity. Therefore, if a scholar did not pass the examination or, having passed it, failed to obtain official appointment, and if the successive divisions of his family property reduced his own holdings to a small plot, he would find it difficult to improve his economic status. At the same time, his lack of economic means would deprive his children of the opportunity to study. Thus, the scholar ideal also contributed to the downward movement of families in the social hierarchy.

517 The scholars, therefore, are not to be regarded as a separate class or a separate occupational group, except as they relied for their livelihood on the teaching profession or the use of their literary skills in a clerical capacity, but rather as "leisurely" members of families of varying degrees of wealth of the bureaucratic, agricultural, artisan, or commercial classes. When recruited by the government to study at the imperial academies, scholars were protégés of the government, and were regarded as potential bureaucrats even if they were engaged only in the compilation of historical documents of no current

517 import. Certainly the majority of those who devoted their full time to study considered themselves potential bureaucrats. To those who did not cherish the dream of becoming bureaucrats and who had other economic means, education was only an additional sign of their prestige.

The road to status and wealth through education and government service was often bypassed in time of chaos; military skills enabled individuals to obtain high positions in the bureaucracy. But military men seldom won social esteem until they had acquired cultivation, and such esteem generally accrued to their children, who were given the opportunity by reason of their parents' wealth to acquire learning under the tutelage of well-known scholars.

C. Social Organizations

571 182 Social organizations which had no basis in kinship were not recognized as approved parts of the social hierarchy or as approved means for gaining social prominence. However, they helped to supplement relationships otherwise neglected by the social order. Most of the traditional non-kin social organizations had an economic motivation. The success of such organizations, however, served as a disintegrating influence on the existing social system.

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575 In rural areas, organizations such as the Red Spear Society (Hung-ch'iang Hui) and the Mutual Protection Society (Lien-ya Hui) existed for the protection of its members against roving bandits. These voluntary associations arose in areas where the government failed to maintain order and peace, and their organization cut across class and occupational lines. When landlords were forced to move into towns during periods of disorder, organized peasants and tenants at times became so powerful that they defied the landlords' demand for exorbitant rents.

417 Among the artisans and workers in China there were for generations both craft guilds (hangs) and regional guilds (pangs).[7] As in Europe, these guilds were not intended to serve the interests of workers as a class but to promote the crafts and guard their monopoly and trade secrets. Both employers and employees were members, but the employers usually dominated the guilds' activities.[7]

484 Another kind of association existed to serve travellers, who were usually merchants, in cities outside their home county or province.

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7. Nym Wales, The Chinese Labor Movement, New York, The John Day Company, 1945, p. 7.

484 These associations, t'ung-hsiang hui, were organized on a county or provincial basis. By maintaining buildings and personnel in distant cities they facilitated the dealings of their constituents who might have language or other difficulties.

575 Most significant and disturbing to the social structure were the secret societies. They were, in fact, hierarchical societies within a society. A notable example was the Ko-lao Hui, which was also called Hung-pang in the Central-South Region. The bulk of the membership of this secret society was drawn from the unemployed in the rural areas and organized under strict and severe discipline. They were instructed to rob the rich, to help the poor, to rescue the oppressed, and to overthrow Manchu rule. Leadership of the society, however, was in the hands of the landlord class. The Ko-lao Hui became such a strong underworld force that Sun Yat-sen had to solicit its co-operation in his endeavor to overthrow the Manchu dynasty. After the fall of the Manchu regime, many warlords of North China obtained power by way of the Ko-lao Hui hierarchy and by utilizing its mass followings.[8]

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8. Ko-lao Hui and Ch'ing-pang, Hsi-pei Yen-chiu She, 1941.

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515 While societies like the Ko-lao Hui aimed at the overthrow of the existing order others like the Ch'ing-pang were utilized by the Manchu government to prolong its power by extralegal means. The Ch'ing-pang was originally organized among the boatsmen and the urban unemployed along the Grand Canal and the Yangtze River. It later spread to big cities and gained recruits among the city poor, handicraftsmen, apprentices, industrial workers, policemen, shopkeepers, the self-employed, and even the civil servants. Ch'ing-pang organizations dominated the underworld of East China while Ko-lao Hui branches dominated other regions of China, especially the South and the Northwest. The Ch'ing-pang's highly organized strength provided a strong bargaining position for the support of politicians, warlords as well as capitalists. Even the Kuomintang leaders had to come to terms with the society in their campaign against the warlords, and the Japanese occupation forces during 1937-45 utilized Ch'ing-pang organizations to route Communist underground agents.[9]

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II. DISRUPTION OF THE TRADITIONAL SOCIAL STRUCTURE

Just as the scholar ideal and the family

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9 Ibid., pp. 64-65.

178 ideal helped to preserve the stability of the total social order of China, the disintegration of the traditional family system and the abolition of the imperial examination system for recruiting the ruling elite became contributing factors to the dislocation of the traditional social structure.

There was no change in the social composition of the rural population in the past several decades. As of old, the village community consisted of farm laborers at the bottom and landlords at the top. Peasant landowners and tenants constituted the bulk of the village population; and village peddlers, merchants, and artisans were members of peasant families, most of whom owned land; the village gentry, that is to say the local leaders, were mostly retired officials or educated members of landlords' or rich peasants' families.[10]

178 369 However, the growth of rural population without a comparable increase in arable land, plus the increasing number of opportunities for employment in the cities, caused the migration of some peasants to the urban centers. The continued high premium placed on learning

10. Olga Lang, Chinese Family and Society, New Haven, Yale University Press, 1946, p. 68.

178 practical and otherwise, inducted the wealthier
369 rural inhabitants to send their children to modern city schools which offered new opportunities. Thus, the cities became the centers from which the forces of changed radiated into the surrounding countryside.

Some of the rural immigrants became permanent residents in the cities; others returned to their home villages. Among the permanent residents, some left their families in the country while others brought their immediate families (wives and children) to the cities. In either case, it meant the breaking up of family and clan relations. Industrial work and other city employment changed the outlook of these rural people; new professions such as modern medicine, law, engineering, and banking attracted the attention of those who would otherwise have been occupied in the study of the Confucian Classics. This was especially true after Confucian training had been condemmed as impractical and not in keeping with the conditions of modern life
871 Education in the secondary schools and
178 colleges, however inadequate and artificial it might seem, was designed for better

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871 citizenship.[11] Their curricula opened a new
178 and different world, far more interesting and intelligible to the younger generation than the Classics of old. If modern education had not always succeeded in giving new skills to the student, at least it had taught him not to be satisfied with his lot, to look to the future rather than to the past for betterment.
515 With the increase of schools, there emerged
178 in the cities a considerable professional class and a large number of students cut off for
517 years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together; with their newly-found organizations, came a semblance of a distinct class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period when the landed aristocracy contested with the merchants, industrialists, and bankers

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11. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbank, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass., Harvard University Press, 1954.

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for positions in the ruling élite, political power and economic power in modern China continued to be in the hands of a single group. When social mobility was made difficult by the lack of a clear and recognized channel for upward social movement, social roles were less clearly defined; the sons of high government officials became industrialists, bankers' sons became diplomats, and all owned land. Intermarriages between the new and the old upper-class elements were taken for granted. Modern intellectuals, mostly from middle-class families, were unable to obtain position and status in the new business or political hierarchy and yet were unwilling to return to their home villages. They had been too long removed from their original environment to feel anyting but estranged from it.

Influenced by the idea of democracy which they had discovered in school, the intellectuals began to solicit support from the masses, a move which traditional scholars would not have considered. Robert North's study of Kuomintang and Communist leaders shows that the majority of them came from the middle-class, landowning, and merchant families and were graduates of modern schools.[12] The labor

12. Robert North, Kuomintang and the Chinese Communist Elites, Stanford University Press, 1952, pp. 116-21.

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517 unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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701 During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

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III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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668 The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

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A. Class Differentiation among the Chinese Population

In his book On the People's Democratic Dictatorship (1949), Mao Tse-tung divided Chinese nationals into those who because of their anti-revolutionary character and their "crimes against the Chinese nation" were deprived of the right to be numbered among the People, and those who were to enjoy all the rights of the People. In the first group were included the Kuomintang leader Chiang Kai-shek, "bureaucratic capitalists" such as H. H. Kung and T. V. Soong, "feudalistic" landlords, and a host of other anti-Communist leaders. The second group consisted of workers, peasants, the petty bourgeois, and the national bourgeois. Workers were considered the elite of the nation; the peasants were to be converted into rural workers through collectivization of agriculture, or into urban workers through the development of industry; the petty bourgeois were needed during the New Democratic Stage and were to be "re-educated" in the process of reconstruction; and the national bourgeois, once "enslaved" by bureaucratic capitalism, were now "free" to contribute to the industrialization of China. Mao's classification of the Chinese population and his stipulation of the task of each class at the New Democratic Stage formed the conceptual basis from 1949 to 1954 for the Communist policy toward each of the classes.

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The convocation of the National People's Congress in 1954 is considered by the Chinese Communists as the conclusion of the New Democratic St age and the beginning of a transitional stage which will lead China to socialism. Land reform is completed and the landlords as a class are eliminated, the wings of the bourgeois industrialists and merchants have been clipped by the Three-Anti and Five-Anti campaigns, and the "ideology of the working class" has been established in all sectors of China.

B. The New Social Ladder

The Communists distinguish between persons "from the working class" and those "possessing the ideology of the working class." They acknowledge that not all Communists are from the working class but that those who have accepted its ideology belong to it. By the same logic, the working-class character of the People's Liberation Army is fixed. The Communists say that, since the People's Liberation Army is led by the working class, viz., the Communist Party, although the bulk of the soldiers and commanders may not be from the working class, the army remains of the working class. Conversely, many workers may not possess the ideology of the working class. The Communists explain that most Chinese workers are fresh from the villages where "feudalistic ideas" abound and therefore have not had time to acquire the ideology of the working class.

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The classification of people according to the ideology they profess is one of the underlying principles governing the activities of Communist-sponsored organizations where membership cuts across class lines. The New Democratic Youth Corps, the Federation of Democratic Youth, the Young Pioneers, the Sino-Soviet Friendship Association, the Democratic Women's Federation, the labor unions, and the study circles at schools and in factories help to disseminate Communist ideology.

Participation in these mass organizations, whether voluntary or compulsory, serves to separate the individual from his family, absorbing his time and energy outside the family circle. Enforcement of the Marriage Law, principally through the promotion and supervision of the Democratic Women's Federation, encourages women to leave the confines of the family. The recruitment of candidates for institutions of high learning and the assignment of jobs to graduates when they have completed their education also serve to uproot the individual from his immediate environment and make him dependent for advancement on the Communist regime. The weakening of family loyalty forces the individual to look toward the mass organizations sponsored by the Communists, who regard the Party itself as a desirable substitute for the traditional social structure. Since the

668 individual relies on mass organizations for
156 political advancement, which is the prerequisite for economic and social betterment, the mass organizations are most important for the stabilization of society under the current regime The regime exercises the power to control the career expectancies of the members of mass organizations, reward the achievement of those who work for the goals of the Party leadership, and punish with ostracism or more severe penalties those who rebel against the order For the first time since the abolition of the imperial examination system, a main channel of social advancement has emerged. The mastery of an officially approved body of doctrine is the quickest road to social advancement. The Communist channel of social advancement leads to the selection of conformists. This state of affairs resembles, to some extent, that which prevailed in monarchical times when the mastery of dogmas contained in the classics and their commentaries was the prerequisite to success in the imperial examinations.

668 The Communist regime has found it
178 necessary to promote as replacements for the old ruling group Communist-reformed and Communist-trained administrative, technical, and scientific personnel. Compared with traditional social mobility, the new social mobility does not spring from ideals embodied in Chinese culture but from expedient manipulation by the Communist Party.

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The development of industry, waterway and irrigation projects, the settlement of the Northwest, and the nationalization and collectivization of many enterprises may conceivably absorb a good portion of the ambitious younger generation. If social mobility continues to depend on Party loyalty, purges may be used to secure loyalty, to provide a flow of scapegoats for grievances which accumulate under a totalitarian system, and to furnish opportunities for advancement for the coming generation, whose continued devotion to the regime is crucial to its survival. But to date in the East China Region the purge of local cadres and officials at the regional level has been mainly limited to the elimination of "old social elements" rather than to the "revolutionaries" themselves.[13]

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13. Consult the chapter on Political Dynamics in this handbook.

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Annex "A," Subparagraph 1g,
Sociological Background

THE FAMILY

I. INTRODUCTION

96 Until almost the end of the imperial period (221 B.C. to A.D. 1912), the family was a vital and universal aspect of the centralized state in China and most characteristic of the society which sustained it. Since then, the family has been in flux. The direction of change and the major causes and problems involved will be sketched out in this section. A more precise picture, as Marion Levy has pointed out, is not feasible with the existing incomplete state of material on Chinese society both before and since the inauguration of the Communist regime.[1]

The traditional family still persists. It proved resistant, but not impregnable, to the influx of modern Western techniques and ideas after 1842 and to the political revolutionary efforts to realize democracy and equality in the present century. The traditional family is still proving tenacious, in the face of the Communist regime's persistent effort to turn Chinese society inside out.

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1. Marion J. Levy, Jr., The Family Revolution in Modern China, Cambridge, Mass., Harvard University Press, 1949, p. 273.

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5% To understand the nature of the Chinese family today, it is necessary first to take account of the structure, function, and attitudes of the traditional family. Second, consideration must be given to the incidence and nature of change in the family preceding the Communist regime. Only then can intelligent consideration be given to the family under the Central People's Government. Finally, attention will be devoted to the unique factors that characterize the family in East China.

II. THE TRADITIONAL FAMILY

The term "family" in China has been most usefully defined as "a unit consisting of members related to each other by blood, marriage, or adoption and having a common budget and common property."[2] Three main types of family structure have been distinguished -- the conjugal, the stem, and the joint forms. The joint family, consisting of several married brothers, their wives, children, and sometimes one or both parents, was the ideal family of China. It was typical only of the gentry and well-to-do merchant classes. The conjugal family, consisting of a man, his wife, and unmarried children, and the stem family, consisting of the conjugal family plus one married son with his wife and children,

2. Olga Lang, Chinese Family and Society, New Haven, Conn., Yale University Press, 1946, p. 13. Cf. Levy, op. cit., pp. 5-6.

596 were most typical of the peasant, artisan, and small-merchant classes. For all classes, however, the joint family was the ideal to be achieved if an improvement in family circumstances permitted.[3]

The status of every member of the family was fixed relative to every other member by the criteria of age, sex, and generation. At the top of the family pyramid stood the head of the house, the oldest living male. In practice, he might consult with other adult members of the family on matters vital to its welfare; theoretically, and often in fact, he exercised complete control over the activities, income, property, training, punishment, and marriage arrangements of the family and its members.[4]

However old his sons, their position in relation to him was one of service, obedience, and dutiful respect. A lesser but similar expression was expected of a man toward his elder brothers and relatives of an older generation.

Females generally were subordinate to males as well as to elders. The wife was

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3. Ibid., pp. 13-16. Cf. Levy, op. cit., pp. 42-60.

4. The material presented in this and the following paragraphs on the traditional and changing family is based largely on the comprehensive works on the family by Levy, op. cit. and Lang, op. cit.

596 subject to the will of her husband and to that of her son when he became head of the house. While a man's parents lived, his wife was expected to be more subservient than he toward his parents. In her mother-in-law, the son's wife more often than not encountered a tyrant. The mother-in-law, rather than her son, governed and judged the actions of the son's wife.

B. Social Role

596 182 The principal social function of the family in China was the bearing, rearing, and training of children. Sons were more highly valued than daughters, because only the former remained with the family after marriage, contributing to its labor and income, and only sons could perpetuate the family and perform the yearly rites in honor of the father and the family ancestors after the father's death. Implicit in the ceremony was the idea that the ancestors had a life after death, watched over the family's fortune, and were comforted by the periodic ministrations of the family. For the living, the rites provided an occasion for awe and respect during which the continuity of the family over time was re-emphasized and the solidarity and duties of the family unit in the present reasserted.

The veneration of ancestors was so important to Chinese society that the absence of sons to carry on the yearly observances was regarded as a major failing on the responsible male's part and a tremendous catastrophe for the family. Concubinage and adoption were

596 socially and legally sanctioned as means of
182 providing sons, if marriage produced only daughters or no children at all. Because of the necessity of providing against a high death rate, the premium on sons resulted in overpopulation, only partly offset by a high rate of female infanticide.

554 Just as sex, age, and generation determined
596 an individual's status within the family, so did these factors determine his behavior and position in the community and the world at large. An additional determinant of his standing was the status of his family in society.

596 Authority and dominance were the province
562 of males. Women might exercise overt leadership, and occasionally did so. More frequently, they were the power behind the throne. Such cases were exceptional, however. In modern times at least, supremacy was neither desired by women nor readily admitted to when possessed.

888 Age was honored relatively and absolutely Long life automatically gave its possessor higher standing in the community, but whatever age he attained, he was to show respect to his elders and members of an older generation. In the society of traditional China age implied the accumulation of wisdom and experience vital to society in times of decision or crisis.

596 554 Individual status also improved with education, more particularly with the attainment of a degree in the official examinations and appointment to official position. An individual's educational or official career was usually dependent on the willingness and ability of the family to support him during a long period of study. A particularly promising youngster of a poor family might occasionally be underwritten by the clan or village. Whatever his means of fianancial support, his success in the exams was a reflection of proper upbringing and honored his family and, to a lesser extent, his clan and village almost as much as himself. The wealth usually accumulated by an official during his career also materially enhanced the village and clan as well as the family. For these reasons, reflected glory accrued to the kin of an illustrious scholar or official for generations after his death.

C. Political Role

577 829 To a remarkable extent, the Chinese imperial system operated by moral suasion with a minimum use of force and without a developed, codified system of law. This achievement was made possible through the state's utilization of the family as a training

577 829 ground for loyalty to the state and the virtues prized by it as part of the machinery of government. The root virtue of filial piety was extolled above all others in the Confucian system. It denoted not only the obedience and devotion of the son to his father but of the younger brother to the elder, and of the subject to the ruler.

618 Two types of organizations built on the foundation of the family were utilized by the state in maintaining peace and uniformity throughout the empire. One was the clan, or tsu. It bound together families with a common ancestor to promote their security and advancement. Relying for strength on the maximizing and formalizing of kinship ties, the tsu reinforced the authority of the family head and the values he imparted to the younger generation. The tsu settled disputes between families, conducted ancestor rites for any member of a family whose line died out, provided help and protection in times of trouble for the lower class members, and safeguarded the social and economic position of the well-to-do. Where the tsu was strong, it governed the village with little interference from the central government, except in matters of high crime and taxes. The advantages to the Confucian state of the tsu were deemed sufficient to compensate for its encroachment on the

618 state's jurisdiction.[5]

In gathering together all the members of the tsu for the yearly rites honoring its ancestors, this social institution served to bring the poor and uncultured into contact with, and under the influence of, the well-to-do and educated gentry. Its more accomplished members headed the clan and represented the closest approximation to the ideal of the "superior man" (chün-tzu). Meetings with such men, whose behavior was patterned by leisure and education beyond the means of the great majority of society, provided the lower classes with living models for emulation and opportunities to impress the young with the proper attitude of respect toward their social superiors.

631 5/6 Another institution based on the family utilized by the state was the pao-chia system. As it was constituted under the Ch'ing Dynasty (1644 to 1912) and again in the 1930's by the National Government, ten adjacent families were grouped as a p'ai, ten p'ai as a chia, and ten chia, or one thousand households, as a pao. The head of each unit was responsible for the conduct and defense of those households under him, and the head of the pao had to answer to the government for the conduct

5. On the clan see Hu Hsien-chin, The Common Descent Group in China and Its Functions (Viking Fund Publications in Anthropology, No. 10), New York, The Viking Fund, Inc., 1948.

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596 and protection of the thousand households.

D. Economic Role

596 As the definition of the term "family" infers, it was the basic economic unit of the society. Real property such as land, houses, and workshops were owned by the family rather than by individuals. When disharmony caused the breakup of a joint family, its real property was divided among the constituent conjugal families, each as a new family claiming title to the portion of property which fell to its share.

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462 The peasant, artisan, and small-merchant families were units of both production and consumption. Male family members worked together in the fields, workshops, or stores to produce the goods on which the family mainly relied for a living. Sons nearly alway followed their father's occupation and seldom left home. Women worked in the home, taking care of the children and turning out the family's clothes and shoes. Where sericulture was practiced, women managed the entire industry from the cultivation of mulberry trees to the weaving of cloth. Food and clothing were allotted each member according to his needs, as they were determined by the head of the house and permitted by the family's circumstances.

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596 Some variation from this pattern occurred among the upper-class families. Gentry-officials and merchants were often away from home; they frequently had personal income from salaries or business, from which they met their expenses without resorting to the family treasury.

596 888 The family and its extensions in China also functioned to provide security in old age, food or material help to the poor, and employment for needy or deserving relatives when possible. That a son should not provide for his parents in their old age was unthinkable. Were the sons dead or in some other way unable to assist their parents, the aged were cared for by other close relatives or by the clan. Deeply sanctioned by kinship morality and firmly rooted in Chinese government and business, nepotism was one of the most resistant factors to the advance of the modern political, industrial, and business systems in the twentieth century.

III. THE CHANGING FAMILY

A. Influence of Modern Technology

596 178 The transition which occurred in the traditional Chinese family from approximately 1842 to the advent of the Communist regime is traceable to three major influences: (1) modern technology with its attendant factory system and modern business organization;

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(2) the new environment consisting of rapid transportaton, modern government education, rural education organizations, and modern books and periodicals; and (3) the revolutionary political and social ferment which followed in the wake of the Western penetration of China. Change came first and most penetratingly in the ports, which were initially influenced by Western trade and later by the growth of native industry centered on those cities. The same influences also reached into the rural environs of the city ports in the decades before World War II. The great mass of the Chinese people -- the population of the traditional villages, towns, and cities in the interior -- felt the modern impact only in minor ways, if at all.

The first influence of modern technology in China came in the form of an influx of manufactured goods. Their availability at cheap prices changed the consumption and production habits of the family. Articles formerly made at home were bought with cash, necessitating new types of spare-time or full-time occupation removed from the family sphere.

Much more important in effecting a change in the old family pattern was the introduction of modern factory and business methods into China. For one thing, it organized economic activity on a non-family basis. Persons from rural areas attracted to the city by the

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opportunity to earn an independent income or the necessary supplement to the family's farm income were forced to make their homes near their jobs for at least a part of the year. Either permanently or temporarily they were removed from direct family control and subjected to the new ideas associated with industrial society everywhere.

Another consequence of the factory and business system was a new criteria for employment. The efficient operation of modern production and management required that personnel be hired on the basis of the possession of such skills as a particular job demanded rather than on the old basis of personal or kin relationship to the owner or responsible management. The solidarity of blood relationship and the old employment function of kinship were prime resistants to the spread of modern business enterprise in China, but where the latter succeeded in establishing itself, it forced a fundamental break in the old Chinese familial process.

E. Influence of Modern Environment

In many places where the Chinese population was sheltered from direct contact with modern industrial life, an indirect influence was exerted by the environment. The modern curriculum taught in foreign missionary schools in the late nineteenth and

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the twentieth centuries was approximated by the new government schools and offered to a broader segment of the population in the decade before World War II. New social, political, and economic ideas thus disseminated were supplemented by the outpourings of the press. Some rural villages formerly a day's journey or more away from the nearest great city were brought only hours away by modern methods of transportation, particularly the railroad and the steamship. All these media brought the people and especially the young into contact with ideas and ways of life alien to their own. Awareness of new opportunities, comforts, and pleasures to be had in the modern city planted a seed of dissatisfaction with the old manner of living.

C. Influence of Revolutionary Thought

An even more disturbing influence on the old way of life was the increasing spread of revolutionary social and political doctrines after 1916. The monarchical reformer K'ang Yu-wei had brought the traditional family under attack as early as 1898 by castigating the "virtues" associated with it as either non-existent or harmful to society. These ideas did not achieve any widespread currency in China until the rise of the New Culture Movement in 1916, a revolution in Chinese thought and expression. It emphasized individualism, the equality of the sexes, and the duty of service and loyalty to the nation. Ideas of this sort were spread by the May

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Fourth Movement of 1919, in the revolutionary propaganda of the Kuomintang during its struggle for power in the mid-twenties, by the student anti-Japanese agitation of the thirties, and in the socially conscious writings of China's new and popular authors.

D. Effects on Family Nature and Structure

In the relatively small area where these influences were felt, traditional family organization and the roles and functions dependent on it were forced to give way. With a part of the family temporarily or permanently in the city, the authority of the traditional family head was undermined. He was still needed at home to carry on the farm work, and so it was generally the daughters, the sons not needed for agriculture, and occasionally, the wives who entered the cities to seek part-time or full-time work. They sent home from the cities whatever part of their wages that could be spared from their own living needs. The family head thus controlled only their excess earnings and not their full income. He no longer directed the production of the family as a unit nor determined wholly every member's share in consumption. For at least part of the year, he could exert no direct control over the city-dwelling members of the family. With the possibility of an independent livelihood in the city, adult family members in nearby villages had an alternative to harsh treatment by the family head. This factor

596 tended to have a moderating influence on
178 paternalistic authoritarianism.

The family in the rural areas adjacent to
596 industrialized cities was also affected in other
562 ways. Men of advanced years, particularly if they had a classical education or held official position, continued to be honored. However, their position of influence and authority was challenged by younger men with the personnal qualities of dynamic leadership and success. Ancestor worship continued to give a greater primacy to males in the family but the ability of daughters to earn a wage enhanced their value to the family and made their early marriage into another family less desirable. It should be noted, however, that women of farming and laboring families worked outside of the home only out of sheer economic necessity. Neither sex approved of female employment in the factory. Whenever possible, it was avoided or terminated. Among upper-class families, women with modern education began gradually to seek employment in the professions and to regard such work as a means of establishing permanent personal and economic independence.

594 The independent family in the modern city was most subject to change. Though

594 the influence of the past remained strong, the city families tended toward the nuclear, democratic form. Thus, the old criteria of status based on sex, age, and generation were undermined. This tendency was strongest among the new clerical, managerial, and professional groups in the city. They came mostly from the old well-to-do merchant and gentry class which could afford modern education, sometimes abroad, for their children. Having a higher education, the younger members of this group were far more influenced than were the less literate lower class youth by such modern Western ideas as the right to individual happiness, the equality of the sexes, and the duty of the citizen to give his first loyalty to the interests of the nation.

578 While modern education gave youth increased stature in the eyes of the family elders, it also served to decrease youth's respect for parents. Olga Lang's 1936 survey of youthful attitudes toward parents disclosed that while only 20 per cent of the boys and 16 per cent of the girls in high school were willing to answer the question as to whether they ever disapproved of their parents' behavior, 58 per cent of the men and 62 per cent of the women in college were willing to answer, and their answers were overwhelmingly critical. The greatest objects of censure were the father, his political views, and his personal habits. He was criticized as "conservative," "feudal," acting

578 "aginst the trend of the time"; as "immoral," "corrupt," "lazy," "egotistic," "too cautious"; and for gambling, smoking opium, and frequenting brothels. Mothers were more gently and less often criticized, but were reproached for "political backwardness," "unhygienic habits," "gossiping, playing mah-jong, quarrelling [and] ill treatment of young daughters-in-law." College students also reported more actual disagreements with parents than did high school students. The most frequent subjects of disagreement were marriage, politics, education, participation in the students' movement, recreation, modern hygiene, and fashions, friends, and future professions.[6]

E. Effect on Family Economic Role

596 578 466 The decreasing ability of the family to function as a production and consumption unit or as an employment agency in an industrial society has already been pointed out. The initial break with the old form of employment was forced by foreign firms or government services headed by foreigners. Their prohibition against officers hiring or recommending relatives was only beginning to be copied by wholly Chinese institutions such as banks, factories, and schools in the years before World War II. Where the employment of relatives was forbidden, friendship, a common birthplace, training in the same school, or membership in the same secret society often provided the basis for a personal link between an employer and a prospective

6. Lang, op. cit., pp. 284-87. [p. 176]

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596 employee and for the rise of cliques in business
572 and government offices.
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Scattered surveys of various strata of the population in industrial areas indicate that only at the upper managerial or owner level, where the facts of economic operation were most pressing, was the majority in favor of impersonal, rational selection of employees. Even in modern colleges, only about half the students appeared to favor that choice. With each successively lower economic level, the preference was more overwhelmingly for selection on the basis of kinship.[7]

F. Effect on Social and Political Role

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867 With the collapse of the imperial system in 1912, the family was no longer fitted to serve as the social and political training ground of China. The political parties and modern schools, particularly the colleges and universities, now began to train youth for the new political world which was coming into being after 1911. No comparable institutions existed to inculcate in youth a moral and ethical code that would serve as a common guide in the new society. Attempts by the Kuomintang leaders during the period of the National Government to restore filial piety along with a revised Confucian code to the service of an increasingly authoritarian-minded state met

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with failure among the nation's youth.[8]

V. THE FAMILY UNDER COMMUNISM

A. The Marriage Law

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In reconstructing Chinese society, the Communist regime has undertaken to change the nature and function of the family. The first step in this direction was the new Marriag Law promulgated in May 1950. It is one of the three legal pillars of the state. The other two -- the Labor Union Law and the Land Reform Law -- were announced at a later date but put into effect within a much shorter time and with greater immediate success.[9]

Essentially, the outward provisions of Marriage Law are comparable to the laws affecting marriage and the family in the civil and penal code announced by the National Government in 1930 and 1931.[10] The basic features of the new law are summed up in its first three articles, which provide for:

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8. Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology, "Far Eastern Quarterly, August 1955, pp. 515-32.

9. See comment by the American editors of Current Background, Hong Kong, American Consulate, 236, pp. 1-3; hereafter cited as C.B.: Unless editorial comment is indicated, a here, citations from Current Background refer to literal translations of material in Communis

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(1)...The abolition of arbitrary and compulsory marriage and the putting into effect of freedom of marriage for men and women.
(2)...The abolition of the feudal system of marriage...based on the superiority of man over woman, and the putting into effect..of monogamy, and equal rights for both sexes.
(3)...The abolition of the feudal system of marriage, which neglects the interests of the children, and the putting into effect of the New Democratic system of marriage, which protects the lawful interests of women and children.[11]

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In propagandizing and implementing the Marriage Law, the regime struck against the old authoritarianism of the family head, child marriages, mistreatment of women and discrimination against them as inferior to men, and the mistreatment of children by parents. Wives, especially wives of arranged marriages, were encouraged to seek divorce from intolerant, unrepentant husbands. However, if husbands could be made to adopt the new attitude toward women, partners of arranged marriages were urged to remain united.

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9. (continued) magazines and newspapers, and should be evaluated accordingly.
10. See comment of American editors of C.B., 136, p. 3.
11. "Document 7," C.B., 236, pp. 22-29.

684 To help traditionally-minded families
669 attain the new Communist-established goal of "democracy" and "harmony," family "struggle" meetings were arranged under cadre supervision. Each member was pressed to confess his own past sins and suffering and to help other family members to remember theirs. The particular transgressions sought out for exposure, condemnation, redress, and rectification were the mistreatment and beating of wives by husbands, similar behavior by mothers-in-law against daughters-in-law, and interference by parents in young people's free choice of marriage partners. Much was made in the Communist press of the suicides or murder of women and young people, attributed to the old feudal system of marriage."[12]

668 Whatever the humanitarian by-products,
462 the Marriage Law aimed at a basic change in Chinese society with two utilitarian purpose in view One was to change the popular basis of loyalty from the family to the state. The other was to free the Chinese woman from her preoccupation with the home and children so that she might become a laborer in the field and factory. These aims were quite openly expressed.

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12. See especially C.B., 273, pp. 1-3; 236, pp. 4-14; and Survey of the China Mainland Press, Hong Kong, American Consulate, 932, p. iv; hereafter cited as S.C.M.P. The same conditions apply to this source as to Current Background; see footnote 8.

668 For instance, an article in the Peking
462 Chung-kuo ch'ing-nien pao [China Youth] on the correct attitude toward parents, asserts that under the Confucian system with its emphases on filial piety, parents had the right to regard their children as private property and demand sacrifices of them. Under the new regime, the article pointed out, "children are not the private property of their parents, but belong first of all to the state and to the people, and... the interests of the people should be the highest criterion governing our actions toward our parents."[13]

562 An editorial in the People's Daily in
668 March 1955 notes that remnant feudal ideologies still obstructed "the participation of women in Socialist construction and various political activities." The editorial then goes on to state that it is in order to promote the political and production zeal of women that their rights must be promoted and protected and the Marriage Law implemented.[14] Various comments on the Marriage Law inspired by the regime stress Lenin's dictum that sex relationships and family problems are not individual or small affairs but matters of great social, economic, and political significance.

13. S.C.M.P., 973, p. 31.
14. Ibid., 106, p. 15.

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significance.[15]

B. Implementation of the Marriage Law

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As the Nationalist Government had made no attempt to put into effect the marriage and family provisions of its 1930-31 codes among the rural population, the spirit and provisions of the Marriage Law were new and alien to this great majority of the Chinese people. They were still bound to the traditional family and had not encountered the economic experience and education which had pushed the family in Western-influenced cities toward new types of social organization from the beginning of the twentieth century. Moreover, the new law offered no immediate or apparent economic benefits as had the Land Reform Law.

The result was apathy, when not open resistance, toward the reorientation of marriage and family practices among the farming population. These attitudes were as typical of most of the village cadres as of the rural people generally.[16] However, Liu Ching-fan's criticism in 1953 of the use of force by village cadres to achieve acceptance of the new Marriage Law's provisions indicates that up to that time violence

15. See, for instance, C.B., 275, p. 4; and S.C.M.P., 1048, pp. 30-31.

16. See comment of American editors of C.B., 136, pp. 3-4.

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accompanied this measure as it had other measures in Communist China.[17]

The regime became aware only slowly of the failure of the Marriage Law to take automatic effect. A preliminary investigation gave such cause for concern that a thorough investigation was made at the end of 1952.[18] The results impelled the Communists to launch a drive for the thorough implementation of the Marriage Law and intensive indoctrination of the people in its principles. The movement was restricted to Han Chinese areas where land reform had been completed.[19]

Summing up the result of the campaign before the Government Administrative Council on November 11, 1953, Liu Ching-fan reported satisfactory indoctrination of 80 to 90 per cent of the adults in 15 per cent of the nation's hsien and municipalities where land reform had been completed and, to a somewhat lesser degree, 60 to 70 per cent of the people in 60 per cent of similar local areas. Almost no progress was indicated in the remaining 25 per cent of the localities.[20] Assuming the population in these areas to be roughly equal, these figures would mean that on an over-all basis even partial success

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17. C.B., 273, p. 4.
18. See comment of American editors of C.B., 136, pp. 3-4.
19. C.B., 273, p. 1.
20. Ibid., p. 3.

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was claimed for only 48 to 55.5 per cent of the population subjected to the indoctrination process.

C. The Communists' Vague Picture of Success

Unfortunately, we cannot precisely judge how successful the regime has been in implementing the Marriage Law nationally or regionally. Communist evaluations are too generalized to reveal a definite picture, and statistics released by the regime are sketchy and, when available, rarely provide a basis for significant comparison. For instance, in the spring of 1955 the Ministry of Internal Affairs reported on the prevalence of free marriages during the first quarter of 1954, stating that of the 402,205 applications for marriage registration in 562 hsien and municipalities of 15 provinces, only 1.07 per cent were denied because the contemplated marriages had been forced or arranged without the willing consent of the couples concerned.[21] No figures were given on the remaining, roughly three-quarters of the country's hsien and municipalities, nor was any indication given to show whether the figures cited were typical of the whole country, the only figures available, or figures selected for propaganda or other

21. S.C.M.P., 1002, p. 3.

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582 671 purposes. If the figures can be given credence, they indicate a remarkable advance over the situation existing two years earlier. After an investigation of Marriage Law implementation in 1952, a woman minister of justice, Shih Liang, reported that in only three of the country's 2,086 counties were families reformed up to perfect Communist standards, and that in the East and Central-South regions freely contracted marriages and other reforms had gained no acceptance with the people.[22]

582 671 762 674 A further study of figures issued by Communist sources indicates that the regime did not have exact knowledge of the situation in many areas. To cite one example, an announcement of the results of the 1952 investigation of Marriage Law implementation include "incomplete statistics" on deaths attributed to the existence of problems and mistreatment connected with the "feudal family" system. According to these figures, 4,105 women were killed or driven to suicide in the East China Region between January and August 1952; and 356 women and 161 young men suffered the same fate in the Northwest Region during the first half of 1952. In lieu of figures for the Central-South Region, the report mentioned 606 young men and

22. China News Analysis, Hong Kong, No. 5, p. 3.

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women met violent deaths as a result of marriage disputes in 39 hsien (out of a total of 86) in Hunan.[23]

674 It seems reasonable to assume that the figures are incomplete and the categories not comparable because the Communists had no more accurate material to offer. If the incidence of violence in connection with marital and family disputes is truly reflected in these figures, their extension into yearly rates shows these deaths occurred at the rate of less than two per hundred-thousand population in the Northwest Region, less than four per hundred-thousand in the East China Region, and less than nine per hundred-thousand in Hunan. It should be remembered, however, that these ratios are based on incomplete figures and that the incidence of violence may have resulted as much from Communist pressures as from the authoritarian character of the traditional family.

586 Divorce and marriage figures released by the Communists are equally difficult to render meaningful because of gaps in statistics and the different time spans and categories which are given for the figures cited. For the nation as a whole, the number of divorces was reported to have risen from 186,000 in 1950 (the last seven months of it under the new

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23. C.B., 236, p. 5.

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586 Marriage Law), to 409,500 in 1951, and to 398,000 in the first half of 1952.[24] The latter figure is only slightly higher than the number of divorces for all of 1952 in the United States, the population of which is about one-quarter of that of China.[25] So far as is known, no separate figure for the number of divorces in the East China Region has been made public, although for the Central-South Region 32,881 cases involving marriage disputes were reported handled by the courts in the first five months of 1952.[26] The most significant statistics in the East China Region appear to be those for Shanghai alone during the first full year under the new Marriage Law (May 1, 1950 to April 30, 1951) when 13,349 cases of marital disputes were heard by the courts of the metropolis. More than 10,000 of these cases were stated to have been initiated by women, and more than 30,000 persons were said to have been liberated through disposition in all cases.[27] Evidently many of the disputes involved multiple wives or concubines.

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24. Ibid., 243, p. 3.

25. Divorces in the United States during 1952 totaled 392,000. See The World Almanac and Book of Facts for 1955, Harry Hansen, ed., New York, New York World Telegram and The Sun, 1955, p. 312.

26. S.C.M.P., 171, p. 16.

27. Ibid., 132, p. 20.

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Reports on the results of the 1952 investigations of Marriage Law implementation were framed in equally incomparable area and time categories. One report covering northern Kiangsu during the first half of 1952 noted that the number of arranged engagements during the period totaled 39,911 or nearly three times the number of engagements "founded on free love," while 19,894 arranged marriages had taken place, exceeding the number of free marriages by 28 per cent.[28] Another report at about the same time gave a more complete picture for the whole province of Kiangsi from May 1950 to January 1952. In the province during that time, it was reported 121,000 free marriages had been arranged with the assistance of the All-China Federation of Democratic Women, more than 72,900 divorces had been instituted after the failure of reconciliation attempts, the marriages of 16,454 child brides had been annuled, 40,902 engagements arranged by parents had been terminated, and 33,634 couples had been aided in establishing harmonious homes by the intercession of the People's Government.[29]

D. Reorientation of Family Reform

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Between the time of the publication of these

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28. C.B., 236, p. 14.
29. Ibid., p. 4.

582 divorce figures in March 1952 and the end of
586 the year, the Communist approach to marriage
584 and family reform seems to have undergone a
185 change. There are indications that the regime's emphasis on new freedom for women and the prominent publicity given statistics on divorce had led to the Marriage Law being popularly termed the "Divorce Law."[30] At the same time, resistance in the rural areas to sudden changes in the old institutions of marriage and family relations were becoming evident to Party leaders as the result of the late 1952 investigations were tabulated.

A shift in the pace and in the propaganda emphasis on marriage and family reform was evident in Liu Ching-fan's report to the Government Administrative Council at the end of 1953. Although the better treatment and greater freedom given to woman was not to be neglected, greater emphasis was placed on the establishment of "harmonious" and "democratic" relationships within the family, whether originally of the old or new type, and to the positive benefits that would accrue to all members of the family as a consequence of reform.[31]

185 Analyzing the then current situation, Liu
581 noted that the people still maintained a feudal
584 ideology and consciousness in regard to many

30. China News Analysis, 5, p. 2.
31. C.B., 273, pp. 5-6.

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social problems, and that this attitude in respect to marriage problems was a "more universal and serious one." Liu admitted that the abolition of the feudal marriage system and the establishment of the new system was "a long term and difficult process in the ideological and social reform of the people." To accomplish this reform, he added, the regime would have to co-ordinate its efforts with the people's personal interests and levels of attainment, persuade the people patiently, and raise their level steadily. The process of implementing the Marriage Law, Liu concluded, would have to be made part of the regular tasks of the government and people's organizations at all levels and co-ordinated with the central tasks of production, construction, and elections.[32] These recommendations have become the principles by which the government still seems to be guided in marriage and family reform.

In the cities where modern influences had prepared the people for acceptance of new marriage and family principles, the regime encountered a different kind of problem. Just before International Women's Day, March 8, 1955, an authoritative statement in the Communist press added a new note to the usual references to lingering remnants of feudal obstruction and the

32. Ibid., pp. 4-6.

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185 long-term nature of family reform. The
581 statement charged that bourgeois ideology had
596 reached into marriage and family relationships. The bourgeois influences detected were love of luxury and disparagement of labor, "carelessness" in choosing marriage partners or the desire for new partners after marriage, and devotion to self-interest. They had respectively given rise to the sins of marriage based on money, "the be-littlement of sexual relationships," and mal-treatment, desertion, and irresponsibility toward parents and children.[33]

185 The nation's young people were evidently
883 the most prone to this subversive influence. A campaign was launched in the large cities during the spring of 1955 to guard youth against "bourgeois concepts." In connection with the drive, the Communist press evidenced concern regarding romantic love, heart-break, unsolved marriage problems of workers in sparsely populated areas, and the attractions and diversions of a carefree social life in the cities. These things, the press warned, were subverting many young people from their primary duty of devoting their whole effort and attention to study and work in the national interest. The advice of the Communist editors "to place love in a secondary

33. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.

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185 position in one's live" is hardly likely to solve
883 the problem.[34]

584 A different sort of problem confronted
185 youth in the countryside. Apparently the possibility was not present there for youth to develop love and marriage attachments through the ideal and officially sanctioned method of mutual participation in production, indoctrination, and study. A 1955 report on Marriage Law implementation admitted that "in the extensive rural districts... the conditions for adequate communal life and avenues for social intercourse" are lacking. As a result, "most marriages are still being contracted after both parties were first introduced to each other by third parties." The report hastened to explain that as the bride and groom gave their previous agreement to the marriage it was to be regarded as a marriage of free will and not to be confused with the old and outlawed practice of arranged marriage.[35]

E. Replacement of the Family's Social, Economic, and Political Role

586 A second step taken by the Communist regime
185 to change radically the nature and function of the Chinese family was accomplished with the establishment of organizations to regiment

34. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.
35. Ibid., 1002, p. 3.

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every phase of human endeavor. The labor unions in the city, the peasant associations, mutual-aid teams, and co-operatives in the country became the center not only of economic life, but of social, political, and indoctrination activities as well. Unions were organized in the cities almost as soon as they fell to the Communist armies, but the formation of comparable institutions in the countryside awaited the gradual process of land reform. Until it was completed in any area, no alternate organization to the family existed to assume its socio-economic role. This fact seems to explain why the Communists during the spring of 1953 limited their Marriage Law campaign in the countryside to those areas where land reform had been accomplished.

Special organizations were set up to train and absorb the energies of women and children who might otherwise be free of the constant direct influence of the government. These two groups were absorbed respectively into the All-China Federation of Democratic Women and into the Young Pioneers, the Federation of Democratic Youth, and the New Democratic Youth Corps.

Aside from its primary role as a unit for procreation and for child-care until the young reached an age when they would prove adaptable to molding by the state, the family was left only with the secondary duty of supporting the state

596 training process. An editorial in the People's
185 Daily in mid-1955 pointed out the "deep solicitude" of the goverment toward children, made manifest by the establishment of nurseries and schools and the teaching of proper attitudes toward children and the correct methods for educating them. "The new Socialist generation" was to be brought up "physically strong, courageous, honest, fond of study, patriotic, and imbued with collective spirit." The editorial also stated that trade unions were to help office employees and workers to learn how to educate their children: Teachers and directors of the Young Pioneers were to assume the "important responsibility" of guiding children in classrooms, meetings, and extra-curricular activities.[36]

593 With the Communist regime's emphases on
577 youth, loyalty to the state, socialist construction, and the rooting out of feudalistic and bourgeois ideas, the problem of the proper attitude of youth toward parents need clarification. An article on the subject in the January 1955 issue of China Youth emphasizes that "respect for one's parents is part of...individual or social Communist morals," but the attitude "must be governed by the interests of the Revolution." If the parents are counterrevolutionaries, they should not be respected but treated as enemies;

36. Ibid., 1064, pp. 11-13.

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593 if they are counterrevolutionaries who have been
577 pardoned by the people and are still able to work, they should be made to "reform" through labor, and should not be pitied or helped. Only if they are unable to support themselves should they be aided by the children, "for if the children do not support them, then the burdenwill fall on the state, which is obviously undesirable." As to bourgeois parents, they should normally be shown respect and concern; but if they break the law, "the children should justly and dispassionately examine their crime." Working class parents "should of course be respected, loved, and taken care of." They should not be discriminated against or ridiculed because of the shortcomings they have inherited from the old regime, but "should be patiently persuaded to see the light."[37]

V. EAST CHINA REGION

A. Disparity of Family Life

596 The widest diversity in the nature and
178 function of the family is to be found in the East China Region. Kiangsu was the most industrialized province in China proper (excluding Manchuria) before World War II, and the trends forced by

37. Ibid., 973, pp. 30-32.

58 178 accomodation to modern methods of factory production and city living paralleled the objectives sought in the Marriage Law or, at least, prepared the people for a change in the old institution. On the other hand, areas could be found throughout the East China Region where family life had been as little influenced by industrialization and modernization as could be found elsewhere in China. Fukien, for instance, was one of the last strongholds of the clan organization, which had ceased to exist as a functional entity elsewhere in the region. Fukien was also unique in another respect: the coastal areas of the province contained overseas communities wherein the family showed some significant departures from the typical Chinese family.

58 Communist press announcements of marriage conditions revealed by the investigations of late 1952 singled out isolated areas in the East China Region as typical of unaltered adherence to backward practices of the traditional family system throughout the country. Such examples were cited as P'ing-ho hsien, Fukien, where seventy per cent of all the women had been child brides;[38] a hsiang of T'ai-hsing hsien, Kiangsu, where the majority of children under ten years old had been betrothed by their parents;[39]

38. C.B., 236, p. 5.
39. Ibid., p. 14.

582 and communities in Fukien where adult wives nursed infant husbands or served as rented or mortgaged chattels outside their homes.[40] Conditions in some parts of southern Anhwei were summed up in one press report by quoting the following ditty as still current in the area:

> A twenty-year old wife, a year-old husband
> She takes him to bed with his dirt and all,
> But for fear of the parents' reprimand,
> She would have kicked him way down the floor.[41]

584 582 Contrasting with this aspect of the family in the East China Region is the opposite extreme in Shanghai, where the family appears in its most modern form. The Communist regime has had little to say about family and marriage problems in Shanghai, its main concern having been with improving the situation in the rural, more tradition-bound places. In fact, the initial complacency of the Communist regime concerning the operation of the new Marriage Law was based on reports from such modern industrial centers as Shanghai and their suburbs, disclosing an increase in the number of divorces, particularly those initiated by women. This was a reflection of the general pattern of change in circumstances, knowledge, and values impressed on the individual and the family by city life.[42]

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40. Ibid., p. 6.
41. Ibid., p. 15.
42. See comments of American editors of Ibid., 136, p. 3.

594 The change was evident in Olga Lang's 1937
582 findings on the comparative form and function of the family in the cities of Shanghai, Peiping (Peking), and Tientsin, and in rural areas removed from the urban influence. In every facet of the nature and values of the family among all classes in these places, Shanghai showed the greatest departure from the traditional family system and ideology.[43] But even where modernization was most advanced, Lang found that of ninety-five industrial workers' families interviewed, only 25 per cent of the marriages had been formed by free choice of the partners, and fifty-six of the ninety-six men and women workers questioned said they would insist on choosing their children's mates.[44] However, it should be noted that the tendency toward modern marriages increased with higher economic class, better education, and occupation in modern industry or professions.

B. The Clan

618 By the twentieth century, the vitality of the clan had deteriorated throughout most of the East China Region. Some vestiges of it still remained in Chekiang, Anhwei, Kiangsu, and

43. Lang, op. cit., pp. 120-327.

618 Shantung, but the institution was not vital to the people of those provinces.[45] In Fukien (and neighboring Kwangtung in the Central-South Region) where the clan had reached the highest stage of development, it still played a major role in society up to World War II.[46]

621 618 Where the clan was strong, villages were wholly or predominately made up of members of one clan.[47] This fact permitted clan administration of the village independent of the state, except in the matter of taxes, major crimes, and the necessity of registering marriages. The village governed itself through clan enforcement of centuries-old customs inculcated by the family. Clan rule was not weakened when the Republic introduced officials at the village subdistrict levels, where none had existed under the imperial government. The new officials were recruited from the same group which had managed the clans, and clan and government

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45. Hu, op. cit., pp. 10-11, and passim; Lang, op. cit., pp. 178-79. Also see the description of the minor role played by the clan in the Kiangsu villages investigated by Fei Hsiao-tung (t'ung), Peasant Life in China: A Field Study of Country Life in the Yangtze Valley, London, Kegan Paul Trench, Trubner & Co., Ltd., 1939, pp. 84-86; and in the Anhwei village investigated by Morton H. Fried, Fabric of Chinese Society: A Study of the Social Life of a Chinese County Seat, New York, Praeger, 1953, pp. 92-95.

46. Hu, op. cit., pp. 10-11; Lang, op. cit., pp. 173-78.

47. Hu, op. cit., pp. 10-11.

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621 posts were often held by the same individual.[48]

However, even in its last stronghold, the
618 clan was a dying institution. Its authority was being undermined by the growing disproportion of wealth among its members, the dissatisfactions arising from misappropriation of clan wealth, and the subversive forces of industrialization, modernization, and modern city life. At the same time, traditional leadership was being challenged by younger men who had demonstrated their natural abilities by the acquisition of wealth, a modern education, or an official position. Lang's investigation of two Fukien clans in 1936 showed their leadership consisted of two merchants, one landlord, and the owner of a private school.[49]

Administrative positions in the clan were sought because they controlled immense wealth which could be manipulated to increase individual or family influence or fortunes. Besides the duties of keeping the peace among the institution's composite branches and families, the clan hierarchy was responsible for the maintenance of the ancestral temple, the conduct of ancestor worship, the defense of clan interests before the

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48. Lang, op. cit., pp. 177-78.

49. Ibid., pp. 175-76; Hu, op. cit., pp. 89-90, 98-100.

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618 government authorities, and the administration of clan property. In Fukien, the clan possessed smaller holdings than in Kwangtung, where fifty to seventy per cent of the land cultivated by clan members was estimated to be under clan control, but was still a dominant factor in the village economy and the livelihood of clan members.[50]

With the victory of the Communists in the East China Region in 1949, the functional existence of the clan ceased. In Fukien, where it had occupied a major social role, the disappearance of the clan left behind a pattern of independence from central government control and of familial order and loyalty that may not be easily erased by the Communists' authoritarian regime.

C. Overseas Communities

167 A unique departure along the coast of Fukien (and Kwangtung in the Central-South Region) from the general family pattern in China has necessitated much innovation and adjustment by the Communist regime. From the coastal area of Fukien have come more Chinese emigrants to Southeast Asia and other parts of the world than from any other province in China with the exception of Kwangtung.

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50. Ibid., pp. 173-78.

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167 The Communists calculate that family dependents in Fukien of overseas migrants number two million.[51]

595 596 Before the Japanese invasion of China, the family in these overseas communities was similar in solidarity, values, and social role to the family elsewhere in China, but unique in that often the male head was separated from his wife and their children for most of his adult life. If he could afford it, he would maintain a concubine and a separate family in the overseas community Although it was usual for the children of this overseas union to be sent to China for their education and to share in inheritance of family property, the concubine rarely came with her Chinese mate when he returned to his native village.[52]

434 596 During the absence of the male head from his Chinese home, his wife usually acted as head of the household. She and her children were supported in great part by funds periodically remitted from abroad by the male head, and she had control of the dispersion of this and other

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51. S.C.M.P., 1024, p. 13.

52. Ta Chen, Emigrant Communities in South China: A Study of Overseas Migration and Its Influence on Standards of Living and Social Change, ed. by Bruno Lasker, N. Y., Institute of Pacific Relations, 1940, pp. 140-43.

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family income derived from labor or property in the home village. The usual source of income at home was from agriculture.[53]

Although the economic status of emigrant families ranged from poor to wealthy, the overseas communities were on the whole wealthier than non-emigrant neighboring villages. The excess of the wealthier families' dual income was largely invested in land and houses.[54] When the Communist took over the area, they were faced with the problem of what attitude ought to be taken toward these landlord families whose income from abroad was a vital source of foreign exchange for the government.

Evidently, no special privilege or status was initially allowed members of these families, and their real property was expropriated on the same basis as that of any other element considered to be exploitive by the regime. On the other hand, the government exerted every effort to influence members of overseas families to write letters to their relatives abroad, setting forth the benefits of land reform and Communist reconstruction in order to woo overseas sympathy and investments in every way possible.[55]

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53. Ibid., pp. 58-85, 106-23.
54. Ibid., p. 110.
55. C.B., 211, p. 40.

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457 668 The Communists did gain a favorable response from a part of the overseas element, but it was apparently not up to Communist needs and expectations, for various experiments and temporary shifts have marked the regime's subsequent policy toward the overseas Chinese and their dependents in China. New efforts to attract their sympathy were initiated in early 1955. Much publicity was given to the reclassification of overseas landlords as "no longer enemies of the state" before the expiration of the five-year probationary period. Buildings expropriated from overseas Chinese for government use were reportedly being returned to their former owners or paid for. The press reiterated the theme that measures were being taken to assure the right to ownership of overseas remittances and their delivery into the proper hands.[56]

D. The Pace of Reform

185 596 In the pace of family reform, the East China Region is probably not as far behind the North and Northeast regions as in other changes instututed by the Communist regime. Although the North and Northeast regions have been longer under Communist control, industrialization and modern city life with their influences for change in family form and function have a longer history in Shanghai than elsewhere in China. The rural

56. See section entitled "Overseas Chinese," in S.C.M.P. during the first six months of 1955; for instance, 1024, pp. 13-15.

596 areas in the region uninfluenced by modern trends
are at least no more widespread or prevalent
185 than elsewhere in China.

If and as the new regime fulfills its plans for industrialization and the organization of rural areas in co-operatives or collectives, more insistent pressures than mere propaganda will be brought to bear on the traditional family. But even this kind of force will not completely wipe out the old attitudes and loyalties of the elder generation. No such drawbacks characterize the heavily indoctrinated youth of today, more enthusiastic than their parents for the new order, but the urge manifested by many emancipated young people toward individualism and romanticism in love and marriage may pose a problem of equal calibre for the new masters of China

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Annex "A," Subparagraph 1h,
Sociological Background

000 SOCIAL VALUES AND PATTERNS OF LIVING

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I. CUSTOMS AND CHARACTERISTIC WAYS OF LIFE

184 The Chinese imperial system was strikingly successful in fostering common basic attitudes among the peoples which it absorbed within its ever-widening sphere, but local and regional sub-cultures, brought into the imperial order at different times throughout more than two millenia did not lose all of their characteristic traits. In the East China Region, for example, the oldest "Chinese" area was Shantung, portions of which were settled in the second millenium B. C. When centuries later the coastal areas of Fukien were absorbed by imperial China, the terrain and climate, the dependence on the seas and rivers for livelihood, meant that a way of life, a culture markedly different from any in North China, persisted and developed. A rough analogy may be drawn with Western Europe. Many basic attitudes and values are common to "Christian Europe" from Sicily to the Arctic, yet history and geography have made this area diverse in customs and ways of life. The diversity is less in the 1,000-mile long arc of the East China Region, partly because its cultures were never set off from one another by the nation-state boundaries that divide modern Europe.

841 181 There are other factors which give to most of the area we are now considering important uniformities in culture. The expansion of "Chinese culture" from Honan and Shantung into

24 the whole of south China was essentially the
18 steady outward push of an efficient agricultural technique which displaced the more primitive aboriginal food-gatherers and primitive slash-burn agriculturists, abosrbed most of these people into its operation and drove the remnants higher and higher into the hills. The characteristically Chinese agriculture is intensive; that is it uses large quantities of human labor in irrigating, fertilizing, and cultivating land for maximum yields. Its unit of socio-economic organization is the village, composed of those families which cultivate the land within easy walking distance of its center. It was in the villages of rural China spread over a vast area to exploit the land through a common technology, that the characteristic way of life developed. It is his family's village which is "home" to Chinese of all classes, no matter how far he may wander or how Westernized his life may have become. There are the ties with his own family's past, symbolized by the ancestral temple and the family or clan burial ground. There are the other families with which his own has built an enduring network of reciprocal favors and obligations. It is in the farming villages that Communist party workers now seek to bring about fundamental changes in the way of life and to break up the old complex of family and local loyalties.

62 What are the common patterns of village
18 life from the plains of Shantung to the narrow, *crowded flood-plains* of coastal Chekiang and Fukien? We shall sketch these before discussing

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variations represented by urban life.

A. The Pattern of Village Life

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First of all, life in the farming village is meager. In Shantung in 1932 there was .45 acres of cultivated land per person; the richer semi-tropical province of Chekiang had only .3 acres for each person.[1] Farm families save everything; fecal matter and refuse go into a pit near which a pig is kept, and at the time of spring fertilizing the material from the pit is mixed with topsoil or water and spread on the fields. Grass and grainstalks are carefully husbanded to be used as fodder for the farm animal, by no means one animal to a family and as fuel for cooking and rarely, for heating the house. Cloth is scarce and clothing is worn until it falls apart; after that the rags are used to make the soles of cloth shoes. The shortage of wood for all purposes has long been acute, and farm buildings are made of pounded earth, mud bricks, and, in the rice region, of bamboo lathe and mud plaster. Floors are of earth and only the dwellings of the wealthier farmers have glass windows. The dominant fact of life in the Chinese countryside is poverty. This has grown steadily worse during the last hundred years as factory-made goods destroyed village handicrafts, usury and tenancy increased, wars and ineffectual governments brought disruption and oppression, and overpopulation became steadily worse. "The

1. Geo. B. Cressey, Asia's Land and Peoples, New York, 1944, p. 87. Cressey cites C. C. Chang "An Estimate of China's Land and Crops" Nanking, 1932; Cressey p. 88:"...an average farm family of 6.2 persons must obtain its entire livelihood from a farm of 4.18 acres of which but 3.76 [cont'd]

511 most bankrupt countryside in Asia is the Chinese. The worst crisis of over-population China has yet had to face has been accompanied by a breakdown of traditional ideas and traditional authority so complete as to lead to a state of near anarchy."[2]

511 182 The characteristic way of life of the peasants has been slowly disintegrating under manifold pressures. In prosperous periods in the past a delicate balance of human and economic factors fostered a crowded, conformist, but on the whole harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

178 Despite all the fissures that have developed, it is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus much of the sweeping change that occured in city life under comparable pressures did not occur in the peasant villages.

527 262 The main economic and social unit of the village is the family and a special study is devoted to that subject. Here we should sketch the rhythm of village life and something of its annual cycle of activity.

[Footnote No. 1 cont'd.] "...acres are actually in crops.

2. Maurice Zinkin, Asia and the West, London, 1951, p. 111.

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527 The New Year holiday, for the people of
262 China the first fifteen days of the year, is the main period of leisure for the villagers. Food is prepared in advance, and even the women may rest from their cooking during the first days of the holiday. The town is decorated with nien-hua (New Year's pictures) and ch'un-lien (paired New Year's Day mottoes). Visiting friends and relatives, gambling, eating the best food of the year, wearing the best clothes, and indulging the children make this the most festive period in the year. For many families it is the only time in the year when they can afford to eat meat dishes. The special dishes of the season vary from province to province. In a northern province such as Shantung, chiao-tzu, meat dumplings, are particular favorites; as one moves south, rice-based delicacies such as nien-kao, "year cakes," figure more prominently in the New Year's feasts. Besides being a time of celebration, the New Year is also the time for settling accounts, and, for many farmers there will be little left for celebration when the creditors have been dealt with.

221 The regular work of the agricultural year beings immediately after the New Year. In Shantung the farming cycle is governed by the need to conserve water and by the demands of the principal crops: wheat, millet, kaoliang. From the Yangtze valley south through the East China Region, the year is phased by the steps in wet rice cultivation. In early spring, the Shantung farmer begins his year-long effort to conserve moisture that has accumulated in the soil during authumn and winter rains. About half the fields are then in winter fallow awaiting the spring

221 planting; the rest are planted in winter wheat. Fertilizer from the household pit is spread on the fallow fields. The wheat is brought to maturity by careful hoeing and by hand irrigation using well water -- a back-breaking operation in which the farmer is helped by his whole family.

In April or May comes the time to plant his remaining fields in millet, kaoliang, or cotton; often he must irrigate to assure the germination of the seeds. It is then time to harvest the wheat, and once again the farmer calls on his whole family and often on his neighbors for harvesting, threshing, and winnowing, all done by hand with the greatest care to preserve every grain and the stalks and straw as well. Then the winter wheat land is planted in soybeans and corn. The farmer and his family may then slacken their pace, but not for long, for autumn brings the harvest of the summer crops, the fall plowing, and then the planting of winter wheat.

221 651 Autumn, too, is the traditional time for the tax collector to appear with his demands for taxes in money or in kind. And before the Communist abolition of tenancy, it was the time when the landlord was given a portion of his share of the crop.[3] If the weather had been favorable and the tax gatherer was not unduly rapacious, the farmer might retain enough grain to see his family through to the next harvest. If things had gone badly, a grim winter season lay ahead. Winter

3. For landlord-tenant relations in Anhwei, cf. Morton Fried The Fabric of Chinese Society, New York, 1953, pp. 186-200. The typical rent in 1947-48 was 40% of yield.

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was in any case the time for repairing farm implements, weaving thatch. repairing buildings, spinning and weaving rough cloth, and other household chores. With the approach of the New Year the farmer might look forward to some festivity, perhaps to slaughtering the family pig; if debts loomed large, the pig might have to be sold to help.[4]

The farmer's life in the Yangtze valley and below is similarly dominated by the need for the most intense toil throughout the year if his tiny plot of land is to support him and his family. Rice sets the rhythm and dominates the economy. Much of the rice culture of this area is on level plains, but in recent years the terraced fields have been pushed higher and higher up denuded mountains and hillsides. In the early spring, after the New Year, the farmer brings up his rice plants in nursery beds near the farmhouse. Then he prepares his fields by plowing and removing in some areas, his winter crop stubble. Fertilizer is carefully spread over the ground, and then the water is admitted; when the water reaches a certain depth the ground is carefully harrowed. The ground is now ready for the transplanting of the young rice from the nursery beds, and this back-breaking job, done while crouching in the water, completes the Spring work. Save for repeated cultivating and trampling of weeds, the farmer has an easier life during the ripening of the grain. As the grain ripens, the fields dry, and at last it is harvest time. The harvesting and threshing are again

4. *J. L. Buck's study of 16, 786 farms showed* that 39 per cent of these were in debt in the period of 1929-32. Cited in Lang, Chinese Family and Society, New Haven 1946 p. 69.

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221 the work of all available hands and are done with
651 primitive implements. The harvest in, the farmer must deal with the tax collector and then ready his fields for the winter crops; in some parts of the East China Region, this may be winter wheat and rape; in others, two rice crops are produced in a single agricultural year. The rice farmer like the wheat farmer in the north, uses the winter to work on tools, handicrafts, and repairs, and the women of his family may carry forward their raising of silkworms and the spinning and weaving of silk. In other areas tea is an important supplement to rice agriculture,[5] and fishing is a full or part-time activity of about a quarter of a million people in Chekiang and Fukien.[6]

527 The farm year, toilsome in north and south
769 alike, is punctuated by other activities and festivals which relieve some of the monotony of the long seasons of work. The first of the annual festivals after the New Year is that of Ch'ing-ming which corresponds in time to the Western Easter. Also like the Western Easter, it was once a Spring fertility festival. On this occasion the ties of the living and dead members of the family and clan are celebrated. Families often take picnics to the family or clan graveyard, make food offerings to the dead, sweep the graveyards, and then enjoy their feast. All relatives make special efforts to join in this annual celebration of family solidarity, and the outing is a pleasant relief from winter and indoor work.[7]

5. On agricultural year-cycle, see excellent description in Gerald Winfield, China, The Land and the People, New York 1948, pp. 34-61.

6. Cf. Geo. B. Cressey, Land of the 500 Million, New York, 1955, p. 127.

7. Wolfram Eberhard, Chinese Festivals, New York, 1942, pp. 113-127.

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On the fifth day of the fifth lunar month is the Dragon Boat Festival. This is of southern origin and is traced by Eberhard to the human sacrificial rites of the Tai aborigines of south China.[8] In modern times it has been somewhat less popular in the north than in the south. It is in the south that the dragon boat races were held on rivers and lakes. For most rural families the festival meant somewhat better food than sual and particularly the steamed rice dumplings known as tsung-tzu symbolic of the rice sacrifices made on this occasion to the shade of Ch'ü Yüan -- ancient stateman and poet of the feudal state of Ch'u.

On the fifteenth day of the seventh moon, usually in late August, is the feast of souls the primitive origin of which has been transmuted by Buddhist belief and symbolism. It is at once a festival for the souls of one's ancestors and a community salute to the dead. Ancestral graves are cleared, sacrifices of food are made, and paper replicas of desirable objects are burned. The salute to all the dead takes the form of floating paper boats with lanterns in them on some body of water symbolizing the communities' concern that all the dead may be guided to the "other shore" -- Buddhist metaphor for salvation. Many pay visits to a nearby temple and pay for masses for the souls of the dead particularly for the souls of the people in the community who died without descendants to commemorate their passing. In this festival, too, special food

8. Eberhard, op. cit., pp. 69-96.

527 769 is prepared for the dead and for the living, and the farmers and their families enjoy leisure and conviviality.[9]

The mid-autumn festival is primarily a moon festival and the ceremonies in honor of the moon carried out at moon-rise on this autumn night are full of the symbols of fertility and longevity. In modern times it has been mainly a festival of women, and the Old Man in the Moon is sacrificed to as the one who arranges all marriages on earth. The moon cakes in the shape of the full moon, are one of the special delicacies of this season. This too was perhaps originally a fertility festival, and in some areas it is a popular time to make pilgrimages to nearby mountains.[10]

These are the festivals that have continued to have the most significance for the Chinese farmer into modern times. Many of them have changed drastically through time, and we shall shortly see that the Chinese Communists are greatly altering the meaning and symbolism of those few which they have allowed to survive.

527 In addition to the annual festivals, the farmer's life of toil may be relieved by ceremonial family events. A wedding meant for those who could afford it a great feast and ample wine; even the poorest families made every effort to make a marriage ceremony festive. Practical jokes were

9. Eberhard op. cit., pp. 129-33.
10. Ibid., pp. 97-112.

527 played on the bridegroom, traditional songs were sung and the guests, particularly the men, thoroughly enjoyed themselves. The births of male children were often celebrated as were the betrothals, and the like. In modern times, the government of the Republic of China decreed certain national holidays but these were little observed by the farm villages.

217 In addition to these occasions for relaxation, there were activities which interested some of the villagers and helped to vary their lives. Itinerant dramatic troupes occasionally performed, and until very recently the storyteller spinning out his tales to the villagers was often seen. The election of a headman for the village often involved political maneuvering and a town meeting. Pilgrimages to famous mountains or shrines were often undertaken in the slack agricultural season for religious reasons or purely for relaxation. Perhaps the most universal recreation was as in all illiterate communities gossip and desultory conversation about the weather, the crops, the iniquity of the government local disputes, and on their rare occurrence, lawsuits involving
156 fellow villagers. Despite the grim struggle for survival the average villager tended to be cheerful, self-respecting with a robust sense of humor. He went through life with a continuous concern for his own "face" or prestige among his fellows and with the strong determination that, despite all, the fortunes of his family might steadily improve

B. The Pattern of Urban Life

369 Urban life, although it meant a different pattern of work, was closely akin to life in the

369 villages. Town and citydwellers -- perhaps 20% of China's population -- kept their ties with their native villages. returned there whenever possible and many saw commercial activity in the town only as means to the acquisition of sufficient wealth to buy farming land and return [162] to the village.[11] The town population, then. was mostly made up of artisans and peasants plus a small number of landlords retired officials county functionaries and established merchant [634] families. The county seats (hsien capitals) were the centers for tax collection and administration of the surrounding farm-villages and also served as market towns where the peasant might sell his crop and purchase the manufactured goods he could not produce.

369 Town life for the average artisan was as meager as that of his relatives in the village. 511 Long hours hard work low pay. few holidays were the lot of most and living conditions were generally poorer and more crowded than those [466] in the villages. Proprietors of many shops required their employees to live on the premises so that they seldom visited their families. The [262] diet of the town dweller was as poor as that of the poor farmer -- mostly cereals vegetables, and some condiments and meat and fruit on 369 holidays only. Brief holidays were allowed at the New Year the Ch'ing-ming festival. the 527 mid-Autumn festival. and the Dragon Boat festival. On these occasions. townspeople usually tried to return to their villages; if this was impossible they enjoyed such delicacies as they could afford and strolled the streets, perhaps

11. Cf. Cressey Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.218]

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527 visiting friends and attending seasonal fairs and theaters.

369 Life in the towns was then closely linked with village life. But in the provincial capitals such as Tsinan, Nanking, and Foochow, life in some respects has been greatly altered by the modernization that spread from the coastal to the inland cities. The streets are paved and schools, newspapers, motion pictures, and radio make the people more aware of the outside world than are their cousins in the towns and villages. In Shanghai and other modern cities major industries built large dormitories for workers labor unions and political clubs developed as new foci for social activity. Yet the living conditions grew worse as workers moved into the cities. Crowding reached unbelievable proportions. The only comparable figures are for Chengtu, a city outside the East China area, but they suggest the dimensions of this problem in all urban centers. Chengtu, with predominantly one-storied buildings, had a population density of 50,000 per square mile, as compared with 22,500 per square mile in New York City.[12]
[466] One survey suggests that workers in the newer industries were somewhat better off than workers in the traditional trades,[13] but their traditional holidays were shortened without in most cases
527 the introduction of a six-day week. In the crowded
369 cities the festivals of the agricultural year continued to determine the holidays -- although

12. Winfield op. cit. p. 88. These figures would seem to be for the period 1945-47.

13. Lang op. cit., pp. 88-89.

527 national holidays were increasingly observed --
369 and like the town dwellers city workers tried to return to their family villages for at least one of the holidays. Another link to one's native place
515 was the system of clubs composed of those city-
369 dwellers who had a common provincial origin; the clubs operated hostels and sometimes arrangements for mutual-aid. Secret societies provided another focus of social life, particularly in the towns and cities. Their rituals passports and secret signs of greeting were all subordinate to their basic aim, which was to provide members with security-through assosi ation with an insurance against the hazards of a disintegrating and increasingly predatory society.

369 It will be noted that the ties of kinship and custom were strong even between the large modern cities and the farm villages. The ways of life tended increasingly to diverge yet one of the strongest cohesive forces of all was the common set of attitudes and values which even when change has been accounted for held together all Chinese of village and town and city.

II. THE INFLUENCE OF COMMUNISM

668 In discussing Communist efforts to alter the Chinese way of life, it should be stressed that our material is unsatisfactory. Statistics, declarations, news releases -- all give few realistic details of life in the villages under Communist domination, and most refugees from Communist China have come from the cities.

First of all, the farmer's annual routine is basically unchanged. Pilot collectives are in

668 operation, but these are few and have no immediate bearing on the farmer's work year The most striking change in the farmer's life is the new network of associations which the government has imposed upon him and the daily barrage of advice and exhortation to which he is subjected. No longer does he cultivate his land in the manner of his ancestors with the assistance of his family, his clan, and his neighbors. He no longer sets the periods of work and of rest. The Communist leadership is determined that the peasant shall be transformed in three ways: (1) he must be made to produce more, (2) he must become a politically conscious, active supporter of the Communist regime and (3) his attitudes and values must be radically changed.

668 241 The instrument of this transformation, which is visible and active in the villages is the Party cadre. Party cadres act as the eyes, the ears and the mouths of authority.[14] They are called upon to take the leadership in organizing production and to participate in all types of farm work, such as mobilizing the peasants for cultivation, teaching new farming methods distributing new seed performing grain requisitioning[15] helping in plant building and repairing dikes etc. The village cadres have been mainly outsiders "foreigners," but the Party has recently been recruiting youths from specific localities and training them to return there as cadres. The

14. Walter E. Gourlay, The Chinese Communist Cadre: Key to Political Control, Harvard Russian Research Center 1952. p. 25.

15. Gourlay op. cit., p. 28.

668 241 cadre was the instrument of land redistribution and brought into the countryside the first major change decreed by Peking. The cadre organized the Peasants' Association in the village and manipulates its meetings and its officers It was the cadre who worked up sentiment and organized the "speak bitterness" meetings in the days of the Land Reform Movement -- occasions used to the full to attack the old familial order in the villages. It is the cadre who organizes the "struggle meetings" in which villagers are made to engage in criticism and self-criticism in order to undermine the old values and instill the new.

The cadres also pushed the organization of "mutual-aid teams" for the sharing of labor and equipment, an effort that struck at the familial organization of farm labor and apparently met with serious difficulties.[16] More recently the cadre has been the instrument for the concerted attempt to build producer co-operatives in the countryside. In such major efforts as the attempt to put Hunan rice farming on a two-crop basis (hitherto only done further south), the cadres were reportedly responsible for training 100,000 farmers.[17]

873 208 The cadre carried on the effort to destroy traditional mores. He publicizes the new marriage law, discourages or prevents arranged marriages,

16. W. W. Rostow The Prospects of Communist China, Cambridge, 1954, p. 84.

17. Reported by New China News Agency, Changsha, April 20 1955; Survey of China Mainland Press (SCMP), No. 1036, April 28, 1955.

208 lectures on sanitation, and sometimes with the
873 help of radio, films, and mobile theatrical units dramatizes the issues of the day, the need for the farmer to sacrifice, to send his sons to the army, to contribute labor to community projects, to inform on his neighbors, to buy bonds, and so forth. The cadre establishes "winter schools" in which the peasants are given intensive political indoctrination practical training, and instruction in reading and writing. Hunan reported that 2.500,000 peasants were enrolled in these schools in the winter of 1955.[18]

425 The age-old drive of the vigorous peasant to
668 increase his family's land holdings is checked by fear lest he be re-classified as a "rich peasant" and be subject to higher taxes and other pressures. Yet what the Communists deplore as the peasant's "spontaneous capitalistic tendency" has not been crushed and the landholdings of the more enterprising grow in size.[19]

474 The effort to force various forms of co-opera-
668 tive work has not been completely successful.

> "...when a serious team-use of labor, tools and farm animals was attempted, a variety of unsatisfactory results emerged; quarrels among the families interfered with efficient output; no one assumed responsibility for the upkeep of communal property; the claims of inefficient members violated the sense of equity of the more efficient..."[20]

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18. People's Daily, Jan. 30. 1955; SCMP 984, pp. 30-31.

19. Rostow op. cit., p. 152, cites the Peking People's Daily, Feb. 15, 1954.

20. Rostow, op. cit., p. 84.

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668 Yet the villagers' way of life has been greatly
517 altered by the intervention of the government,
369 through the cadres, in all social, economic and political activities. The pressure to conform, at least outwardly, is formidable. Self-chosen leisure-time activities are few, meetings occupy a great deal of time and attendance at harangues by Party cadres, entertainment furnished by traveling theatrical groups (all with their ideological message) take up more of his leisure. The slack winter season may now find him in winter school or involved in a community work project directed by the local cadre.

118 Settlement of accounts before the New Year
668 holiday means payment of taxes and the sale to the
369 government of most of the balance of the farmer's grain, for which he receives coupons. The cadres carry this out at the village level.[21] The New Year festival itself is characterized by some traditional activities, modified by some new features to help promote government aims. The peasant may buy New Year's pictures to decorate his house, but they will probably be romanticized portraits of Mao and other Communist heroes rather than the colorful deities of former days.[22] He may decorate his gate with paired mottoes but the mottoes will no longer carry the old

21. SCMP 979, Feb. 2, 1955, p. 30.
22. Enlightenment Daily, Jan. 23, 1955, p. 2.

668 wishes for long life, happines, and wealth, but
369 exhortations to conform to Communist standards.[23]
The government may allow some additional foods for the season, but gambling is forbidden, and social life has been so thoroughly organized that it can be no longer restricted entirely to family and friends. The peasants have been urged to organize their own dramatic troupes to play the approved repertoire. Traveling troupes brought dramas to the villages, and 1500 film projecting teams moved into the countryside. The cadres organized "cultural lectures" for the rural groups. The old exchange of visits with relatives in nearby towns now has its Communist counterpart: interchange of visits between urban and rural workers' groups to observe one another's "progress in Communist reconstruction."[24]

668 The seasonal pilgrimage, in company, to
369 some famous shrine also has its Communist
788 counterpart: mass pilgrimages to Mao Tse-tung's native villages, which is being publicized as a national shrine.[25] Despite its frontal attack on the old familism, the Communist government last year provided special trains to take city dwellers back to their native villages for the holiday; a mass exodus was reported from Peking.[26]

668 Ch'ing-ming is no longer an approved festi-
527 val, presumably because of its function as a celebration of kinship ties and family continuity. The next approved traditional holiday is the Dragon Boat festival in June. The boat races

23. Cf. collection of mottoes in Hua-nan t'ung-shu [South China Almanac] Canton, 1953, p. 32.
24. Enlightenment Daily, Jan. 23 1955, p. 2.
25. Ibid. 26. Ibid., Also, SCMP972, 1954 p. 21.

668 have been revivied, and the poet Ch'ü Yüan, nov
527 a "People's hero martyred in protest against a corrupt feudal regime," is the focus of celebrations.[27] The moon festival in autumn is also celebrated with extra food allowances and "cultural" activities. The various anniversaries of the Chinese Communist and of the World Communist movement probably do not break into the agricultural working year but they may be the occasion for special propaganda arranged by the local cadre. It will be seen that the pattern of living in the villages has been drastically altered: what remains of the old pattern is precisely what the government and the Party permits in the interests of morale or adapts in the interests of their rural program of change and indoctrination.

668 III. CHANGING PATTERNS OF LIVING

156 In the town and cities as in the countryside, the greatest changes in living patterns have been brought about by the network of new associations by which the regime envelops and controls the individual. Workers in various traditional crafts, merchants industrial workers, are all organized by the Party, and it is within these groups, under the guiadance of cadres, that the urban working population is most strenuously indoctrinated. In long and frequent meetings, the city dweller is under intense pressure to manifest "correct attitudes," to show himself free of all "feudal" and "bourgeois" taint, and to demonstrate his complete commitment to Communist goals.

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27 SCMP, 1075, June 23, 1955, p. 25.

668 Through these and other channels he is under
156 continual pressure to step up his efficiency and productivity. The meetings take such a toll of his energy at the end of the working day that they are openly referred to as "fatigue meetings."[28]

City and town dwellers are also organized into street and ward units, and through these they are given further directives on the management of their lives.[29] The townsman more than the peasant, is open to an "around the clock" propaganda barrage From the first call to early morning calisthenics the radio blares in every street until late at night. There is pressure to join sports groups study groups -- all with their ideological purposes. The major Communist holidays are celebrated in the cities with great parades and with endless speeches. Privacy, the chance to be at ease with family or friends, are both rare.

668 The New Year's holiday has some of its old
527 gaiety, although within the same restrictions imposed on the peasant. The cities receive special shipments of seasonal delicacies, as they appear to do at the mid-Autumn and Dragon Boat Festivals, and trips back to the family village may be possible for a minority of the urban population.[30] New Year's activities in East China

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28. Rostow, op. cit. p. 160.

29. "Urban Organizations." Current Background 310, Jan. 17 1955. "Regulations of--"

30. [See following page.]

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668 in 1955 suggest the way in which all public
527 celebrations of the festival are made to serve the Communist purpose. It was reported that, along the East China coastal area, traditional merrymaking was combined "with strict vigilance and celebration of the Yikiangshan I-chiang-shan Island liberation." In Foochow, special exhibitions on the theme "Taiwan Must Be Liberated" drew large crowds. In the Amoy area and along the Chekiang coast, people called on units of the armed forces in their neighborhood "to bring them gifts and thank them for their efforts in national defense." In Shanghai, 40,000 spectators watched military teams play football and Red Army song and dance troupes performed at thirty factories.[31]

668 Cities have been cleaned up and enlarged, and
565 building has apparently proceeded rapidly, although improvements in housing probably mainly affect the industrial workers the favored class

30. [continued] Enlightenment Daily, Jan. 23, 1955 p. 2. In preparation for the New Year exodus from the cities in 1955 the Ministry of Railways estimated that "Over three and a half million more people will travel than on normal days mostly to join in united family celebrations of the holiday." NCNA dispatch, Jan. 19, 1955; SCMP, 972 Jan. 20, 1955, p. 21.

31. NCNA dispatch, Jan. 27, 1955. SCMP, 976, Jan. 28, 1955, p. 15 In all such activities one should remember that the cadre is instigator and manager.

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in the drive for industrialization.[32] Yet the Rostow study indicates that there has been no real increase in wages for the urban worker.[33] His diet remains poor, his work hours long. But since the Party is anxious to recruit from urban workers, he does have opportunity to rise in life through Party work. Many industrial workers probably do feel some sense of identification with the most rapidly expanding sector of the Chinese economy. This identification and the opportunities offered by the Party are probably slowly changing the goals of the urban worker. He may be less interested than he once was in returning to a plot of land in the country, where economic opportunities are increasingly restricted. He knows, after attending one Party meeting, that the peasantry is no longer the favored class in the Chinese economy.

The elite of the towns and cities are the functionaries of the government and Party. We know little of the pattern of their private lives. But, if the badge of the old Chinese bureaucratic elite was a leisurely and cultivated air, the badge of the new is a full briefcase and an air of purposeful, energetic activity. Their incomes permit their families a life somewhat easier than that granted the rest of the urban population, but they are constantly under discipline, watched by their colleagues, obliged to meet work quotas and to submit to continuous indoctrination and re-indoctrination. Part and government workers are urged

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32. Rostow, op. cit., p. 160.
33. Ibid., pp. 160-61.

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668 to use the New Year holiday, to plan their work for
565 the year to come.

The bulk of the old middle class may have survived, but its activities have been increasingly restricted by government controls and by the growth of government-producing and marketing facilities. They are a tough and tenacious group, but their old comfortable life is already threatened and, as a class, they are scheduled for extinction.[34]

369 The growing cities now appear to be replacing the country as the goal of the ambitious. It is likely that, as urbanization and industrialization proceed, the cities rather than the farm villages will determine as the Communists plan, the new mores and patterns of living for society as a whole.

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34. Rostow, op. cit., pp. 162-64.

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II. BASIC ATTITUDES

181 One of the principal reasons for the stability and long life of the old order in China was its special homogeneity. The imperial government fostered uniformity of attitudes and values, and Chinese statesmen belived this to be a more binding, durable, and cheaper cement for the imperial order than government coercion. Old China was primarily a way of life, a system of values and attitudes, and on this premise the state was organized. A foreigner who wished to become "naturalized" had only to show that he accepted Chinese attitudes and values; this he did by adopting Chinese dress and speech and patterns of behavior.

181 668 This characteristic of the old order is one of the reasons why we find no important regional variations in basic attitudes. The other reason is that the Communist government is as determined in enforcing a uniformity of values and attitudes. and far more resourceful than was the imperial government of the past.

There are, however, certain local variations in temperament and ethos which effect, to a minor degree, the basic attitudes and values. A few of these will be noted. For the variant attitudes and values of ethnic and religious minorities, see the chapters on Ethnic Groups and Religion.

181 There have been profound changes in basic attitudes over the last century and particularly
668 during the last five years. Change has been brought about by two factors. The first is the dis-
178 integration of the old social and political order resulting from its failure to adapt itself to the problems and pressures of the modern world. Consequently, people became criticial of the older attitudes and, in increasing numbers, adopted newer "modern" attitudes and values which were considered better suited to a modern China. The second is the power of the Communist state, which, in the last five years, has been used to inculcate a new and uniform set of values and attitudes.

181 These two factors are closely interrelated. Thus, the Communists have been making a sympa-
668 thetic use of individual and group-dissatisfaction with the old order to inspire and promote the acceptance of the new attitudes and values; the latter's appeal has been particularly strong with youth -- especially adolescents -- and with women who have been taught to regard the old social order as tyrannical and oppressive. The following will illustrate this point:

> Co-operative agriculture has
> organization,
> and women are not left out.
> In the old society we were badly
> mistreated,
> but the new society teaches
> friendship and love.[29]

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29. Fu-nu San-tzu Ching [Three-character Classic for Women], Hsin-hua Publishing House, 1950, Op. 21. [cont'd next page]

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In addition to capitalizing on discontent, the Communists have been making a peculiar use of traditional attitudes and values. Certain values from the old order still have a strong emotional appeal for the Chinese people. And the Communists seek to make the new order more acceptable by associating some of its elements with selected elements from the traditional culture. For example they insist that as a guiding principle of personal behavior the idea of "struggle" (tou-cheng) must replace that of "harmony"(ho).[30] People are taught to struggle for self-erfection and to engage in class struggle, in the struggle for a new China and in the struggle against deviation even when this involves attacking their friends. This is utterly contrary to the old ideal of harmony in personal relations, an ideal that means in practice a comfortable adjustment to one's natural and human environments. Yet in urging all to struggle, the Communists insist that the ultimate goal of all struggle is the Ta-t'ung-ching-yü -- the traditional utopian ideal of a harmonious, frictionless social order.[31]

[29. from previous page] Three-character rhymed verses were widely used in traditional China for the indoctrination of the young.

30. Cf. Arthur F. Wright, "Struggle vs. Harmony: Symbols of Competing Values in Modern China," World Politics, Vol. VI (Oct. 1953), pp. 31-44.

31. Mao Tse-tung, On People's Democratic Dictatorship, 3rd ed., Peking Foreign Languages Press, 1950, pp. 16-17. For Mao, of course, the term means ultimate world-wide Communist utopia.

181 In discussing certain attitudes and values
we should bear in mind that the power of the old and
648 the appeal of the new vary not according to regions
but according to social groups. It was among the
population of modern cities like Shanghai that the
old values were first challenged by the pressures
of modern problems, but among the peasantry and
rural gentry, despite many discontents and tensions,
the old ways still prevailed.[32] Intellectuals and
members of the new industrial and commercial groups
were the first to discard traditional attitudes and
dopt Western values; among other groups this
process was slower. These variations affect
Communist tactors to the extent that different kinds
of persuasion are used with different groups. But
the final goal is adoption of the attitudes and values
decreed by the Communist leadership.

A. Good and Bad

183 In traditional China the prevailing belief was
that man was inherently good and that social harm-
577 ful behavior occurred only when men lacked guidance
or were placed in adverse circumstances. For
example, if the ruler of the state or his officials
or the father of the family failed to provide for
the basic physical needs of individuals, their de-
pendents were likely to rebel. Or if those in
authority failed to provide instruction, particularly
if they failed to set an example in conduct, then
those subordinate to them would have no guideposts
to the good and would fall into evil ways.

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35. For example, as later as 1941-43, one
anthropologist found in rural Yunan that the tra-
ditional value of hsiao (filial submission) was
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Bad conduct was not, as in the West, violation of the laws of God but deviation from the age-old norms of acceptable social behavior. Specifically, behavior was categorized as "bad" if it went against such prescribed norms as the following: (1) hsiao, filial submission to fathers and elders; (2) chung, loyal and submissive devotion to superiors; (3) hsin, good faith among friends and associates; (4) jen, benevolence or fellow-feeling which should inform all social relationships; (5) i, righteousness in one's dealings with others; (6) Li (good form), accepted procedures in human relations; (7) lien, integrity; and (8) ch'ih, sense of shame.

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The laws of imperial China provided heavy punishments for violations of these norms; the most heinous crimes were those against hsiao, filial submission. Yet the ideal in the application of law was not blindfold justice but punishment administered with due regard for "human feeling" [jen-ch'ing] and for the specific circumstances surrounding the crime. This attitude is illustrated in the old proverb: "There is one thing worse than a dishonest official and that is an honest official,"

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32. [continued] still, as it had been for centuries, "the foundation stone...of social organization,...the measuring stick of all behavior and of the worth of the individual.

183 which expressed disapproval of a rigorous enforce-
ment of rules and regulations, of an enforcement
689 that fails to take into account "human feelings.[33]
The crteria for judging behavior as good or bad
577 were therefore neither religious nor legalistic,
but were the prevailing normas in the community,
the customary practices sanctioned by tradition
and ratified by a high degree of community con-
sensus.

In traditional Chinese goodness could be
577 cultivated through practice, study, and contempla-
829 tion. Confucianism held that the path to goodness
was open to all, that those who attained a high order
of goodness should be a moral elite, a group of
exemplars for others. This moral elite was also,
in Confucian theory, the group which should hold
and exercise poltical power and enjoy the rewards
of status and wealth. This nation sanctioned the
long political dominance of the scholar-official.

The Chinese Communists have laid out new
577 standards of good and bad. In the words of their
leading theoretician, their aim is "...to reform
mankind into the completely selfless citizenry of
a Communist society."[34] In setting the new stan-
dards the Communists have consciously and un-
consciously selected concepts from traditional moral

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33. Ruth Bunzel and John Weakland, "An Anthropological Approach to Chinese Communism Columbia Univ. Research in Contemporary Cultures, New York, 1952, pp. 80-81. Hereafter cited as Bunzel-Weakland.

34. Liu Shao-ch'i, "The Training of the Communist Party Member," first presented as a speech in 1939; cf. trans. in Boyd Compton, Mao s China, Seattle, 1952, p. 146.

577 ideas; some have been discarded, others have been taken over with little adaptation; still others linger between the lines and in the implications of Communist utterances.

596 577 The old virtues associated with the traditional family have been discarded because the old family system has been dissolved, its functions taken over by the modern conjugal family on the one hand and by state and Party organizations on the other.[35] Familial virtues are castigated as "feudal" and as backward features of what the leadership calls "the squalid old society of China."[36]

829 The basic Marxist dogma that the individual is molded by his class position and, indirectly, by the "stage of the society into which he is born, has a good deal in common with the Confucian view of the prime importance of environment in the formation of character. Thus the Communist effort to create a new society, in both traditional Chinese and Marxist terms, will create favorable environment for the development of individual goodness. But the "goodness" expected is different: "To sacrifice the individual for the sake of the Party, for the sake of the class, for national liberation, or the liberation of mankind, even to sacrifice one's own life without the slightest hesitation, with a feeling of happiness -- this is the highest expression of Communist morality...."[37]

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35. J. M. H. Lindbeck, "Communist Policy and the Chinese Family," Far Eastern Survey, #20, (July 25, 1951), pp. 137-41.

36. Liu Shao ch'i, quoted in Nivison, Communist Ethics and Chinese Tradition, Stanford

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This is the basic principle: utter subordination of the individual to the Party. But when we examine some of the personal qualities which the Communists want, we find them linked in many ways to Chinese tradition. The good Communist is "able to love others and hate others." (A phrase from the Analects of Confucius); that is, he never injures his romades for his own benefit, but fights vigorously the enemies of the revolution. Toward his comrades his attitude is one of "genuineness and sympathy." (Analects) He does "nothing to others that he would not have done to himself." (Analects) He "grieves before all the rest of the world grives and is happy only after all the rest of the world is happy." (Buddhist ideal of the Bodhisattva-savior, adapted by an eleventh century Confucian thinker.) He "has no individual apprehensions or private desires to obscure and pervert his investigation of things and understanding of true principles," (a restatement of the late Confucian view of purity of mind as being necessary for true knowledge.)[38]

[36. continued] University, 1954, p. 15. Nivison's study will appear in symposium Thought and Officialdom in China, University of Chicago Press, early in 1956.

37. Liu Shao-ch'i "On the Training of the Communist Party Member," in Compton, op.cit., p. 110. Nivison, op. cit., p. 18, points out that this prescription is close to classic descriptions of traditional virtue of chung -- absolute loyalty to superiors.

38. These characterizations are all from the authoritative treatise by Liu Shao-ch'i, ibid., translated in Compton, op.cit., pp. 108-55. Traditional sources are identified by Nivison, op.cit., pp. 19-20.

156 To attain these and other "good" qualities, the Communist, like his Confucian ancestors, is to pattern his character after approved models and to subject himself to intensive self-cultivation. In traditional China, the models of character and behavior found in the classics and histories were to be studied and followed by individuals who manifested a particular virtue, filial piety, for example, were required reading. Now the Communists set up Marx, Engels, Lenin, Stalin and Mao as personal models; everyone is capable of attaining the great qualities of these revolutionary geniuses if he tries.[39] Even selected heroes from China's "feudal" past are recommended as models.[40] Such models are presented in fiction, in textbooks, in newspapers, and young and old are urged to emulate these heroes. In addition, "model" workers, farmers, soldiers are feted and publicized, and their pictures and idealized biographies appear in all propaganda media.

156 812 Self-cultivation consists of being unremittingly conscious of one's faults and of Communist ideals, of being ever alert, in study and action, to the recrudescence of "bad" attitudes which are the residue of one's pre-Communist education. Liu Shao-ch'i stresses the development consciousness in the individual; through consciousness one is free from the determining forces of history and

39. Liu Shao ch'i, op.cit., quoted in Nivison, p. 16.

40. Ch'en Sang, "Tang-hsing Yu Ssu Cheng-huo," [Party Nature and Private Life], in Lun Tang Yu Ko-jen [On the Party and the Individual] by Chen Po-ta and others, Hong Kong reprint, 1948, p. 3, cited in Nivison, op.cit., p. 76, note 16.

156 812 environment and becomes capable of working creatively for the aims of the new society. This emphasis on consciousness is connected with both traditional ethics and Soviet psychology. On the one hand, it has "an obvious affinity to the Neo-Confucian notion of cultivation as freeing the individual from the tyranny of blind habit and unconscious selfish motivations."[41] On the other hand, it reflects the recent development of Soviet psychology; from an earlier denunciation of consciousness as "smacking of bourgeois idealism" the Russians have come to the view that "consciousness is a central process in making man capable of forging his own destinies."[42]

155 The list of bad qualities denounced by Communism is long; liberalism, formalism, bureaucratism, opportunism, and a dozen others are being continually denounced. How does one rid onself of these vices? The following formula, here used against the vice of individualism, is typical:

> "The methods transmitted by the ancients for raising oneself out of the vulgar state and entering sagehood, becoming a Buddha or a Taoist spirit, all required one to go through a long period discipline. If we want to shed the early form of individualism and acquire a spiritual form of collectivism, we must cultivate and discipline ourselves over and over;...we should continually ask ourselves this question: 'Am I or am I not still guilty of individualism?' If we have a thought, utter a sentence, walk a step or do a thing, we should listen for

41. Cf. Nivison, op.cit., p. 15.
42. [next page]

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the response of others [the group] : this is -- or is not -- individualism." [43]

The last sentence quoted above introduces the notion of group criticism and group pressure, which is the universal Communist device for fostering approved behavior and eliminating the disapproved. Members of Party organizations, professions, government bureaus, and all other groups meet continually for criticism and self-criticism, and this whole process reaches the population through the publication of confessions and criticism in the mass media. The study meetings, popularly called "struggle meetings," are characterized by an atmosphere of tension and fear. Confessions of deviation or defect are made by individuals and analyzed or "exposed" by the group; criticisms are leveled at individuals and promises of reform are exacted.[44] This appears to be a device of deadly effectiveness for making individuals conform to the new Communist standards for thought and behavior.

829 B. Time, Change, and Causation

In traditional China, time and change were

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42. Cf. Raymond Bauer, The New Man in Soviet Psychology, Cambridge, Harvard Univ. Press, 1952, p. 164 and passim. The quotations are from Jerome Bruner's foreword to this volume, xxii.

43. Lun Tang Yu Ko-jen [On the Party and the Individual], cited in Nivison, op.cit., pp.45-46, and note 66.

829 regarded as cyclical. Out of their careful adjustment to the seasonal and recurrent rhythms of Nature, Chinese-farmer-thinkers developed a notion of time and change which they applied to the course of individual lives, to changes in political life, and to history as a whole. In the life of man, old age was not seen as the end of the line, but as a return to childhood; not in the sense of "second childhood," but as having come full round from the freedom of childhood to the freedom of old age. In political thinking at all levels a notion of the cycle is present. Dynasties, like men and animals, were regarded as having a natural life, from birth, through growth, to maturity, senescence, and death; these phases differed in length but the cycle was never broken. Integration followed disintegration as day followed night. The opening line of the most widely read Chinese classic novel states this prevailing belief: "When empire has long been divided, it will invariably be unified; when it has long been unified, it will invariably be divided."[45]

The Communists seek to extirpate this age-old attitude and substitute for it the modern western idea of straight-line progress. For them the future is not to be a return to the past but the attainment, through protracted struggle, of a Communist world utopia. Textbook Party handbooks, and all other media insist on this new and revolutionary idea of time and change.

This straight-line dynamic change

45. San-kuo Chih Yen-i, [The Romance of the Three Kingdoms], translated by Prewitt-Taylor.

829 is typically and authoritatively expressed by Liu Shao-ch'i:

> "It is in the course of the long struggle of men as social beings against nature, that men's physical form...; their social relations, their forms of social organization as well as their brains, ideology, etc., are all continuously being changed and improved...."[46]

829 The traditional Chinese view of causation
812 was related to their views of time and change. Sequences of events were seen to have a certain regularity, but not that of cause and effect. Night follows day, but day is not the cause of night.[47] Through education one learned how to identify situations and to know the sorts of things that might happen. One learned to place oneself advantageously in a sequence of situations. The Communists seek to replace this older view with the Marxist idea of causation. A student is to learn the Marxist laws of social development, that certain causes always bring certain effects, and that when one has mastered the laws of causation, one can actively participate in bringing about the desired and inevitable results.

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46. Liu Shao-ch'i, "On the Training of the Communist Party Member." For this passage, cf. Current Background, No. , p. 3.

829 The Communist effort to replace the old
812 attitudes toward time, change, and causation with new ones has tremendous implications. It seeks to destroy any tinge of fatalism, any inclination toward resignation, and to foster in the individual a restless search for the goals set by the Party.

C. Work and Leisure

161 In traditional China, leisure was seen as a time for replenishment of bodily and psychic energy; leisure was necessary if one were not to suffer depletion of vital forces.[48] Abundant leisure was also important evidence of membership in the favored social class. In Communist China, work and vigorous activity are given a high value; hard work and ceaseless struggle are characteristic of all the "models" held up before the people in all the propaganda media. The ceaseless activity of top leaders is meant to set a pattern for those who follow them. Leisure as a contemplative bodily replenishment is devaluated, and active sports which develop competitive spirit are being promoted. Leisure as a mark of high status has disappeared.

D. Authority and the Individual

329 The father's relation to his sons was the model for the exercise of authority in traditional China. Ideally, the father was to be firm and aloof, seeing to it rather impersonally that his children were well cared for and given proper

48. Ibid., pp. 37-40.

829 instruction. The son was to submit unquestioningly to his father's will at all times. He had no independence of judgment or action until after his father's death. The son's loyalty and devotion were also to show themselves in providing for the father's comfort in old age, in arranging a proper funeral and burial, and in periodic offerings to his father's tablet in the ancestral hall of the family.

In the political sphere the emperor was the "father" of his people, and the key local magistrates of the imperial bureaucracy were often referred to as the "Fathers and Mothers of the People." To reciprocate the care and concern of those in authority, the people were to provide material support through taxes and labor; they were to serve their masters loyally and submissively; they were to obey the rules which custom (personalized as the wise rulers of the past) and the laws laid down for them. And in those laws the heaviest punishments were decreed for those who showed unfilial behavior in the family, or, in its political counterpart, rebellion against the state.[49]

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156 These were the patterns of authority to which the individual was subject. His personality

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49. The Classic of Filial Piety says: "Of the 3,000 crimes punishable by the five punishments, none is greater than unfiliality." (i.e., failure to submit to authority.) For a discussion, cf. Etienne Balazs, Le Traite Juridique de Souei-chou, Paris, 1954, p. 144.

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was formed within the family, his status in society was determined by his family's status. To understand the individual of traditional China, we must see him within this setting; to understand the changes being wrought by the Communists, we must take into account some of the tensions and dissatisfactions which the family system -- particularly in its period of decay -- set up in the individual.

The role of the individual was determined by his position in the family, and he was taught to fill that particular role. For example, an older brother was responsible for his younger brother, and was taught to be nice in play to those younger in years. The younger sons were expected to be less sober and responsible; their mothers often spoiled them. Throughout all the complex relations of the family, roles were assigned and the individual's life and character were formed by the role he played. Freedom of choice and freedom to develop individuality were thus rigidly limited.[50]

The well-being of the family group was the individual's prime concern. He was committed to work which would assure the family's prosperity; he was obliged to protect the family's reputation, for example, by paying off the gambling debts of a family member rather than have the family disgraced; to continue to live in a tense and unhappy household rather than to break away and thereby weaken the family's solidarity.

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50. Bunzel-Weakland, pp. 47-64.

593 In exchange for his submission to authority
156 and discipline in every phase of his personal life, the individual was given the basic necessities of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dominated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authority is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leadership of rebel armies are all bound together by ties of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137-47

178 system was undermined and began slowly to dis-
integrate. Chinese critics held that the old family
596 stifled individuality, prevented the development of
individual initiative vital to modern China, and
that it was a breeding ground for authoritarianism,
hindering the development of democratic citizen-
ship. They also felt that a new kind of individual
was needed, and that the family system prevented
its birth.[52]

156 The Communists are developing a new imag
of the individual and a new relationship between the
individual and authority, doing this they are using
certain of the old family ideas and, capitalizing
on dissatisfaction with the old family system, they
are releasing the individual from his bonds and
pushing him into a new system of human relations.

The Communists have paid particular atten-
tion to the groups which suffered most under the
old family: women, particularly younger women,
such as daughters-in-law, and adolescents. Bitter
denunciations of the tyranny of the old family syste
by dramatizing its inequities, insistence on the
individual's loyalty to the Party rather than to
the family -- all these are being resorted to in
order to create new individuals suited to the needs
of a Communist society. In Communist literature
this new type of individual, free of the family and
its "feudal" relationships, is presented as having
boundless opportunities for self-development.
Stories of young "heroes" who have broken away --

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52. Cf. Theodore Chen, "New China,
New Texts," Current History, No. 19, 1950, p.
325.

156 sometimes denouncing their "reactionary" fathers and gone on to make striking contributions to state and society are glorified in almost every publication.

"Comradeship," the brother-friend type of relationship, is strongly emphasized in Party and other organizations. During the long years of their suppression, the Communist leadership was bound together by "comradeship," which is continually romanticized and extolled in textbooks and other writings. This pattern of human relationships is built on an age-old Chinese ideal and is most attractive to those who suffered most under the old family system. It is used to encourage cooperation between individuals in a common task. In the textbooks it is fostered by moral tales -- a pail of water is too heavy for Little Brother and too heavy for Big Brother, but it is easily carried by the two; a lone tree is easily shaken by the wind but many trees standing together can withstand a heavy wind.[53]

829 The brother-friendship pattern among top Communist leadership has subtly shifted, and Mao and the Party have begun to exercise paternal authority over subordinates, and the people as a whole. Mao has taken on many of the attributes of the supreme patriarchal emperors of old; his paternal guidance is praised in these lines from an officially published song:

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53. Ibid.

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The great leader is like a father,
Mao Tse-tung educates us....[54]

Another praises his eternal care for his people:

In loving care for the people
He surpasses that of their own
fathers and mothers.[55]

And, in a children's song, his paternal care and affection are invoked while he is likened to the pole star -- one of the old symbols of the emperor's supremacy:

The northern pole star in the sky --
In China, Mao Tse-tung --
Saving Mankind,
Loving little children.
He'll destroy Chiang's dirty rats.[56]

As Mao takes on more and more attributes of the father, the Party and the state take over both the functions and the emotional focus once supplied by the family. A labor heroine is described as

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54. From a song in Chieh-fang Ko-sheng [Liberation songs], No. 2, 1949, p. 9.

55. From a song in K'ang-mei Yuan-ch'ao Hsiao-t'iao chi [A Collection of Resist-America-Aid-Korea Songs], Wu-han t'ung-su ch'u pan-she, Wukan, 1951, p. 60.

56. From a song in Nung-ts'un Ko-yao Hsüan-chi [A Song Collection of Rural Themes], Hsin-hua ch'u-pan-she, 1950, p. 24.

829 "a good daughter of the Party."[57] A song says:

> Our great fatherland --
> We should pay it the same filial reverence,
> As we would show to our mothers.[58]

596 These quotations suggest the reorientation of loyalties away from the family, but note that the terms and images used are those of the family system itself -- a typical example of the Communist use of the old order to destroy the old order. The functions of the traditional extended family are divided among the Party, the state, and the new type conjugal family. The individual, not the family, now chooses his mate -- often with "advice from Party comrades," and the state, not the family, sanctions the match.[59] The child is taught to rely on himself rather than on his relatives, and state nurseries take over, for many parents, the function of child care.[60] In illness

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57. Cf. Jen-min Hua-pao [People's Pictorial], Vol. 2, No. 2, 1951.

58. In Ch'ang-chiang Ko-sheng [Yangtze Songs], No. 7, Hsin-hua ch'u-pan she, Wuhan Branch, Wuhan, 1950, p. 15.

59. Cf. Lindbeck, op.cit., pp. 140-41.

60. The peom "Wen Pao-pao ["Ask Baby"] appeared in lower primary grade textbook in 1950. It has baby asking for various members of the family to carry him. But each member is busy at a separate task: hoeing grain, tending a machine, writing speeches, etc., and baby ends by saying, "Everybody has something to do. I'd rather walk alone by holding onto a wall." Translated in Weakland-Bunzel, Appendix B.

596 one looks to state and Party health agencies, but responsibility for the care of the aged devolves upon the children of the conjugal family.[61] The family's function as an administrative unit for mutual surveillance and responsibility is now eliminated, and each citizen is responsible to the state. Family connections are no longer a means of getting jobs; they are assigned to individuals by state and Party organizations. In this way the Communists undermine what is left of the old family and strike at the age-old evil of nepotism.

156 Yet, with the shattering of the old family and the assumption of its functions by the state, the individual is still urged by the leadership to work in a disciplined and co-operative way for the larger social group. The following prescription for individual behavior recalls the formulas for the activity of good members of the traditional family.

> Citizen of the People's Republic are expected to engage in labor and productive activities and to place the common good above personal benefit. They must learn to be helpful and co-operative. They must work hard and submit willingly to the discipline of group life. They must always be ready to learn to accept criticism for the purpose of improvement.[62]

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61. Cf. Survey of China Mainland Press, No. 973, Jan. 21, 1955, pp. 31-32; "...when parents are counterrevolutionaries, the child should treat them as enemies."

62. Cf. Theodore Chen, op.cit., p. 324, and Weakland-Bunzel, pp. 153-54.

156 It would appear, then, that the Communist government tries to adapt both patterns of individual-group relationship to its purposes. On the one hand it encourages the equal co-operation pattern associated with the old image of brotherhood and friendship. On the other hand it increasingly subjects each individual to a type of authority that is reminiscent of the old all-powerful father of the family. For certain types of work, for example team projects carried on by Party cadres, the former may be encouraged as the efficient pattern. But for the masses of the population, submission of the individual to the group is the ordained pattern.

E. Face

554 In traditional China, "face" meant one's moral reputation (lien) and one's accumulated moral and material prestige in the eyes of the community (mein-tzu). One's lien, or moral reputation, was solidified by adherence to the ethical forms of society in all human dealings. One's mien-tzu could be increased by making contacts, by acts of conspicuous generosity, but this could be done only within the role which society

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63. Cf. Hsien-chin Hu, "The Chinese Concepts of Face," American Anthropologist, Volume 46, (1944), pp. 45-64. The word lien is more current in North China than in the Yangtze Valley and the south. In the lower Yangtze Valley, according to Miss Hu (p. 46, note 5), mien-k'ung is used for lien.

554 assigned to the individual. To "get above oneself" in a play for prestige was actually "to lose face" (tiu mien-tzu). The widespread use of go-between in business, marriages, and political negotiations was a device for insuring that, in the event of failure, neither principal would "lose face." Consideration for the "face" of others was highly regarded, and, in actual behavior, care for one's own and others' "face," particularly one's family, was conducive to the surface harmony of Chinese social relations.

Modern Chinese critics have argued that this harmony was too dearly bought, that individual concern for "face," intensified by community pressure, stifled by individual initiative and made creative people into timid conformists who sacrificed all for the preservation of superficial prestige in the community. This, they held, worked against China's successful adjustment to the modern world.

The Communists have built on this sort of criticism and dissatisfaction and, in seeking to release individual energies for the purposes of the Communist state, have made a frontal attack on the notion of "face." Mao sarcastically describes the attitude they seek to destroy: "Failing to start an argument in principle with a person, even when you know he is in the wrong, letting things slide for the sake of peace and cordiality, all because he is an old friend, a fellow, villager, a fellow student, a close friend, someone beloved, an old colleague, or an old subordinate. Or failing to make any clear decision, speaking about [the error] in allusions in order to preserve harmony

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554 and unity...."[64]

The Communists single out for public recognition individuals who have ruthlessly battered their way toward one of the Communist goals with utter disregard for "face, their own or others." They praise children who have denounced their father, which, in older China, would have been condemned as utter destruction of the family's "face." Communist writings indicate that the older attitudes have been hard to overcome. Liu Shao-ch'i is fulminating against them when he says: "Any idea of trying to avoid inner-Party struggle, or of refraining from criticizing others' mistakes so that they will not criticize one's own errors, is utterly wrong."[65] Obviously the universal "struggle meetings" for personal criticism and self-criticism in the presence of the group are destructive of the old feeling for "face." Indeed, the leadership may regard them as one of the principal devices for the complete elimination of this traditional attitude.

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64. Mao Tse-tung, "In Opposition to Liberalism," written in 1937, translation in Compton, op.cit., pp. 184-85.

65. Liu Shao-ch'i, "On Inner-Party Struggle," Current Background, No. 105, Aug. 5, 1951, p. 5.

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Annex "A," Subparagraph li,
Sociological Background

INTELLECTUAL AND ARTISTIC EXPRESSION

532 538 Intellectual and artistic expression is interpreted in this chapter to mean the communication of ideals and ideas through creative and academic writing, painting, the plastic arts, dancing, and music.

The bulk of the creative and academic writing of the East-China Region does not differ from that produced in China as a whole. The Chinese written language is the universal vehicle for official business and cultivated expression in all parts of China. In the last three decades, Shanghai, having more publishing houses and better international communication, vied with Peking as the nation's cultural center, until the Communists made Peking the nation's capital in 1949. Cities like Soochow, Nanking, Hangchow, Tsinan, Foochow, and Amoy of East China have been centers of higher learning. The new literary movement, although originating in Peking, also stirred these cities and Shanghai. The support from these cities gave the movement a national character. The identification of the bulk of the creative and academic writings of the East-China Region with that of the Chinese nation as a whole is particularly true today when the nation is ruled by an authoritarian and centralized government and when all cultural innovations emanate from Peking.

532 538 The Chinese, especially the Chinese Communists, often speak of literature and the arts as one. In the Communists' policy statements, what pertains to literature also pertains to the other arts. Therefore, as far as the theory and policy of the arts are concerned, no separate treatment is necessary.

532 538 184 In less sophisticated folk literature and folk art, however, East China exhibits some unique regional characteristics. But even in this respect, the East-China Region is by no means an integrated whole: Shantung is more closely related to the North China tradition, and is oriented toward Hopei rather than toward the provinces in the south; Fukien has South China characteristics not shared by other provinces in the region. Furthermore, in the mountains of southern Chekiang and western Fukien there are minority groups who have forms of intellectual and artistic expressions unlike those of the Han Chinese.

I. GENERAL CHARACTERISTICS OF LITERARY ACTIVITIES IN COMMUNIST CHINA

814 The reform of literature and art (wen-i cheng-feng) at Yenan in 1942[1] made the practice

1. Mao Tse-tung's speeches at the Party School in Yenan in February and at the Yenan Literary and Art Circles' meeting in May 1942 established the "line" of literature and art endorsed by the Central Committee of the Chinese Communist Party which has since been upheld as the creed of writers and artists in Communist

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1. (continued) China. The general tenor of the speeches was that literary and art workers at Yenan, being undeniably "revolutionaries by choice," should cease the hitherto blind imitation of alien prototypes and the singing of abstract, contentless tunes which had nothing to do with the revolution and which could not possibly be understood by the peasant-worker-soldier masses. In their place, fresh and lively revolutionary themes in the Chinese style would be appreciated by the masses. Although in principle Mao believed that Chinese literature and art should benefit from masterpieces of other cultures, especially those produced in the Soviet, in no instance would he allow the separation of Chinese literature and art from immediate revolutionary tasks; and on this basis, he put the popularization of literature and art before its sophistication. See Mao Tse-tung, Selected Works of Mao Tse-tung, Peking Jen-min ch'u-pan she, 1953, Vol. 3, pp. 833-900.

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A. The All-China Federation of Literary and Art Circles

814 In July 1949, before the establishment of the Central People's Government, writers and artists from various parts of China were "invited" to Peking where the All-China Federation of Literary and Art Circles was organized to co-ordinate the activities of a number of the nation-wide organizations in specific cultural fields, such as literature, art, music, and the cinema; it was to follow the line laid down by Mao Tse-tung in 1942. Theoretically, the federation is not a government body, but it sent delegates to the Chinese People's Political Consultative Conference in September 1949, as did Communist-sponsored political factions and mass organizations. The chairman and vice-chairman of the federation were given posts in the Communist government.

814 538 At the organizational meeting in July, Chou En-lai told the gathered writers and artists that they were the representatives of 70,000 literary and art workers in China, of whom 30,000 were in the People's Liberation Army, another 30,000 were scattered in the old Liberated Areas, and the remaining 10,000 were in areas recently liberated from the Kuomintang. From Chou's statement it seems obvious that he identified as writers and artists Party propaganda personnel and those workers engaged in raising the standard of

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literacy.[2] It is doubtful that the majority of these 70,000 so-called writers and artists had achieved high competence in intellectual and artistic expression. Two years later, the Communists' leading woman author, Ting Ling, was still complaining that as editor she had difficulty in finding passable manuscripts for her magazine.[3]

It is certain that the organization of these writers and artists put the politically dubious under the guidance and supervision of the politically reliable; and the organized state rendered the writers and artists collectively responsible and accountable for their part in the Communist cause. Furthermore, dominated as it was by veteran Communists, the organization embracing all China's well-known writers and artists served as an effective Communist-style "democratic front."

B. The Task of the Writers

The literary subdivision of the federation

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2. Chou En-lai "Political Report at the Conference of the All-China Literary and Art Workers," (July 6, 1949), People's Literature, Peking, I, 3, January 1, 1950, p. 17.

3. Ting Miao, A General Analysis of Chinese Communist Literature and Art, Hongkong, Ya-chou ch'u-pan-she, 1954, pp. 149-150.

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was the All-China Association of Literary Workers, which, like the federation's other subdivisions, has its own professional magazine, People's Literature. In the first issue, published in October 1949, the sixfold task of the magazine was stated in part as follows:

1. To participate in the People's Liberation War and in the construction of the "New Democratic nation" through literary forms that are treasured by the people, with ideological content reflecting the growth of the new nation and praising the contribution of the masses in revolutionary struggles and productive activities;

2. To rid literature of imperialist influence, and to reform traditional literature; to accept what is good in foreign literary and artistic endeavor;

3. To guide the masses in factories, villages, and in the ranks in their literary study, and to help increase their "literary strength";

4. To develop literatures of the ethnic minorities;

5. To study revolutionary theory, and to organize groups for the study and discussion of the new literary productions and the formulations of a "scientific" theory of literary criticism;

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6. To promote interflow of literature and art among nations; to develop patriotism and internationalism; and to participate in the struggle for peace led by the USSR.[4]

Before the writers of the association had time to demonstrate their ability to implement these policies by fulfilling pledges to turn out so many pieces of work in a stipulated period of time, the conflict in Korea began.

The war was utilized by the Party as a schooling ground for class education and was depicted as a panorama of international class struggle. On this pretext writers were sent to the front to learn about "reality" in order to delineate the struggle of the "hero of the day" and to draw the "moral of his time." They were expected to make the most of their experience, not only by reporting immediate events but also by recording their impressions in notes to serve as material for more lengthy literary works. With the exception of Pa Chin's Living Among the Heroes, Wei Wei's Who Are The Most Lovable People?, Lu Chu-kuo's Shang-kan Mountain, Yang Shu's Three Thousand-

4. People's Literature, I, 1, October 25, 1949, p. 13. The content of this declaration reads very much like the constitution of the Union of the Soviet Writers in the USSR.

814 538 Li Territory, and a few others which are readable and maintain certain literary standards, most of the writings based upon the authors' experience in Korea do not show maturity even in the handling of the Chinese language. However the Chinese Communists claimed that these second-rate writings adequately expressed the Chinese Volunteers' patriotism and Communist internationalism. In this strategy the Communists departed from one of their most boasted practices. Throughout the war against Japan and the "war of liberation" against the Kuomintang, Chinese soldiers were encouraged to write, and writings from the ranks were lauded and widely publicized. But professional writers were sent to Korea, probably to assure a more skillful dramatization of the Communist cause.

However, the Korea front was not the only place where writers were to learn about "reality" and to dramatize the "cause of the people." While the war was going on, Ai Wu, Ts'ao Yü, the noted playwright, and other writers were sent to factories; Ho Ching-chih, author of the celebrated The White-haired Girl, was sent to study life in the villages; Ting Hsi-lin, Liu Ch'ing, Li Tzu-hua, Mu Yeh, and a host of other veteran motion picture producers and directors were sent to Shanghai to participate

814 in the Three-Anti and Five-Anti campaigns.[5]
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But these writers were not to record life as they observed it. Before they left for their "life schools," they had to undergo some "training." One can imagine the situation: writers of the calibre of Pa Chin and Ts'ao Yü learning from the speeches of Lu Ting-i and Ch'en Po-ta, the two propaganda chiefs of the regime, "how to describe people, how to abstract living reality and exercise care in collecting material, how to portray and praise, and above all, how to avoid making mistakes." It would appear that the Communists were so eager to prove the righteousness of their actions that they carefully arranged that "history" be recorded exactly in the way they wished it to seem.

Judging from the extent to which land reform turned the rural, social, and political order upside-down, the Three-Anti and Five-Anti campaigns destroyed the bourgeois stronghold in the national economy, and the way in which the war in Korea affected the national life, one might expect that those writers who had been given the opportunity to witness these

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5. See the chapter on Subersive Potentialities in this handbook for the content and impact of the Three-Anti and Five-Anti campaigns.

814 momentous events would accomplish literary
538 feats of equal magnitude. On the contrary, one finds, with only rare exceptions, "formula" stories which have all the correct political ingredients demanded of them but which lack originality and any attempt at characterization. One story of land reform reads much like another, the only differences being the names given the heroes and some few idiosyncracies of the writers in the use of colloquial expressions and political jargon. Necessary adherence to a prescribed political formula has blighted creativeness.

C. Literary Criticism

Fear of originality in literature is the result of the influence of officially organized and directed literary criticism, which uses Communist literary theories to coerce. The disparity in regard for critical and creative writing has stunted the young Communist literature and precluded a normal growth.

814 Outstanding instances of the enervating
538 effect of Communist criticism are the reviews of the play "The Song of the Red Flag" and the story "Old Worker Ku Fu-shan." The play,
536 concerning shock-teams in a production drive, was initially praised by the Communists themselves; later, it was criticized because "it did not give a strong protrayal of the trade union and the Party." According to the critics, the

814 author should have used the play to strengthen
538 the prestige of the trade union among the worker-
audiences and to emphasize the "heroic"
536 qualities of the leading protagonist, a Communist cadre. The portrayal of the Party cadre P'eng Kang in the play was deemed incorrect, "for the Party's leadership is invariably collective, but in the play, P'eng seems to be quite alone." The play was thus rated "of low educational value." The author of "Old Worker Ku Fu-shan" was reprimanded because he "not only distorts the image of a model Party member but also completely ignores the function of Party training and leadership."

814 The classic example of Communist literary
and artistic criticism involves the 1951
546 Shanghai-produced film, "Wu Hsün Chuan," based on the life of a famous nineteenth century advocate of free education who lived in Shantung Province. Wu Hsün was born into a poor family and was thus deprived of formal education. In order to help children to attend school, he dedicated himself to hard work and frugal living; and by shrewd investment of his savings, he succeeded in accumulating funds for the education of the poor. Wu Hsün's contribution to Chinese education was never questioned until the Communist critics attacked the film. Wu's efforts, according to the Communist critics, only strengthened the feudal order and arrested the forces of progress; rather than serving as an "accomplice" of the Manchu ruling order, the

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814 critics said, Wu should have joined the revolutionary force, i.e., the Taiping revolu-
544 tionaries. Furthermore, Wu Hsün's means of accumulating wealth was indicative of his "subservience to the rich and of his exploitation of the poor."[6]

The evolution of criticism of the film "Wu Hsün Chuan" is illustrative of the nature of Communist literary and artistic criticism. Adverse opinions toward the film were not initiated by literary and art circles, but by the Central Committee of the Communist Party. In fact, the film was until then very enthusiastically received, even by many eminent Communists. On May 20, 1951, the Peking People's Daily, an organ of the Central Committee of the Party, published an editorial alluding to this state of affairs. "Some comrades say that they have already mastered Marxism, but when confronted with concrete issues, they completely lose their critical sense." The "Party Life" column in the same issue ordered all Communists to join in criticism of "Wu Hsün Chuan." On June 4, a directive of the Ministry of Education of the People's Government, published in the People's Daily, instructed all the educational personnel in the nation to discuss the film.

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6. The most representative voice of this kind is Ai Ch'ing's article "Oppose the Slave Ideology of Wu Hsün" in People's Literature, Vol. 2, June 1, 1951, pp. 9-10.

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814 On August 4, a final and definitive verdict on
546 the film was delivered by Chou Yang, the Vice-minister of Cultural Affairs of the Communist government. He labeled the film as unrealistic art and a product of anti-historical and anti-popular ideology.[7] Party organs in all parts of China where "Wu Hsün Chuan" had been shown used the film as a target for ideological propaganda. The ideology of the film was also discussed at the third session of the first National Committee of the Chinese People's Political Consultative Conference, which met from October 23 to November 1, 1951. Members of the All-China Federation of the Literary and Art Circles began to echo the view of the Central Committee of the Party and confessed that, while they had made definite progress in the past two years, nevertheless they had always fallen behind the development of Chinese society. This confession led the writers to "plunge" into study in an effort to "remold their idology and to sharpen their critical sense."

814 This conflict between critical and creative
538 forces also manifests itself in the bulk of the incongruous writings of the literary critics in Communist China. The critics has ready an abundance of clichés, jargon, and theories of

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7. Current Background, Hong Kong, American Consulate General, No. 113, September 1, 1951.

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socialist realism, but they are clearly ill-digested and are used with little discrimination or literary skill. Quotations from Marx, Lenin, Stalin, Gorky, Zhadanov are frequent but are not integrated into the theme of the text. Even Communist critics have noted that many quotations from orthodox Marxist texts are either irrelevant or superfluous.[8] Excess of verbalism at the expense of content makes literary criticism irreconcilable with the alleged theory of its essentially didactic function. Much criticism is lukewarm and stereotyped, written by writers who are called upon by the Communists to undertake the task of attacking their fellow writers. In this case, what is criticized is invariably the "petty bourgeois standpoint." The exception to the rule is Mao Tse-tung himself, who, from his position of absolute authority, can write criticism which is non-imitative, forceful, and pointed, even by the standards of the free world. Top Communists, like Liu Shao-ch'i, for example, who seem to be more confident in translating Marxism into practice, do not quote from orthodox texts as often or use as many clichés as the lesser Communists.

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8. Shen Chu-chung, "The Popularization of Theoretical Criticism of Literature and Art," People's Literature, No. 9, July 1, 1950, pp. 27-28.

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Since 1949, Chinese Communist literature appears to have concentrated on a number of well-defined themes. It has been most concerned with the individual under the Communist system and the problems confronting him. These have included the social confusion of the "New Democratic" period, the doubts of the intellectuals the "criminal activities of the bourgeois merchants, and the lackey of the imperialists," the rise of the industrial hero, the struggle against the "enemy of the people," and the appearance of human types based on the newly created Communist "tradition." Even the "return to history" is oriented to the solution of certain present-day problems.[9] Patriotism,

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9. Writers are told to find evidence in history of the excellent qualities of the Chinese people, and to appreciate and to learn the beautiful styles in Chinese literary heritage. For instance, the poet Li Po (A.D. 701-762) who was an incorrigible individualist, can now be safely described as a "great patriot," for "Li Po could not have written such beautiful verses about the magnificent rivers and mountains of his fatherland had he not been very patriotic." His many lyric poems which sang praises of the bright moon are now intepreted to mean his longing for a "cleaner" world, and therefore indicate his personal integrity; his mild protests against the conditions of his time are now interpreted as signs of his progressive spirit. Wang Yao, Li Po, Shanghai, Jen-min ch'u-pan she, 1955. Ch'ü Yuan, the poet-statesman of

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9. (continued) the Kingdom of Ch'u in the Chan-kuo period (481-221 B.C.), is alluded to for his "patriotism and sympathy for the common people." Kuo Mo-jo, "A Brief Account on Ch'ü Yuan," People's Literature, No. 44, 1953. Emperors like Han Kao-tsu and T'ang T'ai-tsung, who increased the national territory and the prestige of the Chinese people, are now praised as heroic. This salvaging of historical characters and literature for Communist posterity could be a sign of a felt need. There are reports that since the Party came to the cities it has been neglecting to supply enough reading material for the people in the old Liberated Areas, and the people have gone back to the old novels. In order that these people may not be "poisoned" by the "feudalistic ideas" in the old novels, the reinterpretation of the characters in old novels according to dialectical materialism seems far more necessary than the writing of novels of comparable stature.

814 aestheticism, and naturalism are all good
538 literary themes, provided they are imbued with the spirit of "socialist realism," i.e., belief in the inevitability of the development of socialism.

Since 1949 China's best writers have not produced any first-rate work. If there happen to be interesting writings that suit the taste of the reader, they do not fit into the theoretical scheme of the Party. Hsiao Yen-mu's short story "Between Us, Husband and Wife," for instance, was criticized as "employing the intellectual's viewpoint and taste to distort the image of the working masses and to vulgarize things political."

Some writers are unable to find publishers for their work, not because the work is counter-revolutionary but because its theme is considered untimely. In 1952, Miao Yen-hsiu was advised not to publish his Miao-shan Feng-kuang, a long poem about freedom of love and marriage in Miao communities, because the Communists did not think a celebration of the equality of the sexes useful to the Communist revolution at that time.

Romantic novels of love and sophisticated novels of human relationships are not published. When love does come into the scene, it is shown as subsidiary to other, more "worthy" and "unselfish" problems (i.e., problems social and political).

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Although the writer may desire to let human relationships play a decisive part in the development of his material, there is a tendency to utilize abstract characters rather than vivid personalities. Most of the writers who choose to deal with the exposure of corruption and the excesses and tyranny of established institutions are more adept at protraying "negative" personalities than creating "positive" personalities in keeping with the Communists' view of the "heroes" of the new regime. This is true, despite the fact that Communist leaders have repeatedly told the writers "to give the most important position in the plot to the affirmative man," and that "in no case should evil be vivdly presented, lest virtue remain an abstraction," for it is now the writers' task to describe the bright possibilities of life under Communist leadership.

The recent development of literature and art in China seems to parallel that in Soviet Russia. In China, the emphasis to praise industrial and agricultural heores follows the pattern of Soviet literature. The influence of the war in Korea upon literature in China is comparable to the influence of World War II upon Russian literature. Now that we hear about the "thaw" in Russian literature,[10] can we

10. Walter Z. Laqueur, "Russia in Flux, I. The 'Thaw' and After," Encounter, London, October 1955, p. 35.

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814 anticipate a similar development in China? Hu Feng's attempt in early 1955[11] to liberate
538 literature from the shackles of politics, though ended in failure and personal disgrace, indicates, nevertheless, conscious recognition by a group of writers of the freedom necessary for the creation of works of art.[12] Only general discussion of minor ways to improve literature has been undertaken by leading authors like Mao Tun (Shen Yen-ping) and Ai Ch'ing, and all discussions are prefaced by fervent dedications to the Marxist-Leninist world outlook. While the parallel we draw of the development of literature in the two countries may aid in the understanding of certain similarities, the parallel is not complete. If we compare the contents of the first six issues of People's Literature (October 1949 to April 1950) with the six issues published in the first six months of 1955, we find a noticeable change: the percentage of creative writing by Chinese has increased, and the percentage of works translated from the Russian has decreased. Among the translated works, the percentage from Soviet Russia is smaller than it was, and there is now a sampling of literature from non-Communist sources, including, surprisingly enough, the tales of Hans Christian Andersen.

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11. Hu Feng is a well-known Communist writer, and was the protégé of the Communists' "liberary saint" Lu Hsün.

12. Laqueur, op. cit., p. 35.

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II. THE GENRES OF LITERATURE

A. Translations from Russian Literature

538 Translations from Russian literature are included in this section because of the influence they have had on Chinese intellectuals.

According to a survey made in 1937 in twenty-one Chinese universities and eight high schools, foreign literature, particularly Russian, English, and American, had an important place in the intellectual life of contemporary youth in China. Gorky was mentioned oftener than any other foreign author. Other favored Russian authors included Tolstoy and Turgenev.[13] The popularity of Russian literature seems remarkable in view of the fact that between 1927 and 1949 there were no Russian schools in China and almost no Russian was taught. Of course, many works of Russian literature were translated into Chinese.

The success of Russian literature in China stems from the Chinese appreciation of the problems confronting Russian society: the

13. Olga Lang, Chinese Family and Society, New Haven, Yale University Press, 1946, pp. 276, 363-364.

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538 conflict of generations, new sexual ethics, the struggle for sexual equality, the struggle between the doctrine of "non-resistance" and a revolutionary attitude toward life. Sympathy with the Russian revolution has also played a part.[14]

Translations of post-1917 Russian writings such as Krymov's Tanker Derbent (1939), Ostrovsky's How Steel Was Tempered (1937), Simonov's Days and Nights, a novel of Stalingrad, Scholokhov's And Quiet Flows the Don, and Virgin Soil Upturned, a novel about collective farming, and Fadeyev's the Young Guard (1945) were read by secondary school and college students prior to the advent of Communist rule in China. These novels encouraged young intellectuals with a yearning for a "positive" life of action no less heroic, revolutionary, and romantic as that experienced by the heroes about which they read. These novels had an obvious influence on the radical movement among the students who defied the Kuomintang regime.

Today, Bassov, hero of Krymov's Tanker Derbent, and Korchagin, hero of Ostrovsky's How Steel Was Tempered, are more familiar

14. Lang, ibid., p. 276. O. Briere, Les tendances dominantes de la litterature Chinoise contemporaine, Bul. Univ. Aurore, Ser. III, Vol. 9, No. 35, July 1948, p. 251.

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538 to the students than many of the characters in novels written by Chinese authors, most probably because the Chinese novels are poor imitations of Russian originals. Mayakovsky's poem "Lenin" is acclaimed by the Chinese Communists as a model of socialist realism, and Michael Prishvin's nature poetry is popular. Chinese translations of Ehrenburg's Storm and Nikolayava's Harvest are best-sellers.[15]

Since the establishment of the Central People's Government, delegations of Russian authors have visited Peking and other important cities of China. Russian is now taught in Chinese schools as the first foreign language. Under the Communist regime, the Sino-Soviet Friendship Association, with branches throughout China, has contributed much in the promotion of popular appreciation of Russian culture.

B. Academic Writings

814 Academic writings under direction of the Chinese Communists seems to be concentrated

15. "'Liberating' the Creative Impluse in China," The Time Literary Supplement, August 5, 1955, xlii. For the Chinese Communists' own estimation of the influence of Soviet literature on Chinese writing, see Pa Jen, Look at the Soviet People through Soviet Literature, Peking, Chung-kuo ch'ing-nien ch'u-pan she, 1955.

814 upon the history of peasant rebellions during the last one hundred years, anthropological studies of the ethnic minorities in China, commentaries, political and philosophical, on texts by Marx, Engels, Lenin, Stalin, Mao Tse-tung, and Liu Shao-ch'i, and archeology and pre-historic Chinese society.

In the field of modern Chinese history, the Chinese Historical Society[16] is most comprehensive in its program of research. It has sponsored the compilation of a series of documents on modern Chinese history. To date, the published volumes of the series include Nien Chün, concerning the peasant rebellions in Kiangsu, Anhwei, Honan, and Shantung in the latter half of the nineteenth century; and the Hui Revolt, the revolt of the Hui people in the Northwest and in the Province of Yunnan in the Southwest in the nineteenth century, the Opium War (1839-1842), and the Hundred-Day Reform (1898). This series will include twelve collections of source materials including works on the Sino-Japanese War (1894-1995), and the May Fourth Movement (1919).

The published volumes contain a wealth

16. The society is now called the Institute of Chinese History, a division of the Academy of the Sciences at Peking.

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814 of source materials. In addition to assembling records kept by previous governments, the works bring together the memoirs of individuals concerned and documents which have lain undisturbed in county archives. However, one cannot find in these volumes any interpretation of or commentaries on the material gathered. In the prefaces to these published volumes it is stated that:

> "Counterrevolutionary forces always try their best to distort fact. Because they often suppress and destroy revolutionary literature, the latter is seldom preserved for posterity. Now research in past revolutionary events can only proceed from the records kept by the counterrevolutionaries. Therefore those who are going to use the material here assembled must be reminded that they should approach the matter with a viewpoint opposite to that advocated by the authors of the material."

So far no major historical treatises based on this material have been written. The first volume of Part I of Fan Wen-lan's Modern History of China (Harbin, Tung-pei shu-tien, 1948) which deals with the period 1840-1905, is the text on modern Chinese history; Fan's book was published before the Communists

814 achieved national power. Other historicans such as Ku Chieh-kang, who at the beginning of the Communist rule in China expressed his gratitude to the Chinese Communist regime for enabling him to continue his research, have so far produced nothing.[17] Historians in China now prefer to annotate published works rather than write their own view of history, probably for fear that the whims of some Communist critics may some day put them in peril. As a result of the lack of new historical texts, history books written before 1949 are now being reprinted.

Of the academic people who have transferred their allegiance to the Communist regime, the anthropologists seem to be faring better than others. Fei Hsiao-t'ung, author of Peasant Life in China (London, 1939) and China's Gentry (Chicago, 1953), published his Revamping the Universities (Shanghai, Shanghai ch'u-pan kung-ssu, 1950), in which he anticipated the change of college curricula under the Communist government. Fei has since led several government delegations to visit the ethnic minorities in the South and Southwest and has made some first-hand studies of these peoples. In the field of anthropology much basic study is possible without running afoul of the Communist

17. The re-writing of history textbooks with a dialectic materialist viewpoint for primary and secondary school students is not considered in this section. See the chapter on Education in this handbook.

814 line. Despite the omnipresent praise for Communist policies, the articles written by anthropologists do indicate that new facts are being discovered; and the fact that these discoveries are financed by the government and are used in the administration of the minority peoples may suggest the favored position held by anthropologists in China today. On the other hand, anthropologists so busily employed by the government are prevented from doing the work they might undertake in a free society.

812 In the field of philosophy, especially political philosophy, Mao Tse-tung's books are accepted as of unquestioned authority. His Selected Works has gone through several editions since 1949, each new edition being more beautifully and elegantly printed than the one before, although somewhat changed to suit present political requirements. But Mao has not written any new books since 1949. Political theorists who wrote on socialism before 1949 now limit their writings to short ariticles published in such journals as The New Reconstruction (Hsin Chien-she), explaining Communist terms and government policies. Fung Yu-lan, the philosopher, has published "Mao Tse-tung's On Practice and Chinese Philosophy," since he made his confession. This article is an attempt to establish some continuity in Chinese

812 philosophy in the past centuries, especially as it is concerned with the problem of knowledge and action, and to place the various revolutions in the same context. The article attempts to make Mao Tse-tung's ideology seem respectable, but it adds nothing to the development of philosophy. This state of affairs is necessarily the case since "truth" was declared in Marxian writings before 1949, and there is no room for new ideas except in commentaries on "orthodox views." Cadres and students must study Party and government documents in the light of Marxian texts. By attacking "wrong" views, "correct" dialectic materialist views are vindicated. The recent attack on Hu Shih's "bourgeois" philosophy illustrates this point.[18]

C. Fiction

538 The greater part of the East-China Region came under Communist control after North China and Manchuria had been conquered. This region was therefore not the first to face problems of industrial recovery, agricultural revival, the land reform, and the liquidation of anti-Communist forces. Since Communist

18. Criticism on Hu Shih's Ideology (3 vols.), Peking, San-lien shu-tien, 1955.

538 literature is intended to describe the solution of these problems, stories and novels which dealt with these aspects had already been produced in Manchuria and North China. As a result, all the writings in this region seem stereotyped and lacking in originality. Even among the literature on the "war of resistance" against Japan, stories of the "heroic deeds" of the 8th Route Army in North China overshadow the accounts of anti-Japanese activities in East China.

214 East China, however, has many publishing houses, especially in Shanghai. They have been made subsidiaries or branches of the government's publishing enterprise which has its headquarters in Peking. The centralization of publishing assures the widespread popularity of novels which have received government approval.

538 People in East China, like people in North China, also read Yüan Ching and K'ung Chüeh's best-seller Hsin Erh-nü Ying-hsiung Chuan (The Biography of a New Hero and Heroine), a 200,000-word account of the repulse of the Japanese invaders in North China, written in the style of the old-fashioned Chinese novels,[19]

19. The first edition of 10,000 copies was sold out in twenty days, 80 per cent being sold in North China. Although pleased with its success, the Communists have lamented the fact that the Chinese people are still too fond of the traditional "feudalistic" novels, that a novel of new ideas and new people could be successful only when dressed in traditional forms.

538 and Ting Ling's The Sun Shine on the Sang-chien (Sang-kan) River, a novel about the struggle of the people in North China during the 1946-48 land reform, which was awarded the Stalin prize. Liu Pai-yü's Lights Ahead, which describes the crossing of the Yangtze River by General Liu Po-ch'eng's army during the "liberation war" against the Kuomintang, is also well-known in East China.

Recently the Communists have encouraged stories based on the deeds of the New Fourth Army in East China during the "war of resistance" against Japan. So far no major work in this field has appeared.

D. Poetry

Although Mao Tse-tung himself composes poems in the classical style, the "new poetry" which is written in pai-hua (vernacular) is in vogue in East China today as in other parts of China

The pre-Communist pai-hua poetry of Wen I-to, Kuo Mo-jo, and Hsü Chih-mo still receives favorable comment. The publication of Wen's collected poems, Still Water, was an important literary event in 1929. Hsü experimented with new forms, including those found in Western poetry. He was less concerend with the theory and art of versification than was Wen. Wen's work The Forms and Rules of Poetry (1926) which lists musical, artistic, and architectural

538 skills as the necessary elements of good poetry, is a unique contribution to pai-hua poetry.

Kuo Mo-jo's poetry had energy and imagination but was without discipline and restraint. In the 1920's, when Kuo was the leader of the Creative Society, he advocated "art for art's sake." He was the first to introduce untranslated Western words and phrases into pai-hua poetry. Although Kuo is not productive nowadays, and his poems are not popular today, his present prestige as a "literary personage" is based on his past achievement; and his present political position as a cultural leader in the Communist regime in turn encourages the sale of his poems. Working now for the Communist cause, although not a Party member, he is comparable to Simonov of Russia, for Kuo, like Simonov, spends a good deal of his time heading Chinese cultural delegations to other countries and entertaining foreign cultural delegations to China.

Ai Ch'ing and T'ien Chien are established as Communist poets. Ai writes prose poems and T'ien writes extremely short verses. The average Chinese reader is apt to appreciate Ai more than T'ien, especially since Ai writes of everyday things familiar to the reader and T'ien draws his inspiration from a private vision of the new world.

538 Ma Fan-t'o and Li Chi are often spoken of together. Ma's poems are modeled upon popular rhymes. Li Chi's poems are modeled after Shun-t'ien-yu, a folk-song pattern popula in Shansi and Suiyuan during the war against Japan.

All the poets mentioned above are known nationally. Their styles are imitated by lesse known poets. Kuo, Ai, and T'ien won their first recognition as poets among Shanghai literary circles before the war.

E. Popular Rhymes and Folk Songs

538 533 Popular rhymes and folk songs in East China are not as free in form as those in North China. They are usually of 4-line stanzas, each line containing seven syllables which are, in fact, seven characters in written form. Onl those of Kiangsu are unrestricted in the numbe of words to line, although they do adhere to th four-line stanza.

The Chinese Communists have always been active in fostering folk songs and popular rhymes which welcome or accept the new political order. The best example is "Tung-fang Hung" ("All Red the East"), a folk song originating in Shensi and now well-known in East China, which likens Mao Tse-tung to the sun rising in the east. Some of the newer folk songs fostered by the Communists praise construction and eulogize the "new people" under the present regime.

538 Some of the older folk songs are now being rearranged so that the old forms accomodate the
533 new ideology. The most notable example is Yüan Chang-ching's rearrangement of "The Water of the Chang River." In East China nothing of comparable quality is known to have been composed.

F. Drama

536 Stage plays in China can be roughly divided into four kinds: (1) folk plays native to small dialectal districts, (2) ching-hsi or p'i-huang (Peking opera), which is appreciated in all parts of China proper, but particularly in Peking, Tientsin, and Shanghai, and in big cities of other regions, (3) the new opera, a genre created by the Chinese Communits, and (4) the modern play. These, together with motion pictures, are now utilized by the Communists to disseminate ideological and political messages.

1. The folk plays. Just as there are many dialectal differences in East China, so the folk plays are both numerous and various. The following are the most representative.

"Shantung pang-tzu" is one of the many variations of the North China pang-tzu. The

536 musical rhythms of these plays are marked by the beat of a foot-long wooden stick, which in North China is called pang-tzu. P'ing-chü, which is also called peng-peng-hsi, is native to T'ang-shan and Juan hsien in Hopei. They are usually love stories both unsophisticated and vulgar. The popularity of pang-tzu and p'ing-chü in Shantung indicates that traditionally Shantung is more closely related to North China than to the southern provinces.

The most popular folk play in East China is Yüeh-chü. Compared with other folk plays, Yüeh-chü is decidedly richer in content and more integrated in form, having a large professional group which is composed exclusively of young girls, and a leisure class, mostly of middle-class housewives, dedicated to its appreciation. The most celebrated Yüeh-chü actress in recent years is Yüan Hsüeh-fen. As the result of her ideological "progressiveness," plays incorporating themes approved by the Communists have been introduced in Yüeh-chü.

2. Ching-hsi. A composite of many regional plays, ching-hsi is popular in all parts of China. The best actors and actresses of ching-hsi, however, have been those associated with the Peking theaters. Shanghai, because of its wealth, has also been able to invite the
536 best actors and actresses to its theaters. The
534 musical accompaniment is carried by the

536 hu-ch'in, a string instrument, assisted by other
534 strings and by wood-winds. Percussion is used to accentuate rhythms of body movements and to dramatize heightened movements.

536 At its present state, ching-hsi is a highly polished form of art. It no longer depends for audience appeal on plotting but rather on a display of skill by the actors. It emphasizes costuming rather than scenery. The verses sung serve to express the feelings of the chief characters. Actors may play the female roles and actresses may play the male roles. The spoken dialogue and the spoken platter, consisting of cliches in colloquial language, help the movement of the play, make the literary language of the sung verses more intelligible to the audience, and aid in the variation of rhythm. However, most of the spectators know the play, have memorized the verses, and can sing some of them. They came to the theatre to watch and enjoy the art of a stylized performance.

In comparison with the folk plays, the ching-hsi is a much more integrated art. Therefore, it is more difficult to introduce innovations in the ching-hsi without damaging its accepted form; in contrast, the folk plays may easily incorporate new elements. This fact accounts for the Communists' effort to revamp the folk plays and to bring them up to the same level of popular and artistic recognition as the ching-hsi. However, in the Communists' effort to

536 reinterpret history, the ching-hsi is at present rendering unique service. The Communists have not only revised many of the old scripts to conform to their ideology, but have also encouraged the writing of new scripts. In this attempt, well-known actors like Mei Lan-fang and Ch'eng Yen-ch'iu are asked to lend a helping hand.

Playwrights in Communist China are now told to study ching-hsi, because this form can be used to dramatize personalities. In the Communists' effort to glorify the image of the "new heroes," this art is considered extremely important.

3. The new opera. The new opera in China is modeled after the operatic forms of the West but the content deals with revolutionary themes. The first experiment in this form was The White-haired Girl (1944), a collective creation of the writers and artists of the Lu Hsün Institute of Literature and Art. In the arias sung by the heroine, the musical pattern of the Hopei pang-tzu is borrowed to convey her changing moods. This is considered a very successful adaptation by the Communists. But the melodies of the other sung parts, which appear to be of yang-ko origin, are close to folk songs and lack dramatic effect. The White-haired Girl has been characterized as "drama-plus-song," a term which indicates that the operatic form is not well enough developed to enable the music to carry the themes.

536 This inadequacy was remedied in the second major opera commissioned by the Communists. The opera Liu Hu-lan gives the heroine Liu Hu-lan opportunities "to delineate her heroic personality" in longer and more frequent arias. The musical pattern of the Shansi pang-tzu is used in the arias, and the whole opera has a Shansi color.

The composers were alarmed when they discovered that the melodies which describe the corrupt life of the landlord in the opera The White-haired Girl were hummed by the audience rather than the arias of the heroine and the chorus of the 8th Route Army. They resolved not to give the "negative" personality strong musicalization. As a result, the opera Liu Hu-lan incorporates queer and disjointed melodies for the villainous roles, and the villains are shallow caricatures. Thus, for ideological reasons, the Communists now limit "true music" to the expression of "lofty passions" for the "right cause."

The new operas are intended for national consumption irrespective of regional differences, although local airs are incorporated into the scores according to the locality of the stories. Both The White-haired Girl and Liu Hu-lan are based on incidents which occured in North China, although they have been transformed

536 by grossly "dramatic" exaggeration. They are performed by opera troupes all over China, and their influence is national. Other well-known operas include the Long March, in which Mao Tse-tung is impersonated for the first time.

4. Modern play (hua-chü). The modern play, like the motion picture, has no regional character. Any acceptable play will be staged in all parts of China, and kuo-yü (the national language) is used rather than the various dialects. Ch'en Ch'i-t'ung's Thousands of Rivers and Mountains proves that the Communist Long March in the thirties is always "correct" material for dramatization. The Song of the Red Flags, concerned with production drives in a textile factory in North China, was the collective creation of three playwrights, written after they had agreed on the ideological significance of this type of play and had sketched out the plot under the "guidance" of Chou Yang, the Vice minister of Cultural Affairs. The Song of the Red Flags was performed in Peking, Shanghai Nanking, Chungking, Lan-chou and other bit cities. In Shanghai alone, it had 159 performances, and some 125,000 people attended it.[20]

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20. People's Pictorial [Jen-min Hua-pao], Peking, July 1950.

536 If we take into account the fact that theater-going is now an organized activity of the various mass organizations such as the labor unions, the Women's Federation, the New Democratic Youth Corps. the Young Pioneers, and the study circles, the length of the run and the size of the audience do not accurately reflect the enthusiasm of the people but rather the effectiveness of the Communist organization for mass participation in the field of recreation.

Russian plays have been staged in Shanghai with considerable fanfare. However, a most spectacular event was the recent production of a Polish play, translated into Chinese, called The Rosenburgs, depicting "the suffering of innocent people in the capitalist, war-mongering country, i.e., the U.S.A."

546 5. Motion pictures. Shanghai and Mukden are now the centers of China's motion-picture industry. The White-haired Girl, based on the same version as the opera, won the first prize among the thirty-eight entries at the Communist International Motion-Picture Festival in Czechoslovakia in 1951. The Concentration Camp at Shang-yao, which was made in 1951, describes the life of the "patriotic people" in the Kuomintang concentration camp, and, according to the Communist reviewers, successfully demonstrates the "collective heroism" of the Communists under duress. When the rural production drive was about to begin in 1954, the movie Good Harvest was

546 timed to be shown to the peasants during the festivities of the lunar New Year, in order to emphasize the importance of increasing the output of the land. The People on the Grassland is a movie about the Mongols in Inner Mongolia. Sound tracks in the Mongol and Uigur languages have been made so that this picture may be circulated among those ethnic minorities.

G. Shou-shu

536 Popular entertainment in East China, especially in places like Shanghai, Soochow, and Nanking, includes story-telling with or without singing parts and musical accompaniment known as shuo-shu. Stories with singing parts and musical accompaniment are called ta-shu, and those without singing parts are called hsiao-shu. Since they are not meant for staging, adaptable to extemporizations and the singer or narrator is free to add his own interpretation of the story. Most of the singers and narrators obtain their stories and verses from favorite sources like the Shui-hu Chuan (The Water Margins or All Men Are Brothers), The Dream of the Red Chamber, The Romance of the Three Kingdoms, and the West Chamber.

At first, the Communists tried to "educate" and "reform" the singer and narrators so that they could sing or narrate more "worthy" stories. Now that the Communists themselves have learned to appreciate the value of traditional literature, they seek new interpretations of the old fiction.

536 It should be mentioned that the Communists have elevated the social position of actors and actresses from that of "entertainer" to that of "artist." Actors and actresses have their own organizations in the capital and are invited to take part "under the leadership of the Party" in the deliberation of new policies pertaining to their profession.

III. ARTISTIC EXPRESSION

A. Painting and the Plastic Arts

532 Painting and the plastic arts are largely utilitarian in China today. The utilitarian spirit puts them in the realm of either propaganda or craftsmanship. As propaganda, they have become extremely derivative and stereotyped; as craftsmanship, they utilize local characteristics and traditional skills and sometimes are unrestrainedly florid and pretentious. Chinese brush paintings, woodcuts, oil paintings, pencil sketches, water colors, sculpture, ceramic figures, wood-carvings, cartoons, and chalk drawings are entries in most of the art exhibitions. Among these categories, ceramic figures and wood-carvings represent local craftsmanship and are little influenced by Communist ideology. Other art forms have followed Communist policies and adopted Communist slogans as themes. Woodcuts, sculptures, and water colors seem to have been more easily adapted to the new themes than oil paintings and the traditional Chinese brush

532 paintings. The oil paintings done by Chinese artists lack imagination in composition; at their best, they are only photographic depictions of political activities. Traditional brush-painting technique is at its best in landscape paintings and in depicting rural life and is ill-adapted to the illustration of modern people and their activities. No prominent artists in oil or water color have emerged under the Communist regime.

Under the general principle, "Accept the heritage of the world," the Chinese Communists have commemorted Western artists like Rembrandt and Leonardo da Vinci and printed reproductions of Western art (the Mona Lisa, for example) in literary and art journals.

B. Woodcuts

The woodcut, a traditional art in China, is used to adorn story books. Lu Hsün (Chou Shu-jen) was the first to renew popular interest in this art. Woodcuts became popular in Yenan during the war against Japan because they did not require elaborate equipment. Many people remember the lively woodcuts of the Liberated Areas, which showed the influence of the West. Woodcuts are popular in Communist China. There is a tendency to incorporate the traditional Chinese woodcut style in the illustration of Communist themes. One also

532 finds elaborate woodcuts in multiple colors, the technique of which antedates the Yenan period. In recent woodcuts, rural life is more effectively presented than scenes depicting blast furnaces or anti-U.S. activities.

C. New Year's Pictures (Nien-hua)

In Chinese households not influenced by the West, a new picture is hung or pasted on the wall on New Year's Eve to assure a prosperous and peaceful year ahead. Such pictures are called nien-hua. They are exploited by the Communists as a means to secure the people's consent and support for their regime. The traditional theme of superstitious propitation to the gods has been transmogrified to one of glorification of Mao Tse-tung for bringing happiness and prosperity to the people, or of the Long March of the Chinese Communists, the distribution of land certificates after the land reform, the woman train-conductor, or the "great meeting of Stalin and Mao Tse-tung."[21]

The Communists have been boasting of a tremendous sale of the "new" nien-hua during the last few years. The production and printing of the new nien-hua are now done

21. People's Pictorial, February 1951.

532 entirely by Communist publishing houses, and the Chinese people have no way of buying the traditional ones. The aesthetic value of the nien-hua is practically nil, but it blends together so well the traditional customs, beliefs, and sayings of the people that the messages it conveys are easily understood and often accepted.

D. Comic strips (Lien-huan t'u-hua)

The Chinese comic strip is neither literature nor art, but it borrows a little from both to enable the barely literate to be educated and entertained with stories. The Communists, knowing the popularity of comic strips among children, women, and the uneducated, have contrived to use them as tools with which to teach "patriotism" sanitation, and health to the masses. Earlier comic strips are looked upon as "feudalistic" and superstitious and have been replaced by "new, healthy, and educational ones." The new comic strips, created by artists recruited and guided by the Communists, are available at street corners and in factories, villages, armies, and schools.

The Communists claim that the sale of comic strips is increasing daily. The Lien-ho Bookstore in Shanghai, which handles the new comic strips, reported the sale of more than 600,000 copies in January 1951, and more than one million copies in the following April. The comic strip periodical Lien-huan Hua-pao is reported to have a circulation of 400,000 copies

532 every issue.

The most representative and most publicized new comic strip is The Letter with a Chicken Feather,[22] which uses 243 pictures to "give Chinese children a patriotic education." The story concerns a young boy who, after receiving a Communist education, successfully fulfilled the "heroic" task of delivering an important message to anti-Japanese guerrilla force. It is claimed that more than 58,000 copies of The Letter with a Chicken Feather have been sold.

E. Dance

535 China as a whole does not have any distinctive form of dancing, although yang-ko is sometimes so considered. Combining singing and dancing, it is derived from the song pattern of peasants who sing in groups in an antiphonal manner while working in the rice-fields. The dance steps follow a simple pattern -- two steps forward and one step backward -- resembling the movement of the peasants as they work in the fields. In village festivals, the yang-ko is sometimes performed, but it became truly popular only after the reform of literature and art in 1942, when the Communist used the dance to

22. It was a traditional practice to include a chicken feather with an urgent message, to signify the letter's importance and the need for safekeeping.

535 propagate new ideas in Shensi and, later, in North China. It was introduced to other parts of China in time to greet the advancing People's Liberation Army. The opera The White-haired Girl was based on singing and dancing forms of the yang-ko; and at the first stage of land reform this opera was utilized by the Communist cadres in many different parts of China to stir up class hatred in villages. The vogue of the yang-ko in East China now seems to be over, because the sophisticated cadres seem to prefer the new operas and the Western social dance to yang-ko singing and dancing.

The Chinese Communists have always fostered any art form that would assist their revolution. In 1950, Hsien Hsing-hai's Production Cantata (Sheng-ch'an Ta Ho-ch'ang) was transformed into an operatic spectacle. The new song-and-dance version is divided into four parts celebrating spring cultivation, seeding, harvest, and prosperity respectively, to portray the rural people's enthusiasm for production and their "prosperity" as the result of the Communist "liberation."[23]

The Central Dance Corps at Peking, sponsored by the government, recently gave a

23. People's Pictorial, August 1950.

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535 "Lion Dance". It was an adaptation of a traditional festival dance performed in North China during the lunar New Year season.[24] Another dance, "Tea and Butterflies," has also been widely publicized; it shows maidens gathering tea leaves in Western Fukien.[25] The purpose of these dances is "to beautify the working spirit" and to set a pattern to be developed by dance corps elsewhere in China.

The Cultural Work Corps (Wen-kung T'uan) of the Central Institute of Nationalities at Peking has been visiting the minority communities in Southwest China and has adapted some of the dances of the minority peoples for performance in Peking, in other Chinese cities, and abroad. Among those performed are a flute dance (a courtship dance) and a wedding dance of the Miao people; "Happy Sun" (a tap dance) and "Good Harvest" (a traditional dance around the family cooking stove) of the Tibetans in Southwest China; "Please Stay, You Guests from Afar" of the Yi people; and the "Peacock Dance" of the Tai (Thai) people.[26]

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24. Ibid., March 1954.
25. Ibid., April 1954.
26. Ibid., July 1954.

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535 The Central Experimental Opera
177 Institute at Peking has also been giving instruction in ballet, and there are many aspiring ballerinas. Interest in ballet is unprecedented in China and is clearly influenced by the popularity of ballet in Russia.[27]

536 Activities associated with dancing are
658 organized and directed by the government. There is the All-China Association of Dancers, a subdivision of the All-China Federation of Literary and Art Workers.[28] with headquarters in Peking. Tai Ai-lien, a well-known professional dancer, heads the association. She has dedicated herself to the incorporation of folk life, especially that of the minority peoples, into her dances. Her training, however, is Western.

F. Music

533 Appreciation of Western classical music has been revived in accordance with the principle of "accepting the culture of the world." A municipal symphony orchestra in Peking performs Beethoven as well as Tschaikowsky and is intended to set an example for musical

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27. Ibid., May 1954.

38. The All-China Federation of Literary and Art Circles was changed to the All-China Federation of Literary and Art Workers in September 1953.

533 activities elsewhere in the nation. The quality of the symphony's performance is unknown. No major composer has emerged under the Communist regime. Most of the musicians seem to be absorbed in collecting and rearranging folk music, in composing scores for the new operas, or in turning out at short notice musical accompaniment for propaganda films.

Marching bands have been very popular under the Communist regime; nearly every school has a band. This is in keeping with the Communists' effort to foster some kind of marshall spirit in the youths of the country.

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Annex "A," Subparagraph 1j,
Sociological Background

EDUCATION

I. BACKGROUND

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In order to understand the changes brought about by the Communists in the educational system of China, it is necessary to review the background of educational development under the Nationalist regime.

Chapter II, Article 11 of the Nationalist Constitution promulgated in 1946 states that the 'people have freedom of speech, [freedom for the] pursuit of knowledge and [freedom of] publication." Article 21 of the same chapter further spells out the principle of education by stating that the "people have the right as well as the duty to receive basic education." Interpretations of these broad principles are found in Chapter XIII, which specifies, among other things that the purpose of education includes the development of the spirit of nationalism, and that both public and private educational institutions are subject to government supervision according to law.[1]

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Nationalist officials singled out two of the most controversial points for further elaboration.

1. Chung-kuo Chiao-yü Nien-chien 1948 [Educational Yearbook of China 1948], Shanghai, Commercial Press, 1948, pp. 23-24.

871 One is the so-called "spirit of nationalism" which
656 the Ministry of Education at Nanking defined as the spirit based on San-min Chu-i, the Three Principles of the People expounded by Dr. Sun Yat-sen. Thus a mild social reform was adopted as the central theme of the Nationalist philosophy for education. The other controversial point is the extent of government supervision over educational institutions. Official explanations stressed the supervisory function of the government in the system of education and denied that this implied any authoritarian control.[2]

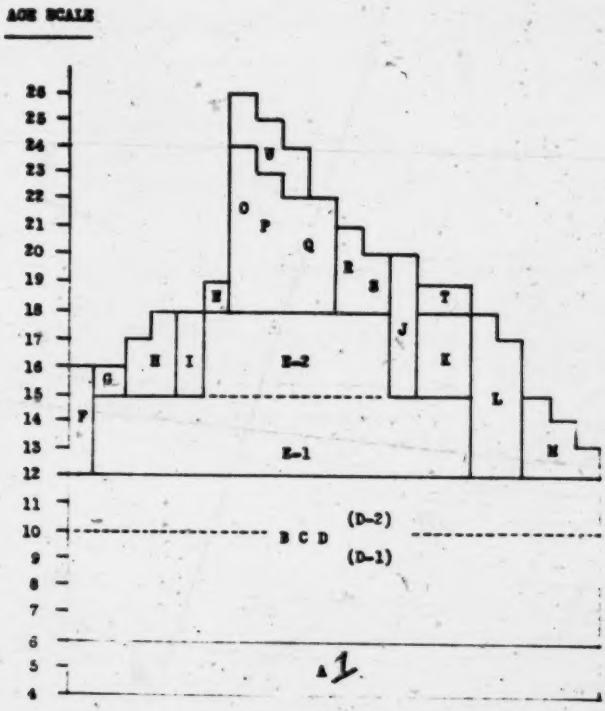
871 Under the Nationalist government efforts were exerted to promote adult education and combat illiteracy. Outstanding records were made by such peoples as James Yen (an internationally known promoter of mass education), who organized drives to eradicate illiteracy, and Huang Yen-p'ei, now a member of the Communist central government, who did a great deal for the development of vocational education in China. Since most of these features of Nationalist education have been covered in the HRAF Handbook on China as a whole, it is enough to say here that had it not been for a decade of war general education in China would have been far more developed than it was in 1949 on the eve of the Communist seizure of power.

The application of the broad principles of education under the Nationalist government

2. Ibid., p. 24. For other influential theories on education expounded during World War II in China, see Chan-shih Chia-yü Lun-chi [Discussions on Wartime Education], Shanghai, Sheng-chiao-yü she, 1938.

871 resulted in a system of regular and specialized schooling as pictured in the following chart:

CHART 1. SYSTEM OF EDUCATION UNDER THE NATIONALIST GOVERNMENT*



*Chung-hua Min-kuo Nien-chien, 1953 [The Yearbook of the Republic of China], Taipei, Chung-hua nien-chien she, 1953, p. 491.

1 [No explanation for these letters has been provided -- Analyst]

872 As shown in Chart 1, the primary school consists of six grades divided into two levels. For students at rural schools, the first four years of primary school education may constitute an integral unit by itself and may be sufficiently useful if the students have to take up farming or other professions upon the completion of this unit. This feature was later attacked by the Communists as a mark of discrimination against the peasants and workers. But it is to be remembered that at one time the Nationalist Ministry of Education did attempt to revise the primary school system by making it a five-year one-level system.

874 Another feature of the Nationalist system of education attacked by the Communists was its failure to establish vocational schools with college standing, thus forcing vocational school graduates to terminate their education at the high school level. While most of the vocational school graduates did not continue their formal education, the system under the Nationalists did not preclude this possibility. The doors of the colleges were open to such graduates as were qualified for enrollment. The only restrictive factor was that most of the vocational school graduates because of their specialization had to take additional courses in order to fulfill general requirements before they could pass the entrance examination to the regular college.

871 By 1946, the Nationalist Ministry of Education announced 54.52 per cent of the nation's population above the age of six either had attended

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871 or were attending schools.[3] In 1947, there were 207 institutes of higher learning throughout the country. But this number was unsatisfactory to 873 the Government; the Ministry of Education announced that the Central Government devoted only 4.3 per cent[4] of its 1946 budget to education, which is not quite one-third of the amount designated for this purpose by the Constitution.

871 In East China, 77 schools for advanced education were in operation in 1947. Other pre-Communist figures on education in East China cited in Table I will offer comparison with developments under the Communist regime.

[See Table 1. on next page.]

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3. The Education Yearbook of China, 1948, pp. 1,397-1,483.

4. Chung-hua Nien-chien, 1948 [The China Yearbook, 1948] Nanking, Chung-hua nien-chien she, 1948, p. 1,623.

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Table I. Education in East China (1945-46)*
(Figures in parentheses are 1946 statistics)

Province	Primary Schools		Middle Schools (Secondary Schools)		Institutions of Adult Education	
	Schools	Students	Schools	Students	Schools	Students
Kiangsu	6,619	881,405	465	147,250	(538)	(67,896)
Chekiang	18,527	1,288,300	226	75,489	(1,041)	(30,574)
Anhwei	11,254	826,757	220	56,917	(119)	(25,200)
Shantung	2,311	217,005	78	38,513	(569)	(25,471)
Fukien	5,680	614,139	217	78,268	(93)	(2,306)

* The Education Yearbook of China, 1948 pp. 1,397-1,483. The institutions for adult education include libraries, museums, night schools, etc. It is obvious that not all the people participating in such activities are counted in the figures for "students" of adult education institutions.

II. MAJOR CHANGES BROUGHT ABOUT BY THE COMMUNISTS

A. Basic Policy

871 642 Mao Tse-tung stated in On New Democracy that, "A specific culture is the ideological reflection of the political and economic activities of a specific society."[5] In molding a culture for the "new China," Mao believed that education would be successful if it contained "scientific substance, oriented toward the masses and adapted to suit China's nationalism."[6] This principle of education was incorporated into the Common Program of 1949 which constituted the basis of the Communist Constitution promulgated in 1954. Article 41 of the Common Program states that the purpose of education is "to elevate the level of the people's culture, to prepare personnel for national reconstruction, to eradicate the thoughts of feudalism, compradorism,[7] and Fascism, and to develop the spirit of service to the people." To apply this basic policy to education, Article 47 of the same document further specifies that : "education must be systematically popularized; secondary and advanced education must be strengthened; technical education must be emphasized; spare-time education for laborers and cadres must be stressed; and revolutionary political education must be given to both young and old intellectuals.[8]

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5. Mao Tse-tung, Mao Tse-tung Hsüan-chi [Selected Works of Mao Tse-tung], Vol. II, Peking, Jen-min ch'u-pan-she, p. 666.

6. Hsia Feng, Hsiao-hsüeh Chiao-shih Shou-tse [Handbook for Primary School Teachers], Shanghai, Wen-hua ch'u-pan-she, 1953 p. 8.

[continued next page]

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These pronouncements became the guiding light for the Communists in their effort to revamp the educational system of China until the promulgation of the Constitution in 1954. In reality, the new Constitution has nothing to add to or substract from the principles already in practice. Article 94 of the Constitution says that "Citizens of the People's Republic of China have the right to education. To guarantee enjoyment of this right, the state establishes and gradually extends the various types of educational institutions. The state pays special attention to the physical and mental development of young people." The next article in the Constitution "safeguards the freedom of citizens to engage in scientific research, literary and artistic creation and other cultural activity." These are innocuous statements of commonly accepted principles. Reiteration of these principles in the Constitution, however, provides the Communists once more with the opportunity to clarify their educational aims which are "to develop a socialist China."

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7. Comprador - a native agent employed by a foreign establishment (commercial houses, etc.) in China, to have charge of its native employees.

8. Jen-min Shou-ts'e, 1950 [People's Handbook, 1950] Shanghai, Ta-kung pao, 1950 Section B, p. 9.

871 Attention must be given to the gradual shift of emphasis from 1949 to the present in the Communist basic policy for education. At the beginning of the Communist regime, the central theme was to bring to reality a "New Democracy" in education. By this the Communists meant that petit bourgeois and national capitalist classes would still be tolerated on a level with the proletariat. Soon afterwards the Communist made it amply clear that a constant effort was to be made to root out every trace of thought and action in education that did not conform to strict proletarian socialism, Russian style. There have been numerous articles arguing whether there is any difference between the principles of the New Democracy and the socialist principles of education.[9] Apparently the final word on this question was pronounced by an article in People's Education, an official organ of the Ministry of Education since May 1 1951, which said: "The present stage is no longer the same as the New Democracy stage We have to not only establish a socialist system of thought for the educators and students (which was the central mission under the New Democracy principle), but to put into practice the principle of 'eliminating step by step the exploitation system and establishing a socialist society' as stipulated in the new Constitution."[10]

In short, the Communist basic policy of education has been to remove gradually all influences

9. See articles on this subject in Jen-min Chiao-yü [People's Education], Peking June 1953, April 1954, and June 1954 issues.

10. People's Education, October 1954, p. 13.

871 other than those stemming from socialism. In practice the Communists have attempted to train all levels of personnel required for a complete socialist remolding of China.

B. Changes in Curricula

876 Curricular "reform" was among the first sections undertaken by the Communists in the field of education. Even before their consolidation of power (at a time when a thorough renovation of the educational system was administratively impossible) the Communists instituted changes in the curricula wherever their troops had seized control. As early as September 1949, Communist authorities announced the "Temporary Regulations of Curricular Reform in the Departments of the Colleges of Arts and of Law in the Institutions of Higher Learning in North China." The principal features of this "reform" were (1) the substitution of Marxism and Leninism for the Three People's Principles, (2) abolishment of the course on traditional law and, before new laws were promulgated, the addition of studies on socialist theories of jurisprudence. This action was aimed at institutions of higher learning; reform of curricula for lower level schools was not much publicized.

The same subject was the central theme for the All-China Higher Education Conference of June 1-9, 1950. By that time the movement to reform curricula had reached its second stage. Out of this conference emerged the "Decisions Concerning the Enforcement of Curricula-reform

876 in the Institutions of Higher Learning." The main point of this directive was that, "Institutions of Higher Learing must... abolish the politically reactionary courses, install revolutionary political courses of New Democracy.... The curriculum of all departments must practise the principle of proper specialization...must install and strengthen necessary and important courses and omit those overlapping and unimportant courses and materials, in accordance with the principle of intensification and simplification."[11]

Following this conference, major changes in college curricula were carried out. Similar measures were also adopted for secondary and primary schools by modifying the courses and altering the subject-contents. In January 1951 the Communist Ministry of Education moved to check on the results of curricular "reform" by holding a "Conference on Inspection of Teaching Plans for the Academic Year 1950 of All Institutions of Higher Learning." Again, similar actions were taken for schools on the lower level. After September 1951, official efforts were mainly devoted to "thought reform" and the inspection of course material and teaching methods to insure that the reform measures were truly carried out in the Communist spirit. These efforts have not lessened in the past five years.

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11. Hsin-hua Yueh-pao [New China Monthly], Vol. 2, No. 5 September 1950, p. 1,134.

876 Besides changing the materials for courses on political and economic theory, the curricular "reform" also has the mission of dovetailing the schools on different levels and seeing that their doors are open to Party and other professional cadres who have not had the opportunity of a formal education.

One important development closely related to curricular "reform" is the thorough re-examination of all textual materials. The central authorities responsible for education, through their subordinate agencies on provincial and municipal levels, supervised the revision of all textbooks, particularly those in the field of the social sciences before releasing them to the schools. That the revised books are politically slanted is obvious but their technical quality cannot be judged without a detailed comparative study of many such books against the original versions and against similar books accepted as standard works in non-Communist countries.[12]

C. Changes in Organization

871 656 Before 1949, as the Communist Army assumed control of a city or a town, a military delegate was assigned to each school to supervise its administration. The changes the Communists brought to the schools at that time were imposed unsystematically and arbitrarily. Even after the establishment of the Peking regime, the measures designed to revise the education system and school organization remained haphazard. Following the outbreak of the Korean war in 1950, the main activity of the Communist Ministry of Edu-

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cation, as far as reorganization of the schools was concerned, appeared to be the seizure of private schools and other schools sponsored by religious groups and foreign missions.[13] The first systematic reorganization was occasioned by the issuance of a Government Administration Council directive "Decisions Concerning the Reform of the Educational System," on October 1, 1951. The People's Daily of Peking, central organ of the Communist Party, and People's Education both expounded the theory behind the organizational reform:[14] (1) the reorganization will ascertain the position of vocational schools, special training programs for cadres, and adult educational classes, in the regular school system; in other words, those cadres, soldiers, peasants and workers who have had no opportunity for formal education may attend special training schools and achieve the same standing as regular school graduates; (2) changing the six-year and two-level primary school system into a five-year and one-level system will enable children of poor peasants to receive a much more complete basic education; (3) the new system will place emphasis on technical education to serve the purpose of the "socialist reconstruction of China"; and (4) the kindergarten will have its definite place in the reorganized system.

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13. For more information on revision and publication of textbooks in Communist China, see the chapters on Public Information and Propaganda and Artistic and Intellectual Expressions. Also see Chu Po-ch'i, Chung-kung Ti Hsüeh-hsiao Chiao-yü [Formal Education in Communist China], Hong Kong Ya-chou ch'u-pan-she 1954, pp. 218-27.

14. People's Education, October 1951, pp. 5-6; Hsia Feng op. cit., pp. 2-3.

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Thus the reorganization was launched as the central task for education in China for 1952. By September 1952, it was reported, the major reorganization of schools was completed.[15] However the Communist Vice-Minister of Education Liu Shih, reported in January 1954 that "systematic reorganization of the schools was not completed until late 1953."[16] Liu, in reporting on the completion of the reorganization, possibly had in mind the decision of the Government Administrative Council in November 1953 to "restore the old six-year and two-level primary school system." According to Premier Chou En-lai, this last action was necessary because of "inadequate preparation" for the new five-year, one-level system."[17]

The main changes brought about in the reorganization were the regrouping of departments in large universities and specialization in the colleges. The purpose was to achieve a balanced distribution of educational facilities as prescribed in the program of national economic reconstruction.[18] The system of education can best be shown in the chart which follows:

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15. Kao Chien-hsing, Chung-kung Ti Nu-i Chiao-yü [Slave Education of the Chinese Communists] Hong Kong Tzu-yu ch'u-pan-she, 1953, p. 36; Walter Crosby Eells, Communism in Education, Washington, D. C., American Council on Education, 1954, p. 201.

16. People's Education, January 1954, p. 24.

17. Ibid., p. 8.

18. For detailed description of the reorganization, see People's Education, Jan. 1954, p. 65; Communist Education in the Past Five Years, Vol. II, pp. 14-15; Chung Shih, Higher Education in Communist China, Hong Kong, 1953, pp. 41-47.

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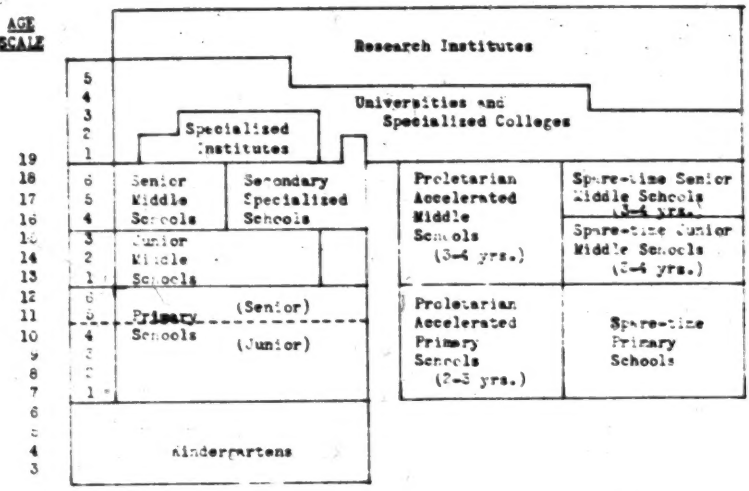
Chart 2. System of Education under the Chinese Communist Regime*



*Communist Education in the Past Five Years, pp. 8-9; Chi Tung-wei, Education for the Proletariat in Communist China, Hong Kong, Union Research Institute, 1954, p. 16. The Chinese term for "middle school" implies "secondary school."

(Chart 2 follows p. 317.)

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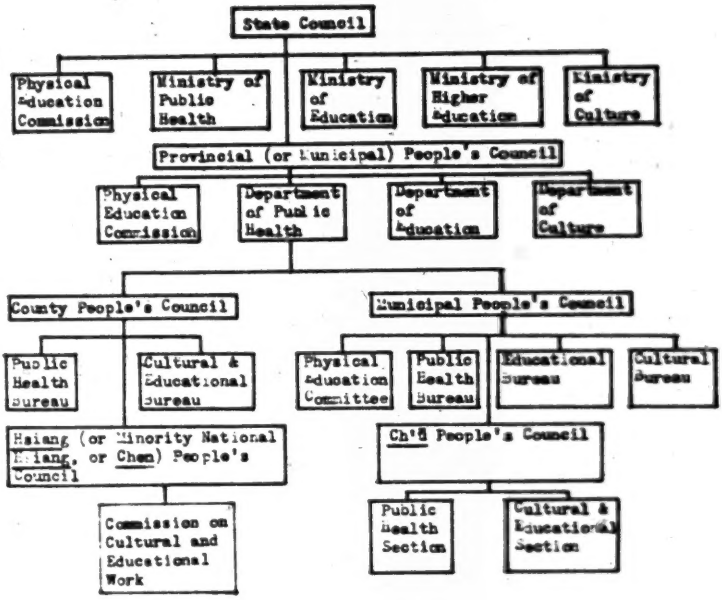
Chart 3. Communist Government Control of Education*/



*/ Communist Education in the Past Five Years, pp. 12-13. The term "Physical Education" used here can also be translated as "Physical Culture and Sports."

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(Chart 3 faces p. 318.)

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Following the reorganization of the school system, government control over the system was further defined by the promulgation of the 1954 Constitution. As shown in Chart 3, the formal chain of control is not much different from that of the Nationalist system. The following new features, of course, are to be noted: The two ministries of education function differently in that the Ministry of Higher Education is in charge of the education of higher and secondary levels of technical and administrative personnel to be used in the national reconstruction program. while the Ministry of Education is responsible for the administration of teacher's training s schools, regular middle (secondary) and primary schools and adult education schools.[19] Prior to the promulgation of the Constitution, education was under the jurisdiction of a Cultural and Educational Administration of the Government Administration Council. Now, under the State Council. culture and education are separated. The Ministry of Culture continues to supervise all "cultural activities" other than education, such as the press, publication, art, drama and so forth. That physical education is worthy of an independent commission under the Government Administration Council indicates the important position its occupies in the Communist program of youth training.

One significant development in the control of education by the Communist government is

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19. Communist Education in the Past Five Years, Vol I, p. 11.

871 the role played by the Party. Although the official chain of control as shown in Chart 3 seems to have no place for the Communist Party, Party branches on all levels are actually the authorities for interpretation of official policy and have the final decision on how a school should be run. Evidence shows that some schools report every important question to the local Party secretary before taking any action.[20] Close-range Party supervision, together with the assignment of well trained veteran cadres to key positions on the administrative staff of the school, serve to maintain the Communists' control over the educational system.

III. MAJOR MOVEMENTS LAUNCHED BY COMMUNISTS IN EDUCATION

A. "Thought Reform"

876 To effect an ideological revolution among the educators and students is an essential step in the Communist plan to Sovietize completely the educational system in China. Since 1949, every major measure adopted by the Peking regime in the cultural and educational fields involves, either implicitly or explicitly, an effort to remold the thought of the people concerned. However, an organized drive to change the way of thinking of the educators and students did not start until Premier Chou En-lai delivered his speech on September 29, 1951. He urged the educators to

20. People's Education, December 1954, p. 30.

876 abandon their attitude of "study for study's sake" or "art for art's sake" and to step down from their professorial pedestals to serve the masses. He exhorted the students to forget about personal profit and to identify their ambitions with the national interest.

This movement spread rapidly. Criticism and self-criticism were encouraged. "Petit bourgeois sentimentalism," "capitalistic romanticism," "feudalistic individualism" and a host of other "undesirable" attitudes were subject to relentless attack. During subsequent months the Communist press was crowded with signed confessions of past ideological errors. This is the mainstay of the Communist program to revamp education, but it is admittedly a most trying task, which required a long-range plan and sustained effort for its achievement.

Although practically every college professor in China has published his self-criticism (some of them have done so several times) and every student has been through at least one "thought struggle" the movement continues unabated. The Ministry of Education in announcing the tasks for 1954 again pointed out the need for continued vigilance against the "remnant of feudalistic thought."[21] The State Council in directing secondary schools to improve their courses stressed the importance of strengthening socialist thought.[22] The latest revival of this issue occurred when the philosophy and works of Hu Shih,

21. People's Education, March 1954, p. 22.
22. Ibid., July 1954, p. 16.

876 Yu P'ing-po, and Hu Feng became the subject of a purge.[23] (See chapter on Artistic and Intellectual Expression.)

B. Labor-education Movement

The labor-education movement is designed to inculcate a respect for labor in the minds of intellectuals and youth, and is not to be confused with "Reform-through-labor" discussed in the chapter on Forced Labor.

Beginning with the kindergarten, the Communists teach students to respect the "fruits of labor" to care for school property and to aid their parents by doing chores at home. Grade school children are taught manual work, partly as physical exercise and partly as a means to cultivate respect for labor. Older students are urged to prepare themselves for work on the farm or in the factory. Such a preparation, the Communists says, is the "most glorious" assignment which can be offered "new China's" youth. Students in advanced schools are reminded of their duty to accept government assignments regardless of the working conditions involved. The main purpose of the labor-education movement is to prepare students for work upon the completion of any level of education.

"Study is the only task worth undertaking, and all other professions are beneath it" is a classic

23. People's Education, May 1955, p. 5.

Chinese expression which upholds the high social status of the educated. This has become a target of Communist attack, and the fight to change the minds of the people is still surging.[24]

C. Physical Education Movement

Although a specific commission has been established to promote physical education (see Chart 3), the State Council and the two ministries of education have been seriously concerned with the health of the students. This concern originates from Mao Tse-tung's instructions to promote "good health, good study, and good work." As early as April 195, Tung Ch'un-ts'ai, Vice-Minister of Education, called the attention of the nation's educators to the importance of guarding the health of the students. Tung's delcaration was affirmed by other officials in responsible positions during subsequent years, but apparently the situation was not much improved. The students remained in financial straits while the pressure of intensified courses was increased. The Ministry of Higher Education, the Ministry of Health, and the Commission on Physical Education issued in July 1954 a joint directive reiterating an earlier announcement by the Government Administration Council on "Decisions on Improving the Health of Students in Schools at All Levels."[25] However,

24. See Communist official directives on "labor-education" ibid., June 1954, p. 7; May 1954, p. 7.

25. People's Education, August 1954. p. 65.

871 it is obvious that stress on physical exercise
744 alone cannot take the place of an adequate diet.

871 Other movements launched simultaneously with the above-mentioned drives have been revived from time to time. They are indicative of the ills plaguing the educational system under the Communists in China. Language reform,[26] important to primary education and in efforts to combat illiteracy, is associated with "thought reform." The program to establish winter schools, summer schools and other special training classes for peasants, workers and soldiers is actually a part of school reorganization. Some of the most important characteristics of these movements will be discussed.

IV. SCHOOLS ON DIFFERENT LEVELS

The Communist policy for education and the movements in education are nation-wide, and subject to only minor regional variations. However a survey of the schools in East China may reveal the extent to which the Communist policy has been carried out and the response of the people in this region.

872 A. Kindergartens and Primary Schools

The development of kindergartens in the East China Region has followed the basic policies

26. See the chapter on Language in this handbook.

872 laid down by the Communists. The program is tied in with child welfare promotion. Wherever needed, the government has tried to standardize the training of personnel for kindergartens. Although there is no information on the total number of kindergartens and their enrollment in this region, presumably development of education for young children in East China is more advanced than in Central-South or Southwest China because generally speaking, development of educational facilities in East China has received more attention.

The Communist policy has been to strengthen the "complete" primary schools in cities and important villages and to encourage the villagers in outlying districts to establish their own primary schools under local government supervision.[27] To consolidate Party control over these numerous primary schools scattered over wide areas, the Government Administration Council in Peking ordered the assignment of experienced political cadres to supervise the educational agencies in county governments. In addition, primary school principals and other administrators were indoctrinated.

According to Shu T'ung, Chairman of Cultural and Educational Commission for East China, the number of primary schools in the region had increased to 109,000 by November 1951, with a total enrollment of 9,440,000 students.[28]

27. Jen-min Shou-ts'e, 1955[People's Handbook, 1955], Tientsin, Ta-kung pao, 1955, pp. 575-7

28. Chieh-fang Jih-pao[Liberation Daily], Shanghai, November 28, 1951.

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872 In October 1952 the total enrollment had further increased to 12,000,000 which was about twice as large as that in 1949.[29]

The trained political cadres who were sent to rural areas to establish primary schools reported a shortage of supplies and a lack of financial support. At the same time, there were accounts of "the glorious success" of these Party-assigned schoolmasters who struggled to win the support of the villagers.[30]

The emphasis in primary school education in East China followed the national pattern to imbue the students with respect for labor and love for their country. In a history course, for example students were told that Confucius was not concerned with the "proletariat," that he offered advice to kings in order to perpetuate the feudalistic system.[31] A primary school teacher in Hsü-chou, Kiangsu Province, was criticized for neglecting "political education" when he reminded the students that by studying well they would be able to make money in the future.[32] Those schools which taught the students to enjoy manual work, to help their parents at home, and to prepare for farm or factory work upon graduation, were cited as model schools. It was reported in June 1955 that a large number of primary school graduates

29. Ibid. Oct. 1, 1952, p. 5.
30. People's Education, Dec. 1953, p. 18.
31. Ibid. Jan. 1952, p. 52.
32. Hsiao-hsüeh Chiao-shih [Primary School Teacher], Peking, August 1954, p. 7.

872 took jobs in agricultural production co-operatives as junior technicians and office assistants.[33]

B. Secondary Schools

873 In 1950 the secondary schools throughout Mainland China submitted to the initial stages of consolidation and reorganization in accordance with the Communist policy for education. As a result secondary school enrollment decreased in certain areas; in other areas, schools were barely able to stay in operation. The subsequent establishment of additional niddle schools brought the total number of registered students (including those of the secondary normal schools and "proletarian, accelerated" middle schools) to 3,628,264 by September 1954.[34] This figure was claimed to be double that of the enrollment in 1948.

In East China in 1950 there were 101 secondary schools in Shantung 372 in Kiangsu and 108 in northern Anhwei Province.[35] The emphasis in the development of secondary schools has been on technical training. By October 1952 secondary technical school students in East China numbered 51 900, or more than twice the number enrolled in 1949.[36]

The aim of secondary education, according to the Government Administration Council,

33. SCMP, No. 1072, Hong Kong Amer. Cons. Gen'l., August 1954, p. 7.
34. People's Education Oct. 1954, p. 34.
35. Cheng-fu Kung-tso Pao-kao Hui-pien1950 [Compendium of Gov't Reports, 1950], Peking, Jen-min ch'u-pan-she, 1951, pp. 631, 647 667, 687.
36. Liberation Daily Oct. 1, 1952 p. 5.

873 is to cultivate nationalism but not at the expense of "internationalism," to teach the students to love their country respect labor, and realize their duties and responsibilities to their country.[37] To carry out this official line. a system of indoctrination was inaugurated for secondary school principals and other administrators. The commissioners of education of each provincial government were responsible for the supervision of indoctrination. By October 1952, over 28,000 school personnel in East China had been indoctrinated.[38] According to Communist reports, this represented about 75 per cent of all the secondary school teachers and administrators in East China at that time.

Some important changes were made in the curricula for secondary schools. To the natural science courses was added a subject called "elementary Darwinianism." To the social sciences courses was added a study of the Common Program, later replaced by the study of the Constitution of 1954. During the past five years scheduled courses were occasionally suspended at the last minute because the official textbooks were not ready.[39] Many textbooks were revised several times to measure up to the official Party line as interpreted by Peking.

C. Institutions of Higher Learning

In principle, the control of institutions of

37. Chou En-lai, "Directive on Improvement and Expansion of Secondary Education," People's Handbook 1955, pp. 571-73.

38. Liberation Daily. Oct. 1, 1952, p. 5.

39. People's Education, August, 1954, pp. 63-64.

873 higher learning is centralized under the Ministry of Higher Education, except for the teacher's training program which falls under the Ministry of Education (See Chart 3). In practice, Government Administration Council has instructred the various central government ministries in charge of different industries to "supervise and co-ordinate" the programs for advanced technical schools. These central government ministries in turn can appoint local government personnel to take charge of the schools in order to maintain close supervision. In this connection, provincial governments were given the responsibility of providing the schools with political guidance.[40] With this system of control, the political conversion of the universities and colleges has been carried out with very little delay. The administrative reorganization of these institutions, however ran into more difficulties because each of the established universities was an academic entity with a definite personality of its own. An account of the universities in transition was presented by Fei Hsiao-t'ung, noted sociologist and senior professor at the Tsing Hua University, in his book, Revamping the Universities.[41]

Among the more acute difficulties experienced during the conversion and reorganization of unversities were:[42] (1) the "thought reform" of college professors who were subject to public criticism by their students and (2) the transfer of certain departments from one university to another, which disrupted the administration

40. "Decisions Concerning Revision of Relations of Leadership for Institutions of Higher Learning," announced by Gov't Adm. Council, Oct. 1, 1953. People's Handbook 1955, pp. 558-59.

41. [next page.]

873 of both institutions. A total of 60,300 persons, about 93 per cent of all the college professors and administrators in East China, had completed their thought reform" by October 1952.[43]

By April 1952, the major reorganizations of colleges had been completed. Chekiang University was renamed Chekiang Engineering College and also absorbed the mechanical engineering and civil engineering departments of Chih-chiang University. A separate college of engineering was created by combining the electrical and chemical engineering departments of Nanking University and the department of architecture of Chih-chiang University.[44] In

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41. Ta-hsüeh Ti Kai-tsao [Revamping the Universities], Shanghai, Shang-hai ch'u-pan-kung-ssu, 1950.

42. Accounts of thought reform for college professors are presented (possibly with some exaggeration) in such works as Ts'ui Shu-ch'in Ta-lu Hsüeh-jen Ti Pei-chü [Tragedy of Scholars on the Mainland], Taipei, Chung-yang wen-wu kung-ying she, 1953; and Kung-fei Ti Nu-i Wen-hua Yü Chiao-yü [The Slave Culture and Education of the Chinese Communists], Taipei, Sixth Section, Central Reform Committee, Nationalist Party, 1952.

43. Liberation Daily, October 1, 1952, p. 5.

44. Ibid., April 17, 1952, p. 1.

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(Table II faces p. 330.) (a)

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Table II. Institutions of Higher Learning in East China (1956)

NAME	LOCATION	NUMBER OF DEPARTMENTS	NUMBER OF SPECIAL COURSES	SPECIALIZATION
Fu-tan University	Shanghai	10	none	General
Nanking University	Nanking	12	2	General
Shantung University	Tsingtao	10	none	General
Amoy University	Amoy	8	none	General
University of Communications	Shanghai	4	3	Engineering, communications
Chekiang University	Hangchow	5	4	Engineering
Nanking Engineering College	Nanking	7	4	Engineering
Shantung Engineering College	Tsinan	2	2	Engineering
T'ung-chi University	Shanghai	2	2	Civil engineering
Hua-tung College of Aeronautics	Nanking	1	none	Aeronautical engineering
Hua-tung Hydraulic Engineering College	Nanking	1	2	Hydraulic engineering
Hua-tung Chemical Engineering College	Shanghai	1	none	Chemical engineering
Hua-tung Textile Engineering College	Shanghai	2	1	Textile machinery
Huai-nan Special School of mining	Huai-nan	2	none	Mining engineering
Tsingtao Engineering College	Tsingtao	2	1	Hydraulic engineering, machinery
Nanking Special School of Aeronautics	Nanking	none	1	Aeronautical engineering
Su-nan Special School of Engineering	Soochow	none	2	Mechanical, civil engineering
Nanking College of Agriculture	Nanking	7	none	Agriculture
Nanking College of Forestry	Nanking	3	none	Forestry
Chekiang College of Agriculture	Hangchow	4	1	Agriculture
Shantung College of Agriculture	Tsinan	6	none	Agriculture
Fukien College of Agriculture	Foochow	3	none	Agriculture
Anhwei College of Agriculture	Hofei	2	1	Agriculture
Su-pei College of Agriculture	Yang-chou	3	none	Agriculture
Shanghai College of Finance and Economics	Shanghai	6	none	Finance, economics
Hua-tung College of Political science and Law	Shanghai	1	none	Political Science, law
Shanghai Medical College (no.1)	Shanghai	2	none	Medicine
Shanghai Medical College (no.2)	Shanghai	2	none	Medicine

[Face p. 330 (a)]

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Table II (continued)

NAME	LOCATION	NUMBER OF DEPARTMENTS	NUMBER OF SPECIAL COURSES	SPECIALIZATION
Kiangsu Medical College	Chen-chiang	2	none	Medicine
Su-pei Medical College-	Nan-t'ung	1	none	Medicine
Chekiang Medical College	Hangchow	2	none	Medicine
Shantung Medical College	Tsinan	2	none	Medicine
Fukien Medical College	Foochow	1	none	Medicine
Anhwei Medical College	Hofei	1	none	Medicine
Hua-tung College of Pharmaceuticals	Nanking	1	none	Pharmaceuticals
Shanghai Special School of Russian	Shanghai	none	1	Russian
Central College of Music (East China Branch)	Shanghai	4	none	Music
Central College of Fine Arts (East China Branch)	Shanghai	2	none	Fine arts
Hua-tung Special School of Fine arts	Wu-hsi	5	none	Fine arts
Hua-tung College of Physical Education	Shanghai	1	none	Physical education
Hua-tung University for Teacher Training	Shanghai	11	none	General
Shantung Teachers' College	Tsinan	6	8	General
Chekiang Teachers' College	Hangchow	8	7	General
Fukien Teachers' College	Foochow	10	9	General
Kiangsu Teachers' College	Soochow	6	5	General
Anhwei Teachers' College	Wu-hu	5	8	General
Nanking Teachers(College	Nanking	9	1	General
Su-pei Special School for Teacher Training	Yang-chou	none	4	General
Shanghai Special School for Teacher Training	Shanghai	none	9	General

Jen-min Shou-ts'e, 1955 [People's Handbook, 1955], Tientsin, Ta-kung pao, 1955, pp. 564-7.

[Face p. 330 (b)]

873 1954, 49 universities and colleges were in operation in East China.[45] Among them were 29 advanced technical schools, 9 teachers' colleges, 7 colleges specializing in social sciences, physical education, or the arts, and 4 "comprehensive" universities. Many of these schools simultaneously conducted two- and three-year special courses. The establishment of short-term special courses is in accordance with the Communist policy of preparing sufficient technical personnel to meet the needs of the national reconstruction program.

Problems were created by the "planned distribution" of college graduates to places where they would be needed. Throughout their years in colleges the students were told that "to think of salary is mercenary and to dodge government assignment is political desertion."[46] From the beginning of 1950 to the end of 1952, the Central People's Government had assigned 74,000 graduates of institutions of higher learning to various parts of China and another 34,000 were to be assigned during 1953. It is not known how many students from East China have been thus assigned during the past five years. However, as recently as August 1955 the People's Daily of Peking reported the departure of 540 Nanking

45. People's Handbook 1955, pp. 564-67; (See Table II).

46. Kao-teng Hsueh-hsiao Pi-yeh-sheng Ti Kuang-yung Jen-wu [The Glorious Mission of College Graduates], Shanghai, Hua-tung jen-min ch'u-pan-she, 1953, pp. 12-13.

873 students for Sinkiang.[47] The report said that most of the students were middle school graduates and 33 per cent were girls. Obviously, the practice of assigning students to work where they are needed is still practised in East China.

D. The Teachers' Training Program

875 As shown in Chart 2, colleges and secondary schools for teacher training have equal standing with general schools on the same levels. In their curricula, the teachers' training schools stress certain aspects which are not emphasized in general educational institutions. The urgent need for trained teachers for schools on different levels was first announced in October 1950 by Ma. Hsü-lun, then Minister of Education. Ma told the first All-China Conference on Primary Education and Teachers' Training that, before 1957, according to the planned expansion of schools, China would need 1 000, 000 new teachers. Of these 200, 000 would be for "spare-time" schools for peasants and workers, 130, 000 for regular middle schools, 10, 000 for colleges, and the remainder for kindergartens.[48]

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47. Quoted in Union Research Service (a China Mainland press digest bulletin), No. 4, Hong Kong, Union Research Institute, September 27, 1955, p. 7.

48. The Slave Culture and Education of Chinese Communists, p. 23.

875 Measures adopted to expedite the training of teachers included the condensation of regular courses and the organization of special short-term courses for training primary school teachers. Many primary school teachers who had left the profession were induced to return. To improve their qualifications, these teachers were encouraged to use their spare time to take refresher courses espedally arranged for them. In 1953, there were 1,280 such refresher courses given throughout China. For teachers in outlying districts, correspondence courses were offered in addition to reference materials brought to them by mobile libraries. The Communists claim that 407 counties formed correspondence clubs among themselves, and exchanged teaching experiences, thus helping one another to improve teaching techniques.[49] Another measure adopted was the hiring of some high school graduates after a period of apprenticeship, to serve as teachers in the same schools.

In October 1952, the secondary teachers' training schools in East China registered a total of 72,900 students.[50] Although this was claimed to have more than doubled the number enrolled in 1949, the shortage of teachers still remained a serious problem. In 1954,

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49. People's Education, Jan. 1953, p. 23.
50. Liberation Daily. Oct. 1952, p. 5.

875 Tung Ch'un-ts'ai, Vice-Minister of Education, again warned that there would be a shortage of 100,000 secondary school teachers in the next five years.[51] Nine months later, a report from the Ministry of Education stated that, according to plan the expansion of the secondary schools in 1954 would call for about 28,000 additional teachers. Yet all the teachers' colleges in China would graduate no more than 9,600 teachers in 1954. It was estimated that of this number only about 7,600 teachers (new) would be available, since some of the graduates would be "asked" to remain on the staff of the teachers' colleges, which would have to be expanded at the same time.

Political training for future teachers is stressed in all the teachers' colleges. The curricula designed by the Ministry of Education specify that 33.8 per cent of the total credit hours for a teacher in training must be devoted to the "history of Communist revolution," Marxian and Leninist theories, psychology, the Communist theory of education, the study of Communist teaching methods, and physical education.[52]

E. Schools for Peasants, Workers, Cadres, and the Illiterate.

873 To give political and technical training to peasants, workers, and other "cadres" is one

51. People's Education, January, 1954, pp. 17-18.

52. Ibid., September 1954. pp. 9-10.

873 of the basic principles of the Communists' theory of education. A broad program for this purpose was outlined at the All-China Conference on Education for Peasants and Workers by Ch'ien Chün-jui, Vice-Minister of Education, on September 30, 1950.[53] He quoted Mao Tse-tung as saying that, because the peasants and workers constituted over 80 per cent of China's population, they were the main force upon which would depend the transition of Chinese society from the "New Democracy" to socialism. Ch'ien stressed the following points: (1) The most immediate task was to combat illiteracy. (2) The cadres among the peasants and workers must be the first to be educated so that they would provide proper leadership for the masses. (3) This type of education must be adapted to local conditions.

No line of demarcation can be clearly drawn between the educational institutions for peasants and workers and those for Party and government cadres. Altogether these schools form a part of the regular school system. As Ch'eng Fang-wu, former president of the College of the War of Resistance at Yenan reported in July 1952,[54] the development of this type of education under the Communists could be traced back to Mao Tse-tung's Peasant Movement Institute in Hunan in the early days of the Chinese Communist movement. Later, when the Communists

53. Ibid., May 1951, pp. 12-16.
54. Ibid., July 1952, p. 6.

873 established a stronghold in southern Kiangsi Province, cadre schools were established to train political and military personnel. These institutions were succeeded by the College of the War of Resistance and by the Northern Shensi Institute in Yenan in the 1930's and early 1940's. As the Communist Army occupied North China after World War II, the North China University and the North China People's Revolutionary University were established for cadre-training. After 1949, the Chinese People's University was established in Peking, with 30 per cent of its curricula devoted to political education and 70 per cent to the specific fields in which the students were specializing.

In 1950, a Communist survey asserted that about 765,000 workers and over 25,000,000 peasants were enrolled in night schools, "winter-schools," and other classes during their spare time.[55] In the same year in Kiangsu Province, about 500 such schools were in operation. In November 1951, about 440,000 workers were studying in spare-time schools in East China. These workers had the opportunity to advance to any one of the ten secondary schools in the region established exclusively for the "proletariat." In the winter of 1951, over 7,000,000

55. Ibid., January 1953, p. 16.

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873 peasants of East China attended winter schools.[56]

By October 1952, the Communists in East China claimed, the number of spare-time school students had increased to 786,000, tripling the number enrolled in 1950; and over 16,680,000 peasants were enrolled in winter schools. In December 1954, the winter schools in Shantung Province reported the registration of 2,850,000 peasants.[57] Women constituted a sizeable proportion of the student body in such schools. A report in March 1955 estimated that over 22 per cent of the spare-time students in Shanghai were women.[58]

Many of these spare-time classes were organized to eliminate illiteracy. Soldiers were encouraged to study during their off-duty hours. The much-publicized "accelerated course" invented by Ch'i Chien-hua, a cultural cadre attached to the army, to teach the Chinese written language, was first pronounced successful among soldiers.

In the proletarian" (peasants and workers) accelerated secondary schools (see Chart 2),

56. Liberation Daily, Nov. 28, 1951.
57. Ibid., Oct. 1, 1952, p. 5; SCMP, No. 994, p. 29.
58. SCMP, No. 1002, Mar. 8, 1955, pp. 1-6.

873 a formal curriculum was pursued. The courses taught were similar to those in regular secondary schools, except that emphasis was placed on technical subjects. Any subject which has no direct bearing on farm or factory work is simplified in order to shorten the time of study. In the classes conducted for the peasants and workers, political study consists of lectures and discussions using as topics whatever happens to coincide with the most recent official Party propaganda line. For political cadres, the study of Marxian and other Communist theories are required. The Central Commitee of the Communist Party periodically issues directives listing the works of Marx, Lenin, and Mao Tse-tung to be studied. Chiefs of local Party branches are charged with the responsibility of supervising these studies at weekly meetings.[59] In Shanghai, where there is a large concentration of workers, such political organizations as the National Democratic Youth Corps and the All-China Federation of Labor Unions joined in the political education programs.[60]

Once the students have graduated from beginning language classes, they are given the opportunity to advance to higher levels of learning. An attempt is made to raise the academic level of cadres among peasants and workers to that of graduates of regular schools. In a directive

59. A sample list of materials to be studied is found in People's Handbook 1955, pp. 535-36.

60. Survey of China Mainland Press, No. 999, pp. 20-21.

873 issued by the Communist Party on December 24 1953,[61] it was stated that those who pursued spare-time study at least six hours a week for forty weeks a year, covering the essential courses prescribed for the primary school level, were entitled to enroll in a junior secondary school. Three years of similar spare-time study covering junior secondary school courses would enable students to enroll in senior secondary school. Any person pursuing studies in his spare-time could complete his education by attending night colleges.

Another development in education for peasants and workers is reflected in the Communist claim that the percentage of students with a peasant- or worker-family background has risen sharply. By 1955, these figures were 21.94 per cent for primary schools.[62] In East China, several provincial governments reported in 1950 that a high percentage of primary school students were children of peasants and workers. In November 1951, over 80 per cent of East China's primary school students were said to have come from "proletarian" families.[63] Although the Communists claimed that these figures indicated an increase in education among the proletariat, they also admitted that the schools had not been paying sufficient attention to the children of the proletariat, who felt that they were discriminated against, and that the cost of education often

61. People's Handbook, 1955, p. 538.
62. Communist Education in the Past Five Years, p. 3.
63. Liberation Daily, Nov. 28, 1951.

873 hindered the furtherance of their education.

Official concern was expressed by the Communists over the lack of preparation on the part of some of the cadres enrolled in higher level cadre schools.[64] To remedy this situation, educational authorities are now trying to strengthen the spare-time classes by giving refresher courses to those students who are deficient.

V. SOME OBSERVATIONS

871 A. The Character of Communist Education

Two significant characteristics of the Communist educational system are the degree of specialization found in the school system and the centralization of control over the content of the subjects taught in these schools. The measures so far adopted by the Communists in reorganizing the schools with emphasis on the devlopment of technical institutions, are necessary in view of the urgency of economic reconstruction as outlined in the first Five-Year Plan. The centralization of control begins with the indoctrination of the teachers and rigid supervision of the publication of textbooks. Every teacher is told what to say and how to say it. To be sure the Communists have yet to achieve complete uniformity in education in conformity with the Party line, but all possible efforts are made to guard against deviation.

64. People's Education, Aug. 1953, pp. 31-32.

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B. Ideological Orientation and Its Effect on the People's Attitudes

The ideological orientation of the Communist educational system is seen in the basic policies and the major movements instituted in Chinese education during the past five years. Through "education" the Communist expect to teach the Chinese people to hate "American imperialism" and to respect the Soviet Union as "the leader in the revolutionary bloc of nations." The social sciences taught in schools are oriented on the basis of Russian socialism, "because China must learn from the Russian revolutionary experiences." In technical courses Russian techniques are singled out as "advanced experience." Hostility toward all non-Communist traditions and ideals is stressed. Any person, Chinese or foreign, who is not sympathetic toward Communism is assumed to be either an actual or potential enemy, and is to be treated as such.

There is a lack of subtlety in the Chinese Communists' attempt to reconcile their theory of patriotism with their pro-Russian propaganda line. When they directed the teachers to abandon the use of English except in foreign language classes, they defended their position by saying that Russian would be taught in certain schools in order to expedite the process of translating certain Russian works into Chinese, but that even this practice would be terminated as soon as the goal was attained.[65]

65. People's Education, Feb. 1952, p. 7.

876 Since learning a foreign language is no easy
191 matter, the substitution of Russian for English has been a controversial point and may remain an unresolved issue of the Communist ideological orientation in education.

C. Inadequacies in Communist Education

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Lack of teachers, as has been noted, will continue to hamper the development of education and the improvement of the standards of the school in East China. Lack of educational equipment can only be partially solved by improvisations. In this regard, East China appears to be better off than Central-South or Southwest China. The large-scale construction of school buildings has begun in Hangchow and Shanghai.[66] Lack of financial support for students will cause many to abandon their education, and it is doubtful if government subsidies are sufficient to help many students. Above all, the lack of well-trained administrators will be the greatest obstacle to the Communists' efforts to achieve progress in education.

Despite Communist efforts to run the schools according to a centralized plan, the lack of a clear-cut policy leads to the "piracy" of teachers and students. Government agencies in need of technical personnal often call away teachers or students without notifying school authorities. Although there is no recent information on this practice, the situation was serious enough in 1951 for the Government Ad-

66. Kuang-ming Jih-pao [Enlightenment Daily], Peking, November 26, 1954, p. 3.

871 ministration Council in Peking to issue an order banning such a practice.[67] The East China Press has reported unreasonable demands made upon the time of teachers and students by the government decree that they take part in extra-curricular activities. Each time the government decides to publicize a mass movement, teachers and students are required to help propagandize it. According to one report, one primary school in Hsüan-ch'eng (Anhwei Province) was turned into a "political propaganda team" which held no regular class throughout one fall season.[68]

Until adequate officially-approved textbooks become available, the Communists have to resort to the translating of Russian works in order to meet temporary needs. Since such translated works were not written with Chinese students in mind it is doubtful that they will help to improve the educational system of Communist China.

The government's effort to place college graduates wherever they are needed is undoubtedly required by the Communist plan for economic reconstruction. But even if the graduates are thoroughly indoctrinated in Communism, there is still no reassurance that dissatisfaction will

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67. People's Education, August 1951, p. 8.

68. A Liberation Daily report, quoted in The Slave Culture and Education of the Chinese Communists. p. 27.

871 not grow among those who have been denied free choice of jobs.

In summary, it should be noted that although the Communists have launched a thorough reorganization of the Chines educational system, their work is far from accomplished. The attitudes of so many people involved in the system of education cannot be quickly changed; hence the renewed effort on the part of the government to root out "bourgeois" and anti-Communist thought among teachers and students. The expediency of "accelerated schooling" apparently has had a detrimental effect upon the qualifications of the graduates. There is no information on the result of the training in East China schools, but reports on schools in other regions seem to indicate that students are less qualified than their predecessors in pre-Communist days; only those educated in larger cities such as Shanghai and Nanking are considered reasonably competent.

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Annex "A," Subparagraph lk,
Sociological Background

RELIGION

I. INTRODUCTION

771 Religious organization and activity in China has always been strictly limited by what the state felt to be desirable. Public and private morality were not based on any religion but on a combination of philosophic principles (Confucianism) and secular mores. (On this principle, Confucianism is treated in the chapters on Social Values and Patterns of Living.) Governmental authority judged whether a certain religion was conducive to morality and the welfare of the state and then allowed the religion and its adherents a carefully defined range and sphere of activity. Acting beyond that range was regarded as subversive of public welfare and morality, and the religion was curbed or suppressed. As a consequence, China has not had until very recently any "churches," that is, well-organized centrally disciplined organizations of believers capable of decisively influencing public morality or state policy.

With the slow collapse of the traditional order the effectiveness of government control of religion diminished. The Western powers, as they gained more and more rights and concessions from a weakening China, demanded and got "rights" of religious and missionary activity which no strong Chinese government would ever have granted. But the rise of nationalist sentiment brought with it hatred of

771 foreigners and of their religions -- hatred that exploded repeatedly in anti-foreign, anti-Christian riots.[1]

Meanwhile another trend was visible. Religious groups and a number of outstanding political leaders began to feel that China could not become a truly modern and western nation unless it was reformed from the moral base upward; religion accounted for the power and success of Western nations. Would not a religion-a religion based on Confucianism, a revitalized Buddhism, or even Christianity -- bring about that basic transformation that China clearly needed?

This view was rejected by two overlapping groups which had decisive power in state and society after 1925. The first were the intellectual leaders, increasingly committed to some form of materialistic philosophy -- a philosophy which held all religion to be parasitic, corrosive and "non-progressive."[2] The second group was the Kuomintang elite, many of whom derived their anti-religious views from the intellectual leadership. For others in the Kuomintang elite the older Confucian view of religions, reinforced by nationalist feeling, reasserted itself; consciously or unconsciously they reverted to the view that no strong self-respecting government should tolerate independent religious bodies that challenged the government's right to control all aspects of public and private life.

1. Tatsuro and Sumiko Yamamoto, "The Anti-Christian Movement in China" Far Eastern Quarterly, Feb. 1953, pp. 133-47.

2. [following page.]

771 Religions in the twentieth century were caught in this crossfire of negative sentiment and attack. To modernize and to become militant was to provoke state suppression, and the effort of religious leaders to stem the rising tide of intellectual materialism failed.[3] In the countryside the old folk religions - varieties of Buddhism and Taoism -- continued to wither away. Christianity made some advances, but it was always tainted by its foreignness, by the fact that its missionaries came with the backing of the Western powers which held China in thrall.

798 Communist policy towards religion is in many ways the culmination of the trends we have described. It reflects the triumph of materialist philosophy and the imposition of materialism as the intellectual orthodoxy. It is highly nationalistic and anti-foreign and thus insists that all organizations of a religious nature cease receiving support from abroad and assert their distinctive Chinese character. It carries forward through the most effective apparatus of control and coercion that China has seen, the confiscation of church property and the secularization of the clergy The Communist Constitution provides that "Citizens of the People's Republic of China have freedom of religious belief.[4] This means, in practice, that people of various religious persuasions

2. O. Brière, "Les courants philosophiques en Chine depuis 50 ans " Bulletin de l'université de l"Aurore, No. 40, 1947, pp. 561-654.

3. O. Brière op. cit., passim.

4. Article 88 Ch. III.

798 are allowed a limited and shrinking area of belief and action by an authoritarian government which reserves the fundamental right to control all education, communication, and public and private morality. On the grounds of anti-superstition, anti-imperialism and anti-feudalism, the government and Party move steadily with only occasional tactical retreats, towards the liquidation of religion in China.

Both pre-Communist trends and Communist policies should be kept in mind as we consider religion in the East China Region.

II. BUDDHISM

779 798 This oldest of imported religions shows, in its recent development, some of the trends just noted. Despite the efforts of the noted abbot T'ai-hsü (1889-1946), Buddhism never competed successfully for the allegiance of the intellectuals. The effort to transform it into a modern religion, by updating both its doctrine and its social program failed, although for a time it seemed to show signs of an increasing vitality. Under warlord and nationalist governments its personnel and establishments suffered severe attrition. Its establishments were taxed, its temples were converted to secular use by warlords, Kuomintang officials, and the local gentry. Much Buddhist property was confiscated, and tenants on Buddhist land refused to pay their rent. Monks and nuns were driven from their temples in the cities where up to 80 per cent of the Buddhist

779 798 eastablishments were converted into schools, barracks, and police stations.[5]

The Japanese attempt to use Buddhism as an ideology to bind together their puppet regimes in China and Southeast Asia generated widespread anti-Buddhist sentiment through Free and Occupied China.

779 The older clergy of monks and nuns was accused of being corrupt and parasitic by modern Buddhists, but efforts at sweeping fundamental reform failed; the motivation for becoming a member of such a clergy remained largely negative.[6]

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5. Cf., Wing-tsit Chan, Religious Trends in Modern China, New York, 1953, pp. 55-56. This summary is from Ta-hsing, "Fifteen Years of Religious Catastrophes in Retrospect," Hai-ch'ao-yin magazine, Vol. XVI, No. 1, Jan. 1935.

6. Chan, Religious Trends, pp. 81-82, citing Reichelt, Truth and Tradition in Chinese Buddhism, pp. 231-34, lists reasons given by Chinese nuns for entering holy orders. Unhappy marriages account for a great number, and 60 to 70 per cent made choice because no other solution presented itself. Other reasons for entering holy orders include: genuine, deep faith; presented to church by parents because of devotion, sickness, lack of support, or an astrologer's advice; sense of helplessness after husband's death; poverty, family troubles or other disappointments; influence of sisters, et al, who had become nuns; and servants seeking escape from the cruelty of their mistresses.

779 Thus gradual extinction of the Buddhist order seemed only a matter of time. But as late as 1930, the Buddhist clergy and establishments in the East China Region were numerous.[7]

Provinces and Major Cities	Buddhist Clergy	Temples, Monasteries, and Nunneries
Shantung	4, 730	2, 110
Kiangsu	171, 760	84, 549
Anhwei	29, 540	9, 280
Shanghai	6, 200	6, 160
Nanking	1, 340	850
Chekiang	107, 700	58, 912
Fukien	33, 360	12, 130

It is not possible to trace the decline from 1930 onward, but the pressures of war and invasio added to those noted above probably contributed to a sharp reduction of both clergy and establishments in this area. Communist measures have probably eliminated most of what remained. Buddhist establishments in China as a whole appear to have declined in number from 268, 494 in 1930[8] to about 130, 000 in 1947[9] to "less than 100" in 1954.[10]

7. Shen-pao Nien-chien [Shen-pao Yearbook], 1933, p. T2.

8. Ibid. Basis of figures is data collected by China Buddhist Association.

9. Communist Atrocities and Persecutions of Buddhism on the China Mainland, (a 4-page pamphlet), Buddhist Assoc. of China, Taiwan, 1954; hereinafter cited as Atrocities.

10. Ibid.

779 Estimates on the total number of clergy[11]
992 vary, but in 1931 they appear to have numbered 500,000 to 600,000. Recent refugees report that four out of every seven clerics have been forced to return to lay life.[12] By 1954 it was estimated that there were only 2,500 clergy remaining in the whole of China, "of which half are Chinese Communist Party agents."[13] Even allowing for exaggeration, it would appear that the Buddhist clergy as a group has been nearly eliminated and that its dwindling influence in society has reached the vanishing point.

779 While the traditional clergy was in decline, Buddhist laymen assisted by a few monks attempted the reinvigoration of the Chinese Buddhist community. The leadership of this movement was largely from the East China Region. Modern-minded Buddhists felt that a lesson could be learned from Protestantism in the West: that an entrenched clergy could not be the instrument of sweeping reform. Hence their efforts were concentrated on building lay organizations of various kinds: social welfare organizations such as the Red Swatika Society (modeled on the Red Cross), YMBA and YWBA patterened on the YMCA and YWCA, Buddhist schools and seminaries to train a modern clergy, and research centers for the re-evaluation of the Buddhist heritage. They attempted to reach out and join hands with Buddhists in other Asiatic countries, and good-will tours and conferences were organized. Buddhist writing

11. Chan, op. cit., pp. 80-81.
12. Chan op. cit., pp. 90-91.
13. Atrocities.

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779 and publishing were encouraged.[14]

The Chinese Buddhist Association, founded in 1914 to oppose the effort to make Confucianism a state religion, continued as the main organization of Chinese Buddhists. It claimed 4,620,000 members in 1947, but its organization was loose and weak; it included heterogeneous components: Buddhist philosophers, simple believers, reformist clergy and many of the old clergy, nationalists, internationalists, and Japan-oriented pan-Asians. The great abbot T'ai-hsü master monk-politician, tried to weld these elements into a strong, effective and enduring organization which could formulate an attractive long-range program and defend Buddhism against attack. But he ultimately failed and the Buddhists of China had not the means to defend themselves against Kuomintang pressure; when the Communists came, the Buddhists had a stronger adversary and neither the means nor the spirit to resist. Some residue of the modern Buddhist movement may be found in the East China Region, and the statistics of 1930 show the provinces of Kiangsu and Chekiang as the geographical center of that movement. The following is a breakdown, by provinces, of the number of Buddhist believers then claimed by the China Buddhist Association. The second column gives the number of modern type Buddhist organizations such as schools, translation and publication societies, missionary societies, etc.[15]

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14. Chan, op. cit., pp. 1-62, points out that 537 Buddhist works and 58 Buddhist periodicals were published in the years 1920-35 in all parts of China. Most of the periodicals were short-lived.

15. Shen-pao Yearbook, 1933, p. T2.

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Province	Lay Adherents	Modern Organizations
Shantung	5,730	5
Anhwei	105,300	22
Kiangsu	1,139,540	104
Chekiang	1,367,800	64
Fukien	96,870	21

779 668 Some Buddist schools and institutes as had survived have been taken over by the Communists. Buddhist periodicals have been stopped, publishing houses closed. Two Communist-sponsored Buddhist magazines have been published, one in Peking, one in Shanghai; they are devoted to reconciling Buddhism and Marxism.[16] A new Chinese Buddhist Association was formed in Peking in November 1952, with several leading Buddhist scholars among its leaders.[17] Unlike the earlier Buddhist Association, which was organized by Buddhists to reform and defend their faith, the new body is sponsored, organized and manipulated by the state and the Party. In China's relations with the Buddhist countries of Asia, it is used as a propaganda device to allay their fear that China is an enemy of Buddhism; it is also used to "soothe" and control Buddhist populations in Mongolia and Tibet.[18] Domestically

16. Atrocities. According to this report, circulation of Communist-sponsored Buddhist magazines is very limited.

17. According to Buddhism in China, Peking, Nationalities Publishing House, 1955, p. 2, the effective date of organization was June 1953, when [continued next page.]

779 the new association, like all others in Communist
668 China, will be used primarily for the indoctrination and control of its members. As early as May 1951, a central committeeman of the Party outlined the chief tasks for Chinese Buddhists: (1) participation in land reform, (2) opposition to counterrevolutionaries, (3) participation in the Resist-America-Aid-Korea Movement, and (4) recognition of the duty to construct a new religion in the new society.[19]

In the principal cities, especially those visited by delegations from Buddhist countries like Burma and Ceylon, a few temples are maintained for religious use. But the greatest number of temples have been converted for use by the state. One source, admittedly strongly biased, asserts that the number of Peking temples in religious use has fallen from 1,300 to 3, that in Nanking the number has decreased from 400 to 1, in Shanghai from 600 to 2, and in Hangchow from 300 to 1.[20] Certain Buddhist monuments of

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17. [continued] 93 persons representing "the monks, nuns, laymen and laywomen of different nationalities and Buddhist schools of various regions" were elected to serve as its board of directors.

18. The Dalai Lama, the Panchen Ngoerhtehni, the Chagan Kogen of Inner Mongolia, and the Venerable Hsü Yün have been chosen as honorary presidents of Buddhist Association. Cf., Buddhism in China, p. 20.

19. Richard Walker, China Under Communism, New Haven, 1955, pp. 188-89.

20. Atrocities.

779 668 historical and cultural importance are being restored and preserved.[21]

As we have pointed out, the clergy has been largely secularized. In Shanghai, as in other cities, monks have opened restaurants specializing in Buddhist dishes. Everywhere the clergy has converted temples into small factories in order to produce hand-made articles. Monks of the Fa-tsang temple in Shanghai now work on nearby farms. In Hangchow, some 1,800 monks and nuns have opened restaurants or are working in mills and on farms; they have established an association in order to co-ordinate their enterprises.[22]

There are occasional reports of Buddhist ceremonies, such as the celebration of the Buddha's birthday.[23] But the general impression is that Buddhism is dying out. The old may cling to their beliefs, but their influence on their children is now slight. Buddhist belief is a handicap to youth who must adopt Marxist orthodoxy in order to "succeed" under the present regime.

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21. Buddhism in China, introduction and plates.

22. Chan, op. cit., pp. 90-91. Based on testimony of refugees, 1950.

23. New China News Agency, Peking, May 29, 1955; Survey of China Mainland Press, 1058, p. 48; also photograph of the ceremony of "Bathing the Buddha" on May 20, 1953, in Buddhism in China.

779 668 The cadres in the countryside are attacking "superstition," and their ridicule of old Buddhist-linked observances is further undermining the faith. The clergy, never up to their task of serving a modern religious community, has turned to other pursuits. There is little in Buddhist doctrine to steel the believer to resist totalitarianism or the trend of the times. The willingness of some Buddhist leaders to openly embrace Communist doctrine has probably undermined what little will to resist there may have been.[24]

III. TAOISM

779 Some of the tendencies noted in the modern history of Chinese Buddhism are also to be found in Taoism. But the differences are many, and they spring from fundamental differences between the two religions.

It is convenient for our purposes to consider two levels of Taoism. One is Taoism as an organized religion; the other is Taoism as a folk religion at the village level.[25] The Taoist religion developed as a reaction to the challenge of the imported faith of Buddhism. It borrowed extensively from its alien rival; its scriptures, its clerical hierarchy and organization, its rituals, its heavens

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24. Outstanding example is Chü-tsan -- a modern-minded reformist monk with an excellent background in philosophy, religous and social work, the latter particularly in Hunan. He was one of two Buddhist delegates (out of 585) to the People's Political Consultative Conference. Chan, op. cit., p. 92, records Chü-tsan's willingness as of 1948 to support a Communist regime. Cf., Chü-tsan's article, "A Buddhist Monk's Life," in China Reconstructs, Jan.-Feb. 1954, pp. 42-44.

and hells were often scarcely disguised copies of those of Buddhism. Its decline over the last five-hundred years has been slow but steady; in recent years its decline has accelerated. Some aspects of this should be noted Intellectual vitality has long since disappeared, and there was little doctrine on which to base a modern revivelof the religion. The priesthood, divided between northern and southern sects, was largely locally recruited; there was no central control exercised by the hereditary "Heavenly Teachers" (T'ien-shih) of the two sects, and the monks gained the reputation of being idle and corrupt. If their way of life was hardly inspiring, their practical function no longer involved spiritual leadership but only astrological and magical performances for those of the population who might still believe in them.[26] The last "Heavenly Teacher" of the Southern School was driven from his headquarters in Kiangsi by the Communists in 1927; in 1949 he was again a refugee in Macao and had "decided that it was time for him to buy some books to read."[27] The last abbot of the headquarters of the Northern School, the Po-yün-kuan at Peking was burned alive by his fellow monks in 1947 when his corruption became too flagrant; the Nationalist government then confiscated the lands which had long supported

25. [from previous page.] The residue of philosophic Taoism is dealt with in chapter on Basic Attitudes in this handbook.

26. Chan, op. cit., pp. 146-52.

27. Ibid., p. 152.

779 the Po-ytin-kuan.

Religious Taoism has not had the inspiration or the leadership to develop modern doctrines and programs as Buddhism and Islam have done. There was an abortive effort at a national Taoist association in the years 1912-15,[28] but this was not accompanied by any rallying of believers, nor was it followed by the development of any social, educational, or medical program. Taoist temples have been steadily secularized, and the Communists will complete this process. The Communists themselves recognize that "Religious Taoism" is dead. In 1949, when bidding for the support of religious groups, they invited representatives of Buddhism, Protestantism, and Islam to the People's Political Consultative Conference but there was no representative of Taoism.[29]

Folk Taoism in the present study includes all of the local cults and practices that have, for millenia, been characteristic of the villages of China. Organized Taoism in many respects simply magnified and encompassed a wide variety of folk cults, giving this amalgam some of the trappings of an organized "religion." Folk Taoism, like organized Taoism, has been in a long slow decline. The gods of its pantheon have been increasingly neglected; the shrines and temples in the towns and villages have fallen into neglect.

28. Shina mondai jiten [Encyclopedia of China Problems,] Tokyo, 1942, pp. 416-17.

29. Chan, op. cit., p. 146.

30. Cf. Chan op. cit., p 145, for an excellent summary of their development.

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The arrival of modern school teachers, the appearance even occasionally, of effective modern doctors, have steadily undermined belief in the efficacy of magic, alchemy, and charms. The City God, tutelary deity of an urban center, is no longer enshrined and worshipped; in many villages the god of grain no longer has his altar.[30] One sample survey showed that in the early 1930's, 53 per cent of the folk shrines were no longer being used for their original purpose;[31] the decline in the last twenty-five years has been accelerated.

In the case of folk Taoism, the Communists have moved to bring to an end a complex of ancient practices that had long been dying out. Their method has been a campaign against superstition, a campaign carried out with all of the many devices of propaganda and pressure which are described elsewhere in this volume. It may be sufficient here to point out a few typical methods of attack on folk religion. In a rhymed indoctrination text for women we find exhortations to stay away from the local witch doctors, and, when ill, to consult a physician. And they are warned not to believe in prayer to images of some divinity, "for these are only of mud and lacquer."[32] On all levels of education and in the annual cycles of "campaigns" such as the Patriotic Hygiene Movement and the Resist-America Aid-Korea Movement, reference is made to the false and debilitating character of the old beliefs, which are held to be "feudal," "unscientific," "reactionary," etc. It is doubtful that the remnants of

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30. [See previous page.]

31. C. S. Braden, Modern Tendencies in World Religions, New York, 1933, p. 113, as cited in Chan, op. cit., p. 145.

32. Fu-nü-San-tzu Ching [The Three-Character Classic for Women], Shanghai, Hsin-hua, 1950, passim.

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779 folk religion -- in recent years the resort only of the aged and the ignorant -- will long survive the campaigns being waged against them.

575 Another Taoist-linked institution is the secret society. These organizations have traditionally drawn their rituals, liturgies, doctrines, and patron deities from religious and folk Taoism. They have had a variety of social and political functions: they provide, especially in times of disorder, a closely knit confraternity from which the member can draw help and security. They offer a focus of social and religious life particularly appealing to those who travel beyond the limits of their local kinship groups. Throughout the Ch'ing Dynasty (1644-1911), many secret societies had a strong political function as a focus of anti-dynastic and anti-official sentiment and activity; they made a notable contribution to the victory of the republicans in 1911. Yet Sun Yat-sen found them unmanageable political allies, and by 1930 Chiang Kai-shek -- despite whatever support he may have derived from them in his seizure of power in 1927 -- began to campaign against them.[33] This was interrupted by his campaigns against the Communists and his preparations to resist the Japanese.

The Communist regime obviously will not tolerate any such closed, self-supporting, potentially subversive groups, and a series of campaigns has been carried out against them. At the end of a major drive in 1953, P'eng Chen reported that "four million duped members had

33. Cf. B. Favre, Les sociétés secrètes en Chine, Paris, 1933, p. 177.

576 withdrawn from these reactionary sects and sociaties and that the battle was essentially won."[34] That his claims of victory were premature is suggested by a recent report of the dissolution of five secret society organizations in the vicinity of Kalgan. The report accused the societies of elaborate clandestine organizations, hidden headquarters, an elaborate hierarchy of leadership, and efforts to infiltrate Communist organizations.[35] (The societies' power of resistance are discussed in the chapter on Subversive Potentialities.)

Secret societies have been particularly numerous in North China, but those which have had important followings in East China might be mentioned here:

1. Hung-ch'iang hui. The Society of Red-spears, an offshot of Pai-lien-chiao the White Lotus Society. Once powerful in the north, since 1924 it has been active in Hupeh, Hunan, Szechwan, and -- in the East China Region -- in Kiangsu.[36]

2. Ta-tao hui. The Society of the Big Sword. another branch of the White Lotus Society. Founded in Shantung late in the last dynasty, it sought to protect its members from official oppression; it also was anti-Christian and destroyed a number of churches. Especially strong in southern Shantung where it is said to have had a million members.[37]

34. NCNA dispatch, Sept. 18, 1953, quoted in Walker, China Under Communism, p. 189.

35. NCNA, June 16, 1955; SCMP, 1078, June 28, 1955, pp. 27-28.

36. Chan, op. cit., pp. 158-59; Encyclopedia of China Problems, p. 480.

37. Chan, op. cit., pp. 158-59.

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575 3. Tsai-li hui. Principle Abiding Society. Its strength was in the north, mainly in the cities Strong in Shantung, often the object of government suppression. Social composition: mostly artisans and laborers, some farmers and merchants, a few intellectuals.[38]

4. San-ho, San-tien, T'ien-ti, or T'ien-li hui. The Triad Society, founded in Fukien in 1647, committed to opposition to Manchu rule. Spread to Kwangtung and Kwangsi and among overseas Chinese. Known in the United States as Chih-kung Tong. Took an active part in the revolution of Sun Yat-sen.[39]

5. Ko-lao hui. The Society of the Elders. It is somewhat more religious than other societies has a history of resistance to government. Founded in Fukien, has been particularly strong in Central, North, and West China. It is "the most extensive, well-organized, and influential of China's secret societies."[40]

6. I-kuan Tao. The Way of Pervading Unity. Founded soon after the 1911 Revolution, grew rapidly from 1928 on. It gained strength and extended its activities during World War II, especially in Japanese-occupied territory. It was ordered suppressed by the National Government, and its activities may have been somewhat reduced.[41]

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38. Chan, op. cit., pp. 156-57.
39. Chan, op. cit., pp. 159-60.
40. Ibid., pp. 160-61.
41. Ibid., pp. 166-67; Willem Grootaers, "Une société secrète moderne, I-koan Tao, bibliographie annotée," Folklore Studies, Vol. V, 1946, pp. 316-52.

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575 A Communist release on June 16, 1955, indicated that the I-kuan Tao was still a disciplined and resourceful organization, at least in the Kalgan region.[42]

IV. MOHAMMEDANISM

779 This religion was introduced into China, not by missionaries but by immigrants arriving overland from the west and northwest and by sea to Canton; they have since spread until there are some in every province, although the highest concentration is the northwest and southwest. Since their ancestors were immigrants, the Mohammedans have been treated by Chinese governments as both an ethnic minority and a religious group. (Hence, cf. the chapter on Ethnic Minorities.) Adherents have tended to live in separate communities, their mores and customs [illegible] by religious law rather than by the laws and customs of China. Not only did Islam prescribe for the believer a different way of life from that of the Chinese, it also had international connections and a tradition of militancy. These aspects of Mohammedanism made their communities in China the object of government distrust, and governments in modern times have alternated between policies of suppression and of appeasement.

779 The Chinese Mohammedan is set apart
563 from other Chinese by such special customs and observances as these: many greetings are exchanged in Arabic or Persian; believers wear

42. SCMP, 1078, June 28, 1955, pp. 27-28.

779 563 white headdresses resembling turbans; they abstain from alcohol and pork; marriage and funera rites are different from the Chinese, e.g., they do not use coffins in burial. Traditionally, they seldom engage in farming but rather in certain occupations which in some areas they virtually monopolize -- keeping inns and organizing caravans, butchering, leather working, metal-work, or managing shops which deal in curios and jewel ry. Because of oppression and a strong sense of religious community, they tend to live in special districts or streets. They have been more inclined towards athletics and military careers than the Chinese.[43]

779 794 The Moslem sector of a city or the Moslem village community centers on its mosque presided over by its Imam, usually elected from among senior leaders; the Imam and the elders invite an Ahung who preaches, settles disputes, interprets Islamic law, and presides at ceremonies.[44] The Ahung is usually versed in Arabic, although until very recently few had any direct contact with major centers of Islam in the Near East.

779 In the East China Region, Mohammedan communities are found in all provinces. But the major centers, now recognized by the Communists as "Autonomous Areas," lie in the Southwest, the Northwest, and in Central Asia. The

43. Chan, op. cit., p. 6; Encyclopedia of China Problems, pp. 421-22.

44. Chan, op. cit., p. 189; Encyclopedia of China Problems.

following table[45] of believers and religious establishments (probably mosques) gives some indication of their distribution throughout the region, as of 1938. However, the source of these figures gives the total number of Moslems in China as more than 48,000,000, a figure that some scholars think is far too high.[46]

Province	Mosques	Adherents
Shantung	2,513	2,890,530
Anhwei	1,505	2,288,580
Kiangsu	1,302	1,963,170
Chekiang	239	357,300
Fukien	257	471,750

Islam in modern times has manifested some of the tendencies which Buddhism showed under the impact of various modernizing forces. One of these was the tendency for lay readers to rise in influence over the Ahung. Another was the foundation of a Chinese Islamic Association in 1912 to represent the interests of all Chinese Moslems, to work for social reform, and to foster closer relations between Moslems and

45. Chung-kuo Nien-chien [Chinese Yearbook], 1948, pp. 126-27.

46. Cf. the admirable summary of statistical argument in Chan, op. cit., pp. 187-88, note 12, cites the leading Chinese Mohammedan scholar Pai Shou-i's estimate of between 30 and 40 million Moslems in China. The picture publication Chinese Moslems, Peking, the Foreign Languages Press, 1955, gives the figure 10 million.

779 non-Moslems. It claimed 3,000 branches by 1923. Its successors participated in the resistance against Japan, sponsored students abroad and the importation of modern scholars of the Koran from other countries, and developed young men's associations and medical services.[47] The total effect of this activity was to foster a trend to liberality and modernity. It served also to identify the Chinese Moslems with the national aspirations of other Chinese.

As the Chinese Moslems came out of isolation and into contact with the rest of Islam and with modern culture generally, there was a considerable difference of view as to the perpetuation of Islam in China. Visits to Mecca in the 1780's had impressed some Chinese Moslems with how far, in their long isolation, they had diverged from orthodox practices. This experience led to the foundation of the New Sect, which stressed return to pure and orthodox Islamic practices. They were resisted by the Old Sect, which favored holding to the customary way developed in China through the centuries. A new New Sect (Tsan-hsin chiao) was founded by Ma Fu-ch'u (1794-1874), and this sect, emphasizing religious ethics, the spirit rather than the letter of scripture, and modernism in dress, has recently been strong along the coast of China and has spread to modern cultural centers.[48]

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47. Cf. Chan, op. cit., pp. 190-91.
48. Chan, op. cit., pp. 192-94.

779 Chinese Mohammedans in the course of the modernist movement, accepted the Chinese translation of the Koran, hitherto only in the sacred language of Arabic, and opened schools which taught general as well as religious subjects And they began, like modernists of other faiths, to emphasize the compatability between the Koran and modern science.[49] They published modern periodicals, of which there were nine in 1947; circulation, however, was small. In 1936 the first Chinese Moslem to be so honored received a degree from El Ashar University, the great center of Islamic learning in Cairo. By 1950 the Chinese Islamic Association had set up or co-ordinated two-hundred primary schools and twenty high schools; the Islamic Theological College at the Chungking mosque was opened in 1945. All of these institutions, however, were handicapped by the poverty of the Chinese Moslem community and by suspicion of Chinese learning born of religious conservatism.[50]

779 668 What have been Chinese Communist policies toward the problem of Chinese Islam, a problem that involves some areas where they are a major segment of the population and other areas -- such as the East China Region -- where they represent a cohesive, slowly modernizing religious community? (The policies adopted toward major centers of Moslem population, are dealt with in the chapter on Ethnic Minorities.) Communist religious

49. Chan, op. cit., p. 198.
50. Chan, op. cit., pp. 198-205.

779 668 policies toward Mohammedanism have something in common with Communist policies toward other religions. The standard pattern of organization has been established by the Peking government: An All-China Islamic Association which, it should be emphasized, differs from former organizations in being an instrument of control over Chinese Mohammedans operated by a hierarchy ideologically acceptable to the Communists. A Peking propaganda booklet issued in 1955 states that, "The work of education is really tackled seriously now, and the number of primary and secondary school pupils is now double the figure before liberation."[51] This may sound like "progress," but what it undoubtedly means is that the children of Chinese Moslems are increasingly being given the prescribed Communist education.

The cadre is the basic instrument for the Communization of Chinese Islam. Offering the education and prestige inducements of Party work has apparently successfully recruited cadres from among young Chinese Moslems. "In the government organs there have been many Moslem cadres. Some of them have taken up the leadership jobs. In the areas where the Moslems have

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51. Chinese Moslems. A NCNA dispatch dated June 9, 1955, states that Moslem students in Shanghai have increased from 290 in 1949 to 3,000. Government subsidies (and control) might account for this. SCMP, 1068, June 14, 1955, p. 35.

779 668 been comparatively concentrated, the government has paid attention to foster the basic-level Moslem cadres."[52]

The policy of Communization is well reflected in a speech by Ma Sung-t'ing, Vice Chairman of the Chinese Moslem Cultural Association, on the occasion of the "Second Enlarged Conference" in June 1955. This conference, he said,

> "...will study how to help the government to carry out the ideological education in patriotism, national unity, and Socialist transformation among the Moslems, so as to further strengthen and consolidate national unity and continue to develop and raise the Moslem political, economic and cultural levels in jointly carrying out the construction of the fatherland."[53]

The Chinese Communists' policy towards the Moslems has been affected by two factors which do not influence their policies towards other religions: (1) the Russian pattern of handling integrated minority groups through various types of "culturally autonomous" organizations; (2) Chinese ambitions in Islamic areas of Asia which foster tactical tolerance towards the Islamic minority in China. Thus the glamorized picture publication Chinese Moslems has texts in English, Chinese, Arabic, and Indonesian, and its introduction ends with the greeting "Salaam to all

52. SCMP, 1068, June 14, 1955, p. 35.

53. NCNA dispatch, SCMP, 1067, June 11-13, 1955, p. 24.

54. Chinese Moslems, introduction. [See next page.]

779 peace-loving Moslems."[54] Selections from the
668 works of Mao Tse-tung have been translated into Arabic for the indoctrination of the Ahungs who do not know Chinese; probably these translations will be used in Indonesia and other countries where Arabic is a lingua-franca. Mosques in "show" cities such as Canton, Shanghai, and Peking have been renovated and serve to demonstrate to Moslem visitors the "reality" of Communist China's promise of religious freedom.

We have little reliable information on the Islamic communities of East China today. But some trends should be noted. The education of Islamic youth, although special Moslem schools have been set up by the government, will be in the pattern ordained by the government, and the youth will tend in time to become more Communist than Moslem.[55] Secondly, the break-up of the closely knit communities in East China will probably proceed apace. The Communist government boasts of the increasing number of Moslem youth now classified as "workers";[56] this means integration of the youth into new state-ordained patterns of activity in factories and workers organizations; it means that they will slowly be alienated from their parents' values as well as from their parents' occupational roles. Thirdly, as Moslems increasingly share in government and social activities, there will be less inclination on their part towards a defensive

55. A NCNA dispatch of June 9, 1955 states that there are five primary and one middle school for Moslems in Shanghai and that 90 per cent of the students [illegible]

56. NCNA, Peking, June 10, 1955; SCMP 1067, p. 23.

779 668 separatism; it is claimed, for example, that 72 Moslems have been deputies to Shanghai municipal and ch'ü congresses, and token participation tends to bring them into new orbits of activity.[57] Among the 29,000 Moslems in Shanghai, measures have allegedly been taken to provide for their special religious dietary needs,[58] and there are references to special food shipments for Ramadan. Such measures would tend to reduce INITIAL suspicion and resistance among the Moslems and, in the long run, to make integration easier. The Moslems of East China do not have the relative safety in numbers possessed by the large regional communities in the Southwest and the Northwest. The processes of Communization, secularization, and integration will probably advance rapidly in East China. The measures we have noted plus the activity of the Moslem cadre backed by the full force and apparatus of Communist government, will do more to reduce the age-old separatism and resistance of Islam than the measures of earlier Chinese governments.

V. CATHOLICISM

799 The older of the two Christian faiths in China has had 350 years of missionary and organizational experience. It is, in China as elsewhere, resourceful, flexible, and highly disciplined. In modern China, Catholicism has repeatedly come under nationalistic attack because

57. Ibid.
58. Ibid.

997 of its foreign support and its allegiance to Rome. The church has countered these attacks in a variety of ways: it has encouraged the Sinicization of Church symbols, e.g., the Virgin is portrayed as a Chinese woman in Chinese dress; it has given its foreign missionaries a more thorough grounding in Chinese language and culture, so that the best of them, wearing Chinese scholars' gowns as habits and speaking excellent Chinese, can make their way successfully in any stratum of Chinese society. The most striking response to nationalistic attacks has been the increasing use of Chinese priests throughout the hierarchy. This is part of world-wide policies in an age of rising nationalism. The following figures indicate the dimensions of the change since 1900:[59]

	Chinese Catholics	Foreign Priests	Native Priests
1900	700,000	1,375	471
1948	3,275,000	3,015	2,676

This process of replacing foreign clergy with Chinese clergy has made greatest progress in the older Catholic areas, particularly in North China. There are 144 dioceses or apostolic prefectures, and 29 of these, in the major cultural

59. Jean Mosterlee, S.J., Les Martyrs de Chine parlent: L'Empire du Mao Tse-tung contre l'Eglise du Christ, Paris, 1953, p. 32; hereinafter cited as Monsterleet.

and commercial centers, are administered by Chinese prelates.[60] The elevation of a Chinese priest to the College of Cardinals in 1946 was a striking symbol of the Church's intention to advance the process of Sinicization.

Catholic cultural and educational activities have played an important role in the advance of the Church. Schools, colleges, and universities have, on the one hand, made it possible for the youth of Chinese Catholic families to have a complete modern education under Church auspices and control; on the other, the colleges and universities have given the clergy a chance to win over non-Catholic youth enrolled as students. Catholic scientific and cultural research, such as that carried on at the famous Zikawei Observatory near Shanghai, make it clear that the Church and modern science are not in direct opposition to one another.

The situation in 1945-46 was encouraging to Chinese and foreign Catholics. The clergy was being rapidly Sinicized, charitable work was going forward. Catholic educational institutions were full. Native and foreign clergy had gained approval for their work in the war of resistance against Japan. At the same time there were developments which, especially in the light of later events, promised trouble to the Church. The exchange of envoys between the Vatican and the Nationalist Government took place in 1946; Bishop Paul Yu-pin was widely believed to have strong influence with Generalissimo Chiang; these and other signs of

60. Ibid.

61. Cf. Raymonde de Jaegher and I. Corbally Kuhn, Tempête sur la Chine, Paris, 1953. [Next page.]

797 identification of the Church with the Nationalist Government boded ill for the Church when the government declined in power. As the Communist
798 power increased, the persecution of the Church begun in Communist areas in 1937, was a grim warning of what might be in store for Chinese Catholicism as a whole.[61] Catholic Action, the association of enthusiastic laymen for the advancement of the Faith, had been growing in all parts of the country from 1928 onward; there were two-hundred groups and thirty youth groups as early as 1930.[62] In 1948 the Papal Nuncio ordered the formation of the Legion of Mary, a more militant, zealous, and disciplined organization of Catholic laymen, which in many areas absorbed the Catholic Action groups. The new organization was set up by an American priest and it had the Chinese name of Sheng-mu ch'n, Army, or Legion, of Mary. Many experienced Catholic missionaries were doubtful if any strong Chinese government would tolerate this type of militant organization. The group has proved of major propaganda value to the Communists and an object of their most ruthless measures of suppression.[63]

Communist policies and propaganda have made the most of all the vulnerabilities of the Chinese Catholic Church. Its foreign "imperialist" and Kuomintang connections were played up, and

62. Monsterleet, p. 148.

63. Cf. Hsü, Hsin Chung-kuo ti tsung-chiao ko-hsin yün-tung [The Movement for Religious Reformation in New China], Shanghai, 1951, pp. 9-13. Hereafter cited as Hsü.

798 nationalistic feelings against it were aroused. Its role as property owner -- "foreign capitalist-imperialist oppression" -- was dramatized during the land reform period, and local ignorance and hatred turned against it.[64] Old and long discredited accusations were made against Catholic charitable organizations: the Sacred Heart Home for Children in Nanking was labeled a "little Buchenwald" and the sisters were accused of torturing, neglecting, and selling Chinese children.[65] The war in Korea provided the occasion for an increasing number of accusations of espionage against the Catholic clergy.

Communist government measures have been many, but the main steps resemble those taken against other religious groups. The 1950 campaign for "triple independence" or "triple autonomy" involved freeom from foreign administration, financing, and evangelistic policy control. This was given emotional significance by the warfare in Korea and by the Communists' well-managed propaganda campaigns against imperialism and espionage.[66]

In 1951 the campaign against the Church was accelerated. All Catholic schools and universities and many hospitals and churchs were confiscated.

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64. Cf. the dramatic eyewitness account of F. Legrand, Le Communisme arrive au village Chinois, Peking, 1947. This observation was made before the nationwide land reform campaign.

65. Cf. Walker, China Under Communism, p. 190. Such accusations recall the stories circulated by the gentry which touched off the Tientsin massacre of Chinese Catholics and foreigners in 1870.

66. Monsterleet, pp. 25-29.

798 Priests were "tried" and imprisoned and the Papal Nuncio was expelled from China.[67]

The next step in the campaign against Catholicism resembled the policy followed in Russia and in the East European satellites. This was the foundation by the Communists of a "national church" whose guiding spirits were a small minority of disaffected clergy and laymen. This group was constituted as the "Committee of the Reform Church." It was not subject to episcopal or pontifical directives. The group was to decide what was to be taught, who could say mass or give the sacraments; and it advocated "progressive," i.e., orthodox Communist teaching. Under its sponsorship certain "model parishes" were set up with "progressive" priests in charge. Apparently this organization has had only limited success. The Jesuit writer Jean Monsterleet estimates that only 2 per cent of the clergy went over to the "reformed church"; nearly all openly proclaimed their faith; some died as martyrs.[68]

From October 1952 on there was less persecution of Catholics, although between January 1951 and November 1953 the number of missionaries[69] was reduced through expulsion from 3,222 to 364.

797 By far the highest concentration of Catholic clergy in the East China Region has been in Shangh Shanghai, like Peking, had over 200 priests; the entire province[70] of Fukien had only 177. The following table indicates the distribution of Catholic centers in East China.[71]

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67. Ibid., p. 28 68. Monsterleet, p. 29. It should be emphasized that these figures are given by a Catholic author. 69, 70, 71. [See next page

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Province	Metropolitan Bishopric	Suffragan Diocese	Number of Catholics, 1939
Shantung	Tsinan	Chou-ts'un	268, 831
		Tzu-yang	
		Yentai (Chefoo)	
		Yang-ku	
		Lin-i	
		Ho-tse	
Anhwei	Anking	Pang-pu	113, 828
		Wu-hu	
Kiangsu	Nanking	Hsü-chou	272, 623
		Hai-men	
		Shanghai	
Chekiang	Hangchow	Ningpo	103, 190
		Lin-hai (T'ai-chou)	
Fukien	Foochow	Hsia-p'u (Fu-ning)	86,730
		Amoy	

798 Since Shanghai is both a major religious center and the principal center of Catholic education in East China, it may be useful to consider the impact of Communist policies on it. The

69. Mission Bulletin, April 1952, p. 323, and Jan. 1954, p. 56; cited in Walker, op. cit., p. 189.

70. Monsterleet, p. 33.

71. Monsterleet, pp. 16-17. The Catholic population figures are quoted from the Annuaire des Missions Catholiques de Chine 1939, Shanghai, 1939.

798 general course of those policies has been outlined above. The Catholic community numbered almost 50,000. The Communist campaign for the "three autonomies," launched at the end of 1950, met with strong Catholic resistance; this centered in the Central Catholic Bureau in Shanghai founded by Monsignor Riberi, the Papal Nuncio. The bureau, despite grim reprisals against its Chinese staff, circulated the Church's statement of policy against the "three autonomies" and the proposed "reformed church" separated from Rome.[72] Accusations and the "confessions" of renegade Catholics filled the popular press. In September 1951, all Catholic primary schools in Shanghai (and in the rest of the country, 4,000 in all) were closed, and the University of Aurora, seminaries, and hospitals were taken over by the state. The state then expelled the Papal Nuncio, arrested the priests of the Catholic Bureau, and took harsh sanctions against the Shanghai membership of the Legion of Mary.[73] Reports indicate, however, that the number who left the Church was few. Father Bede Chang, a noted Catholic leader, was tortured to death when he resisted pressure to head a "reformed church." But the requiem mass in his honor on November 13, 1951, was attended by more than 3,000 persons from all parts of Shanghai.[74]

In Shanghai, as elsewhere, there was a respite from persecution from the autumn of 1952 onward. Churches were well attended, and although

72. Monsterleet, pp. 16-17.
73. Monsterleet, pp. 28, 113.
74. New York Times, Dec. 11, 1955, p. 32.

798 missionaries and native priests were continually harrassed, they went on with their work. A group of British residents who left Shanghai in November 1955 testified that "Church attendance...has remained large, and Roman Catholic churches, in particular are said to be jammed at all masses."[75] But the following month the Bishop of Shanghai and his "principal accomplices" were arrested and charged with "plotting a counterrevolutionary uprising." It seemed likely that another wave of persecution was rising in Shanghai and elsewhere.[76]

The Church in China obviously faces further trials. The fundamental question is how can the church resist a totalitarian state and gain converts when conversion brings political and social sanctions against them? Father Greene, who witnessed the persecution in Kwangsi, sounds a sombre note of warning. He is speaking of the cadres:

> "It was impossible for me, as I watched these well-trained youths perform their inhuman tasks, to minimize the seriousness of their convictions and the thoroughness of their methods. These convictions were deeply impressed on their minds.... The new ideas and strange thoughts are unconditionally accepted by the young, and accepted with a fanaticism which fears neither suffering, hardship nor death. I saw shy youths changed into courageous

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75. New York Times, Dec. 11, 1955, p. 32.

76. New York Times, Dec. 11, 1955, U.P. dispatch, dateline London, Dec. 10; China News Analysis, Hong Kong, 105, p. 1. No details of action taken outside of Shanghai are given.

798 apostles; I saw the ambitious and selfish give up their goals and possessions; I saw some of my Christian youths break the bonds of family and friendship for this Cause." [77]

The basic question is whether the harassed and persecuted Church can find the means to give its own youth these qualities. If it cannot, its future throughout China will be dark indeed.

VI. PROTESTANTISM

797 In many respects the Protestant missionaries and their converts set the pattern for the modernizing movements which took place in Buddhis and Islam. Protestant religious work in the twentieth century came to be accompanied by widespread diverse, and large-scale social service, medical, and educational activities. The Protestant missionaries helped to awaken the social conscience of the Chinese, and the missions were major centers for the dissemination of general knowledge about the West. Sun Yat-sen was a devout Christian, and Christian thought left its mark on much of his work. As pioneers in medical education, in many fields of technical education, in women's education, and in many other spheres, the Protestants made striking contributions to the dissolution of the traditional order in China. But it was beyond their

77. Robert W. Greene, Calvary in China, New York, 1953, pp. 76-77.

powers to replace that order with a Christian democratic society. And they failed also to forge an effective instrument to work for that end: a disciplined, independent, vigorous body of Chinese Protestants.

Protestant missions began in the ports of the China coast that were gradually opened up after China's successive defeats by the Western powers. The rights of residence, travel, and property ownership for both Catholic and Protestant churches were exacted in the successive treaties which China was forced to sign. This background of, as it were, forced entry into China has handicapped Christianity in China in two important respects: as the tide of nationalistic sentiment rose, anti-Christian movements invariably accompanied anti-foreign and nationalistic manifestations. Secondly, the decades of foreign protection and foreign support prevented the Christian churches -- the Protestant perhaps more than the Catholic -- from developing their own means of self-support and their own mechanisms of survival in times of political upheaval.

Protestantism has suffered from its own sectarianism. A rational division of Christian effort was usually impossible when Baptists, Methodists, Episcopalians, and innumerable small sects were at odds with one another and brought diverse and conflicting interpretations of Christianity to the Chinese.[78]

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78. There were 66 different Protestant missionary societies in China in 1906. By 1919 there were 130 different societies, groups, and other missionary organizations. Cf. Pr. Damboriena,

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777 Naturally the antagonism between Catholic and Protestant mission workers -- their tendency to depreciate one another when dealing with the Chinese -- further weakened the whole effort. Martin Yang describes the antagonisms that developed in the Shantung countryside between Catholic and Protestant Chinese; this added to the tension that already existed between the mass of the villagers and the converts to both forms of Christianity.[79] Yang, himself a Christian, has this to say of the motivations of conversion in the village he studied: "The first converts were members of the Ch'en and Yang families and included a Ch'en scholar and his second brother. They were all ambitious men, and their primary purpose in conversion was to get positions as country preachers, and then to establish a church-subsidized village school, to use foreign influence through the church to deal with their opponents, and to sell food to the missionaries."[80] Chinese governments, imperial and

"Les missions Protestantes en China," Bulletin de l'Université l"Aurore. Ser. III, Vol. 8, No. 1, Shanghai, 1947, p. 18; hereinafter cited as Damoriena; Creighton Lacy, "The Missionary Exodus from China," Pacific Affairs, Vol. 28, No. 4, Dec. 1955, observes: "Far more disruptive in almost every mission area has been the swarm of small, independent sects -- pentecostal, holiness, fundamentalist -- most of them divisive. Not only do they assert their unwillingness to co-operate with other Christian groups, but they seek most of their converts from the established churches."

79. Martin Yang, A Chinese Village, New York. 1945 pp. 158-64.

80. Ibid., p. 159.

797 nationalist, found the Christians troublesome, and, in the twenties and thirties, there were serious efforts to curb them. One of the effects of government sanctions, combined with the relatively poor results after ninety years of effort, was to reduce the enthusiasm for China missions among Christians abroad. This was reflected in the decreased flow of funds, notably from the United States. From nearly $6,000,000 in 1928, Protestant contributions fell to a little over $3,500,000 in 1933 and did not greatly exceed $4,000,000 in 1935 and 1936.[81] This handicapped nearly all fields of missionary endeavor.

Another arena in which the Protestants tried for influence was the great polemical struggle of the 1920's and 1930's over the nature and future of Chinese civilization. In this prolonged and important controversy, the Protestants found themselves handicapped by the divisions among themselves, notably that between modernists and fundamentalists, and also by the rising tide of nationalism. In the end the Protestants shared with idealistic Chinese and Western philosophers the failure to stem the rising tide of materialism in thought.

The Sino-Japanese War and the war in the Pacific disrupted missionary efforts in north and central China. At the war's end, the Protestant missionaries returned and set about the rehabilitation of church establishments. Apparently progress was made, but there were disquieting aspects.

81. Damboriena, p. 83.

797 The interdenominational unions which the Japanese had imposed during their occupation broke apart and sectarian rivalries sprang up again.

"The measure of self support achieved in wartime necessity collapsed before the inflowing torrent of foreign funds. Leadership which had demonstrated both courage and competence through years of crisis politely yielded to colleagues returning from the West."[82]

American financial support also drew upon the Protestants an increasing barrage of Communist and left-wing criticism as the Nationalist Government -- receiving American support -- became increasingly discredited. Protestants, because of their preponderant emphasis on the social gospel (serving God through service to society) and their less formidable unity and discipline, suffered less in Communist-occupied areas than d the Catholics. Yet the more clear-headed of the Protestants could not but dread the rise of Communist power.

798 The timetable of Communist moves against Protestants and their organizations follows approximately that for the Catholics noted above. The "national church," the "three autonomies," the

82. Lacy, op. cit., p. 306.

confiscation of church property, church schools, and hospitals were accompanied by a steady expulsion of the missionaries. The following figures show the decrease in Protestant missionary personnel between 1935 and 1949 and the almost total elimination of missionaries since that time.[83] In 1935, there were 5,816 Protestant missionaries in China; in 1949, about 3,000; in April 1952, only 100.

It is not possible to document the proportion of Chinese Protestants who have made their peace with the Communist regime, but "modernism," the social gospel, sectarianism, and the lack of such punitive sanctions as excommunication all tend to make the Protestants less resistant to Communist force and persuasion than the Catholics. The "three autonomies" -- in support, government and propagation -- has been a stated goal of Chinese Protestantism since 1851, and the Chinese Protestant community has generally accepted this, when stated by the Communists, as a praiseworthy end.[84] A leading Chinese Protestant layman -- under what degree of pressure we do not know -- found a number of ways to come to terms with Communism: (1) as far back as the founding of Judaism, men's highest hope has been the establishment of a solidly united, ideal society; the Communists promise such a society; (2) sectarianism has created dissension, but the Chinese have a genius for compromise; therefore there is an opportunity to promote (under the Communist government) "a grand union of the churches"; (3) Christianity is a religion of world revolution, but it has been fettered and frustrated by feudal

83. The first figure is from Handbook of the Christian Movement, reproduced in Damboriena, p. 82. Other figures are from Walker op. cit. p. 19.

84. Lacy, op. cit., pp. 307-08.

797 and reactionary institutions. The age of Marxism
668 Leninism, therefore, is favorable to the realization of "Christian ideals."[85] Chinese Protestants are barraged by such statements, which even go so far as to assert that Jesus was a "patriotic anti-imperialist" in defending his country against the Romans.[86] How successfully Chinese Protestants are resisting this type of persuasion and the manifold pressures and blandishments of the Communist regime is unknown. Again, as in the case of the Catholics, loss of Protestant youth to the Communist "religion" would mean that the future in China will be dark indeed.

797 The East China Region has had the following distribution of Protestants. The first column gives the percentage of total population which was Protestant in 1938, the second, the gross number of Protestants in 1924.[87]

Province	1938 (per cent)	1924 (gross)
Shantung	12.2	41,821
Anhwei	1.5	5,070
Kiangsu	8.3	29,783
Chekiang	7.3	27,902
Fukien	11.3	38,584

85. Ts'ai Yung-ch'un, "Progressive Road for Christianity in the New China," Hsin Kuan-ch'a [New Observation], Vol. I, No. 8, Oct. 10, 1950; Current Background, 40, Dec. 15, 1950, p. 3.

86. Hsü, op. cit., p. 41.

87. Ku T'ing-ch'ang's percentage figures published in the Collectanea Commissionis Synodalis, XI, 1938, pp. 272, 281. Tables reproduced in Damboriena, pp. 90-91. These percentages are

797 The tendency for Protestantism to have its greatest stength in the accessible coastal provinces has persisted until today. In terms of social composition, the Protestant community has been estimated as 75 per cent rural and 25 per cent urban, with farmers prodominating followed by petty merchants and workers.[88]

Shanghai has long been a principal center for Christian religious and educational work, the headquarters for most missionary organizations. Although church property has been confiscated and missionaries expelled, there is evidence that Shanghai Protestant leaders have not suffered in the way that Catholic leaders have. They have apparently led their churches in a policy of accomodation to the new regime. An account by a Chinese Protestant -- and it is impossible to check its accuracy -- states that there are 140 Protestant churches in Shanghai holding services every Sunday, and we know from British evacuees that churches are well attended there.[89] The same Chinese Protestant describes the renovation or building of churches, nine in Hangchow, one at least in rural Kiangsu. He stresses particularly the assumption

[Continued from previous page.]

87. -- doubtful because, if correct, they would indicate a far larger number of Protestants than the Protestant Church has ever claimed. The 1924 figures are from China Yearbook, 1924.

88. Percentage estimates by the Dean of the University of Nanking as of the early 1930's. Damboriena, p. 30.

89. Wu Yao-tsung "Freedom of Religious Belief in Prosperous Strong Fatherland," Hong Kong, Wen Wei Pao, Oct. 1 1955; SCMP, 1159, October 28, 1955, p. 41; New York Times, Dec. 11, 1955. p. 32.

797 by Chinese Protestant sects of their own missionary functions -- one of the "three autonomies." He further states that nearly 200 students have been enrolled in divinity schools in both Nanking and Peking.[90]

The future of Protestantism is uncertain. The key to its survival is whether, within the strict limits imposed by the new Communist-Nationalist orthodoxy, a Christian church can win over a significant number of the youth. Christianity is continually castigated in education and in the press as backward, superstitious, and unscientific. The rewards of place and prestige go to those Chinese most fervent in their acceptance of the Communist orthodoxy. It is doubtful if a significant number of youth will act to cut themselves off from these rewards by embracing an alien religion.

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90. Wu, op. cit., p. 41.

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Annex "A," Subparagraph 1p,
Sociological Bac' ground

HEALTH AND SANITATION

I. BACKGROUND

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Organized public health work as part of the task of the government in China may be traced back to 1902, when the Peiyang Sanitary Department was established. Because of plagues in 1911 and 1917, organizations for the prevention of epidemics also came into being. After 1927, under the Nationalist Government, there was a Ministry of Health, later reorganized into the National Health Administration. Among the six departments of the National Health Administration, one was the Department of Health Organization and Services, which promoted local health work, local sanitary projects, and local training of health personnel, and another was the Department of Epidemic Prevention, which was charged with the prevention and control of epidemic and endemic diseases, anti-epidemic services, and the manufacture of biological products.[1]

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1. China Handbook, 1937-1945, compiled by China Ministry of Information, Macmillan, 1949, p. 490.

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744 Normal development of health measures was greatly disrupted by the long and destructive war of resistance against Japan (1937-45) and the internal conflicts which followed. This was especially true in East China, where large areas were either under Japanese occupation or controlled for long periods by the successive puppet regimes. Because of the long war against Japan much of the Nationalist Government' effort in unoccupied areas was devoted to the Army Medical Service, which was affiliated with the Ministry of Military Affairs from the beginning of 1938.[2]

In May 1946, after World War II, the Nationalist Government officially returned to Nanking. Amid the manifold attempts at rehabilitation and reconstruction, the restoration and reorganization of health work was begun. Some statistics for East China are available for the years 1946-47, but it is clear that little could have been accomplished within so short a time. In 1947 there were in the five eastern provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien, including the municipalities of Shanghai, Nanking, and Tsingtao, 143 government health organizations at the provincial level, with a total of 6,832 medical and health personnel,

2. The China Year Book, 1938-39 Issue, Shanghai, Commercial Press, 1939, p. 652.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 and 388 more government health organizations at
744 the county level.[3] As to preventive medical care, in 1946 in East China 1,652 people received vaccination against smallpox, 3,116,677 received inoculation against typhoid, and 484,086 received inoculation with a vaccine to combat both cholera and typhoid.[4] These statistics are incomplete and cannot provide a satisfactory picture of health conditions in East China before 1949. However, they offer a background for an understanding of the efforts of the Nationalist Government in this field. (It should be noted for purposes of comparison that the total population in East China in 1948 was 133,139,777.)

II. COMMUNIST OFFICIAL REPORTS

The initial task in health work for the Communists in East China, as in the other regions, was to restore the originally existing public health agencies and to put them back into operation, and, then, to reorganize and mold them to Communist needs and principles.

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3. Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking, Bureau of Statistics, 1948, pp. 341, 342, 344.
4. Ibid., p. 347.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 Adhering to the directives of the Central People's
744 Government in Peking, the regional government of East China concentrated its energy on preventive work in its public health program.

On July 15, 1950, Shu T'ung, chairman of the Department of Cultural and Educational Affairs of the East China Military and Political Committee, made a progress report,[5] stating that current emphasis was on prevention and epidemic control in famine areas. In the spring of 1950, epidemic prevention corps were sent out to various flood areas. In northern Anhwei alone, according to the chairman, as many as 120,000 people were treated by the corps. In addition, epidemic prevention centers were established in Fukien, Chekiang, Southern Kiangsu, and Shantung. It was reported that large numbers of people were cured of bubonic plague in Fukien and of kala-azar in Shantung. In 1950 the Health Bureau of East China was said to have manufactured 15,000,000 units of vaccine against typhoid and cholera and 18,000,000 units of vaccine against smallpox. Also scheduled to be produced in 1950 were 110,000 cc. of diptheria anti-toxin, 75,000,000 cc. of anti-whooping-cough serums, and 200,000 units of B.C.G. vaccine against tuberculosis. The report announced that in Shanghai from January to June 1950, 4,281,811

5. Cheng-fu Kung-tso Pao-kao Hui-pien 1950 [Compendium of Government Reports 1950], Peking, Jen-min ch'u-pan she, 1951, pp. 563-64.

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657 vaccinations and inoculations for the prevention
744 of epidemics were administered. The same report stated that in the two municipalities of Shanghai and Nanking, an estimated 50 per cent of the population would be inoculated within the year.

About sixteen months later, on November 19, 1951, Shu T'ung submitted another report to the fourth session of the East China Military and Political Committee.[6] He reported first on the progress of preventive operations and then on the development of public health agencies in East China. In the whole region, he said, there were 80 preventive service units with more than 3,000 medical and health personnel attached to them. During 1951, 38,600,000 people in East China were said to have been vaccinated against smallpox and 13,670,000 people were reported to have been given inoculations against various other contagious diseases. According to the report, cholera, typhoid, dysentery, and bubonic plague were under control in the East China Region, and, even in the famine areas and the Hwai River construction projects, recurrent fever, typhoid, and smallpox had been checked. Shu also emphasized the danger of epidemics of schistosomiasis and kala-azar; he revealed no specific information about either infectious disease but stated that valuable experience had been gained.

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6. "Report on Culture and Education" by Shu T'ung, Current Background, No. 160, American Consulate General, Hong Kong, February 20, 1952, pp. 15-18.

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657 As to the development of public health
744 agencies, Shu T'ung reported that 382 county health centers serving 95 per cent of the county areas of East China had been established, and 660 ch'ü clinics had been set up in 17 per cent of the ch'ü areas of the region. (For purposes of comparison, it should be stated that the population for East China in 1953 was 162,685,262. In industrial cities such as Wu-hsi, Shanghai, and Hsü-chou in Kiangsu Province, Tsinan, Tsingtao, and the Tzu-po mining district in Shantung Province, and Hangchow in Chekiang Province, sanatoriums, health stations, and health teams were provided for the workers. According to the report, labor insurance became compulsory in 1,042 industrial units, and 1,400,000 workers and their families were covered by these benefits.

III. WOMEN AND CHILDREN

744 One of the most significant early documents of the Chinese Communist regime was the Common Program. In the Common Program, the health of women and children is given special attention in Article 48, which states, "...attention shall be paid to the protection of the health of mothers, infants, and children."[7] The Constitution, adopted on September 20, 1954, provides for

7. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Languages Press, 1949, p. 18.

1:Stanford U. S-4, 5 1956 AF15 East China
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744 the physical and mental development of the young people and the rights of women in articles 94 and 96.[8] Thus in speeches and reports on health matters in Communist China, the promotion of the well-being of women and children [844] is almost always given special attention. The training of midwives, the re-education of midwives, the establishment of maternity stations and health centers for women and children, and the prevention of various children's diseases, have been particularly stressed in the East China Region as well as on a nationwide basis.

In November 1951, according to a Communist report, there were in the five province of East China 226 hospitals, health stations, and medical centers devoted to care for the health of women and children. There were also 1,152 creches for the care of children of working [844] mothers. In the field of obstetrics the report revealed that 7,614 midwives were trained and 6,249 additional midwives were retrained in modern scientific methods.[9]

Early in 1955, at the Women's Representative Conference in the municipality of Shanghai, information on the health program for the women and children in Shanghai was given in some

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8. Constitution of the People's Republic of China, Peking, Foreign Languages Press, 1954, pp. 98-99.

9. Shu T'ung, "Report on Culture and Education," Current Background, No. 160, Hong Kong, American Consulate General, Feb. 20, 1952, pp. 15-18.

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744 detail.[10] "According to statistics... 175,223 female workers in factories employing 100 hands or more have enjoyed labor protection. In the last few years [each of] 125,531 workers had 46 days of maternity leave. Workshop hygiene rooms for female workers have been set up in 36 state owned textile mills. Many women at various posts obtained free medical attention and maternity leave with pay. Furthermore, according to statistics for the first half of 1954, there were throughout the city, six hospitals for women and infants, 31 health centers, and 21 health stations for women and children, and 66 joint women-children health stations.... Nursery enterprises have been greatly developed owing to the attention and concern of the Party and the government. In the whole city, there are now altogether 209 nurseries in factories, 120 nurseries and breast-feeding rooms, 119 workshop and Li lung [street] nursery stations, 355 permanent nurseries for the farming season in suburban areas, and 21 private nurseries...."

On the subject of this report from Shanghai, it may not be irrelevant to remark that in Communist China, as in the Soviet Union, women are expected to perform a great many kinds of manual labor, and only healthy women can be good laborers.

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10. Survey of China Mainland Press, Hong Kong, American Consulate General, No. 1002, p. 1-6. March 8, 1955.

IV. SCHISTOSOMIASIS AND KALA-AZAR

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164 Schistosomiasis is a fecal-borne disease caused by a parasitic flatworm, schistosoma japonicum, more commonly called the Asiatic blood fluke. Schistosoma japonicum is a microscopic organism which infests two hosts during its life-cycle. Emerging in feces from a human or other mammal host, the eggs hatch rapidly in fresh water, producing an embryo which seeks its secondary host, a type of fresh-water snail. The parasite rapidly penetrates the softer parts of the snail and encysts within its shell. When the cyst-wall ruptures, the cercaria emerges. It can exist for about two days, but will perish afterward if it has not found a host. The life cycle of schistosoma japonicum continues outside the host's body; but the blood fluke stays within the intestines, causing a debilitating disease known as schistosomiasis. The primary symptom is an irritation at the point where the cercaria bores into the skin; but this is a minor rash and unlikely to cause serious concern. The incubation period, about one month, is attended by further minor discomforts; rash, headaches, low fever, nausea, vague internal pains, and diarrhea. When the intestinal worms mature, the symptoms are intensified: itching, fever, fatigue abdominal discomfort, and enlargement of the liver. Dysentery is heavy and exhausting. During the acute stage, exercise aggravates the symptoms of the disease. Once this period of three or four months is over, schistosomiasis, like

944 syphilis, appears to vanish, although it actually
164 enters upon a chronic stage which resists treatment. The symptoms do no reappear for months or years, but they are serious when they do: loss of weight, great enlargement of the spleen, anemia, swelling of the ankles, cirrhosis of the liver, dysentery, and dropsy. The disease is often fatal, though sometimes under another guise, as when the lesions cause intestinal cancer or when pneumonia attacks the weakened victim.[11]

Nine provinces in East and Central-South China are subject to this disease because of the climate favorable to its conditions, and its close association with rice-culture.[12] But it is most serious in East China, particularly along the middle and lower parts of the Yangtze River and along the Ch'ien-t'ang River in Chekiang.[13] Although human beings are the chief victims of this disease, domestic animals sometimes are affected. One report made in 1951 states that in 100 counties (which amounts to one-fourth of the total number of counties in East China) of the four provinces of Kiangsu, Chekiang, Fukien, and Anhwei, there were 10,000,000 people

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11. Frank A. Kierman Jr., The Fluke that Saved Formosa, Cambridge, (M.I.T.), 1954, pp. 6-7.

12. J. C. Scott, Health and Agriculture in China, London, 1952, p. 41.

13. Chi h-fang Jih-pao [Liberation Daily], Shanghai, April, 7, 1950, p. 5.

744 suffering from schistosomiasis. In one village
164 in southern Kiangsu, 97 per cent of the total population were victims of schisotosomiasis.[14] The disease spreads very rapidly among the farming population, causing a high death rate and hampering agricultural production. The report also reveals that in 1949, among 41,589 members of the "Liberation Army" stationed in the suburbs of Shanghai, 13,284 men contracted this disease.[15] For this reason, schistosomiasis has a high priority in medical prevention work in the health program of East China. In 1952, students and faculty members of the medical schools in Shanghai and Hangchow were mobilized during their summer vacation to treat sufferers in rural areas.[16] According to a regional progress report covering a period of two years prior to November 1951, there were more than 10,000,000 people suffering from schistosomiasis in East China, of which only 14,000 were cured.[17] In a recent issue of the medical journal of the China Medical Society, a Communist organization, it is reported that 17 specialized preventive agencies, 61 health stations, and 132 medical units, with a working force amounting to 3,000 have been established to combat schistosomiasis in East

14. Ibid., January 6, 1952, p. 3.
15. Ibid., March 6, 1952, p. 3.
16. Ibid., March 6, 1952, p. 3.
17. Current Background, Ibid.

744 China. According to the same source, 55,355
164 people were cured in 1953, and much research on the menacing disease is said to be in progress on the China Mainland.[18]

While the four southern provinces of East China suffer from schistosomiasis, Shantung in the north is exposed to a different communicable disease, kala-azar, more commonly called black fever. Kala-azar is a severe, commonly fatal infectious disease caused by a parasitic protozoan and characterized by fever, progressive emaciation enlargement of the spleen, and anemia. While schistosomiasis spreads along the Yangtze River, kala-azar is found along the Yellow River and along the route of the Lung-Hai Railway. In a 1950 report on Shantung Province, 700,000 cases of kala-azar were recorded.[19] In October 1951, Li Teh-ch'üan, Minister of Health of the Peking regime and widow of General Feng Yü-hsiang, made a report on epidemic prevention work. Eight medical centers specializing in the prevention and cure of kala-azar had been established, she said, and measures to exterminate the carriers of the disease (particularly

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18. "Chung-kuo Tsai Fang-chih Hsüeh-hsi-ch'ung-ping Wan-t'i Shang So K'ai-chan Ti I-hsieh Yen-chiu Kung-tso" ["Some Research Work on Prevention of Schistosomiasis in China"], Chung-hua I-hsüeh Tsa-chih [Chinese Medical Journal], Peking, July 1955, pp. 610-14.

19. Compendium of Government Reports, p. 632.

744 a mosquito known as pai-ling) had been adopted.[20]
164 A progress report given in November 1951 revealed that in 1950-51, 300,000 people were suffering from kala-azar in Shantung, of which 60,000 were cured.[21] Recent Communist reports indicate that many experimental research projects for the control of kala-azar had been established. In East China, the same source reveals, 220,000 sufferers were cured in the period 1950-54, 3,259 rural doctors were mobilized to receive special training, and 1,058 prevention units were organized.[22]

V. THE PATRIOTIC HEALTH DRIVE

744 In order to integrate health work with the mass propaganda drive against the so-called bacteriological warfare of the United States, the Chinese Communists launched the Patriotic Health Drive in 1952. It was animated by the fighting in Korea and became a part of the Resist-America-Aid-Korea Movement. It proved so economical to the government and so successful that it was established as an annual health drive. The purpose of the movement is, in short, to solicit and obtain free labor in the

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20. Liberation Daily, Shanghai, January 6, 1952, p. 3.

21. Current Background, Ibid.

22. "Hsin Chung-kuo Hei-je-ping Fang-chih Chi Yen-chiu Kung-tso Ti Chu-yao Ch'eng chiu" [Some Principal Achievements in the Research and Work on the Prevention of Kala-azar in New China"], Chung-hua I-hsüeh Tsa-chih [Chinese Medical Journal], Peking, July 1955, pp. 606-09.

744 name of patriotism for the cleaning up of cities and rural areas and for the general improvement of environmental hygiene.

In East China, as in all the other regions, the Patriotic Health Drive was launched with much zeal and fanfare. Not only were medical workers mobilized, but also teachers and students, as were members of organizations and factory employees. The main tasks which the people were called upon to perform can be classified into three general categories: (1) the extermination of harmful carriers of diseases, such as rats, mosquitoes, flies, fleas, lice, and bed bugs; (2) the improvement of environmental hygiene -- the dredging of stagnant ponds, the disinfecting of drinking water, and the improvement of sewage systems and public comfort stations; and (3) the betterment of sanitary conditions in public places, such as barber shops, restaurants, and the stands of food vendors.

The Communists report that by the middle of 1952, in a period of about three months, some 9,295,000 people in Shantung took part in clean-up projects, and in four municipalities and one special district in that province 241,600 tons of refuse were removed.[23] In Yang-chou, it was said that refuse left since the T'ai-p'ing

23. Liberation Daily, June 20, 1952, p. 3.

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744 regime (1851-65) was finally removed.[24] A house to house inspection of cleanliness in Wenchou, Chekiang, showed that 92 per cent of the households inspected were classified as clean or partially clean and that only 8 per cent were found to be unclean.[25] In Ningpo, Chekiang, the result of a similar inspection of 35,000 households gave 66 per cent as clean, 26 per cent as partially clean, and only 8 per cent as unclean.[26] Nanking and Tsingtao were both judged to be model cities by Communist standards.[27] It was reported that Nanking had almost completely rid itself of bedbugs. One village in the Nanking suburbs was awarded the title of "First Class Model Unit." This village was instrumental in initiating a patriotic winter health drive early in 1953 and led in the movement to destroy fly and mosquito larvae.[28]

Shanghai, where Communist authorities imitated public health measures practiced in the International Settlement, had more regulations for health control. Restuarants, vendors of cold foods and drink, and drug stores were required to have business permits. In the promotion of the new Marriage Law, the Shanghai Municipal Government also began to require pre-marital

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24. Ibid., Feb. 4, 1953, p. 3.
25. Ibid., June 20, 1952, p. 1.
26. Loc. cit.
27. Ibid., Feb. 4, 1953, p. 3.
28. Jen-min Jih-pao [People's Daily], Peking, Feb. 5, 1953, p. 3.

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744 medical examinations along with marriage registration.[29] On August 25, 1952, the Municipal Government of Shanghai published a set of regulations governing the raising of pigs in Shanghai. The regulations stipulated that within the city limits of Shanghai, the keeping of pigs were absolutely prohibited; in the suburbs, it was allowed only under particular circumstances; even in the rural areas it was possible only if certain conditions were met.[30]

Early in 1953, when the Communist government called for the revival of the Patriotic Health Drive, the head of the Bureau of Public Health of the East China Administrative Committee summarized the outcome of the movement of the previous year. Clean-up campaigns in the rural areas were more effective than health drives in the cities, he said, and workers in the suburban areas did better than those who attempted to clean up the central districts; the ordinary inhabitants did better than members of organizations, schools, and factories, and some cities did a better job than others. From January to September 1952, according to enthusiastic Communist sources, the number of acute contagious diseases in Shanghai was reduced by 26.8 per cent of the number reported for the same period in 1951.[31]

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29. Liberation Daily, Dec. 21, 1952, p. 4.
30. Ibid., August 26, 1952, p. 4.
31. Ibid., February 4, 1953, p. 3.

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V. OBSERVATIONS

847 1. In East China, infanticide is still practiced in certain areas. It is not only a serious matter but shows the complexity of the social problems and the uneven development in different parts and communities of China. It was revealed that in the province of Anhwei, according to incomplete statistics for the first half of 1952, the number of infants abandoned and killed totalled 1,972, and that the majority of them were female infants. The Communists blamed this situation on inequality between the sexes, superstition, and the feudal system of the old society and "feudalistic ideas" about marriage.

744 657 2. A few months after the beginning of warfare in Koreas in 1950, the Communist government in Peking passed an act to assume control of all cultural, educational, relief, and religious institutions which had been subsidized by United States financial sources. The total amount of the subsidy was given as $41,900,000, and of this amount 14.7 per cent was used for medicine and health. The number of hospitals financed by the United States[32] was given as over two hundred. According to an investigation made by the Japanese East Asiatic Research

32. Compendium of Government Reports, p. 188.

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744 Institute (Tôa kenkyujo) on foreign investments
657 in China during World War II, there were 73 medical and health institutions supported by United States financial sources in the five provinces of East China.[33] Coastal provinces with treaty ports such as Shanghai, Nanking, Ningpo, and Foochow, long under western influence, had a large share of the subsidy.

A number of public health organizations which the Chinese Communists count as their own were taken from American hands in 1950, as were other health organizations supported by other foreign sources at a somewhat later date. In the evaluation of recent statistical data on public health on the mainland of China, this factor should be kept in mind. The lack of information on such matters as the number of hospitals beds and the number of inpatients and outpatients precludes accurate evaluation of Communist published materials. Furthermore, nutrition is just as important to good health as preventive medicine. Insufficient food and malnutrition, which seem to be prevalent in Communist China but receive little mention in Communist publications, may nullify all their efforts in the field of health and sanitation.

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33. Tâo kenkyujo, Sho gaikoku no tai Shi toshi [Foreign Investments in China], Tokyo, 1943, pp. 530-38.

759 3. In China there are two types of medicine, modern medicine and traditional Chinese medicine. The practitioners of Chinese medicine are also known as herbalists, and belong to the scholar-gentry families. The new doctors of medicine were either trained in the West or in western schools in China or Japan. Doctors of the former class have been labeled by the Communists as "feudalistic," and doctors of the latter class, "capitalistic." According to Communist ideology, both should be reformed, if not eliminated. However, as China has never had enough qualified medical workers, doctors of both types must be preserved for national reconstruction. Hence, medical men have been subjected to energetic "thought-remolding" under the Chinese Communist regime.[34] Ts'ui I-t'ien, head of the Communist Bureau of Public Health of the East China Administrative Committee, in an article, "Thought Remolding of the People's Health Workers," concluded that health workers in East China, after going through the three movements of Resist-America-Aid-Korea, Land Reform, and the Suppression of Anti-revolutionaries, have achieved noticeable progress in

34. Kung-fei ti Wei-sheng I-yao Kung-tso [The Communist Work in Health and Medicine], The Sixth Section of the Central Committee of the Nationalist Party, 1955, p. 8.

759 "political understanding" in both their thought and practical work.[35] No doubt, to members of the medical profession, "thought remolding" must have been a terrible ordeal. Because so many medical workers were required in Korea, there must have been a critical shortage of doctors and nurses in most sections of China, and the shortage of medical personnel may have been another reason for the energetic promotion of the Patriotic Health Drive.

164 In an article, The Fluke that Saved Formosa,[36] by Frank A. Kierman, Jr., of the Center for International Studies at M.I.T., evidence is given that the spread of schistosomiasis prevented the Chinese Communist invasion of Formosa in 1950. When Communist troops were in training for the invasion in Fukien and Chekiang provinces, an epidemic of schistosomiasis struck. By January 1950, an estimated 30,000-50,000 soldiers had been infected. The invasion was postponed, and with a change in the international situation, the Chinese Communists lost their opportunity to attack Formosa. From

35. I-wu Kung-tso-che Pi-hsü Chin-hsing Ssu-hsiang Kai-tsao [Medical Workers Must Reform their Thoughts], Shanghai, Hua-tung I-wu Sheng-huo she, 1952, p. 41.

36. Frank A. Kierman Jr., The Fluke that Saved Formosa, Cambridge, Massachusetts Institute of Technology, 1954.

164 recent reports in newspapers and journals published on the Chinese Mainland, it seems that schistosomiasis still remains to be conquered. Since it affects a large number of rice-growing agricultural population, it is an extremely serious problem in Communist China.

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Annex "A," Subparagraph 1q,
Sociological Background

PUBLIC WELFARE

I. INTRODUCTION

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Under the Nationalist Government during the war years (1937-1945), the first and foremost agency in the work of public welfare was the National Relief Commission. It was the pivot upon which China's machinery of relief and rehabilitation depended. Through its various efforts from 1938 to 1944, some 30 million war and famine refugees were benefited.[1] In addition to immediate war and disaster relief, it operated clinics, occupational relief works, and organizations for the training and care of children. A number of private and semi-private welfare and relief agencies were also active, most of them founded to meet war-time needs.[2] For women and children, there were the National Association for Refugee Children, the National Child Welfare Association of China, and the Women's Advisory Council. For servicemen, there were the Friends of the Wounded Society and the YMCA Emergency Service to Soldiers. And for general war work there were the China Wartime Relief Association and the National Chinese Women's

1. China Handbook 1937-1945 compiled by Chinese Ministry of Information, New York, MacMillan, 1947, pp. 521-37.
2. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 Association for War Relief. Foreign agencies
746 such as the United China Relief and the American Red Cross in China, and British and Canadian contributions distributed through various media, also helped to aid China in her distress.

The Ministry of Social Affairs as a department under the Executive Yuan of the Nationalist Government was established in November 1940. Throughout the 1940's, during the war years in Chungking as well as in the postwar years in Nanking, this ministry led and guided the development of public welfare and helped to co-ordinate the work of the relief and welfare organizations. The following chart will give some idea of the state of public welfare in 1947 in East China.[3]

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3. Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking, Bureau of Statistics, 1948, pp. 365-72.

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RELIEF AND WELFARE ORGANIZATIONS IN EAST CHINA
June 1947

Province	Relief Organizations	Farmers' Welfare Societies	Child Welfare Units	Social Service Offices	Employment Agencies	
					Independent	Auxiliary
Kiangsu	12		21	7	1	
Chekiang	202	30	136	168	21	20
Anhwei	54	20	37	18	2	
Shantung	1		1	2	1	1
Fukien	218	41	130	337	31	
Nanking	15		10	1	1	1
Shanghai	95		107	1	2	1
Tsingtao	97	1	33			
Total	694	92	475	534	59	23

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657 747 On November 9, 1943, China became a member of the United Nations Relief and Rehabilitation Administration (UNRRA). The Chinese National Relief and Rehabilitation Administration (CNRRA) was established in January 1945 as a department of the Nationalist Government on the ministerial level, as was the China Office of UNRRA. In co-operation the two administrations planned and worked on the gigantic problems of relief and rehabilitation in postwar China.[4] Despite the great contribution to Chinese welfare resulting from the efforts of peaceful projects of this sort, the Chinese National Relief and Rehabilitation Administration was eliminated by the Chinese Communist when they became the rulers of Mainland China.

II. CALAMITIES SINCE 1949

731 Since the establishment of the Communist regime in China, many natural disasters have occurred. Droughts, floods, locust and insect invasions, frost, windstorms, and hail-storms have caused famines which began in the rural districts and spread throughout the nation.

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4. China Handbook 1937-45, pp. 538-41.

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731 An anti-Communist source[5] has given the following estimate of the number of people in China adversely affected since 1949 by natural calamities, climaxed by the great flood of 1954.

1949	60,000,000
1950	38,000,000
1951	28,000,000
1952	33,000,000
1953	47,000,000
1954	180,000,000

No region has escaped entirely from these disasters. If there are differences among them, they are negligible.

As if these natural calamities were not disastrous enough, the people on the mainland of China suffered further abuse from man-made adversities, such as the Land Reform Movement, the Three-Anti and Five-Anti campaigns, the war in Korea, and the government's "planned purchase" of agricultural products. The number of people who have been affected by the Communist quest for power is estimated to have been

5. Kung-fei Ti Chiu-chi Kung-tso [Relief Work Under the Chinese Communists], Section 6 of the Central Committee of the Nationalist Party, Taipei, 1955, pp. 5-6. It should be noted that source references originating in Taipei are almost invariably sponsored by the Chinese Nationalist Party. As well as being anti-Communist in intent, they may sometimes serve as a media for pro-Nationalist propaganda.

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731 as high as 90,000,000 during the first four years of the Communist regime.[6]

The northern section of East China including Shantung, northern Anhwei, and northern Kiangsu suffered alternately from drought, insects, and flood. The usual cycle seemed to be spring and early summer droughts followed by insect invasions, and floods in the autumn. In 1952, according to one estimate one fourth of the population (10,000,000) in Shantung Province suffered from famine, and in Anhwei Province there were 24,000,000 famine refugees.[7] Excessive rainfall in the same year brought floods to the southern part of East China, including southern Kiangsu, Chekiang and Fukien.[8] Anhwei Province, a part of which extends into the Hwai River valley, was again one of the most gravely stricken regions during the flood of 1954, which the Communists themselves termed "historic."[9]

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6. Ibid.

7. P'ien-ti Tsai-huang Ai Ta-lu [Widespread Calamities on the Continent], Taipei, 6th Section of the Central Committee of the Nationalist Party, 1952, pp. 26-27.

8. Ibid., pp. 34-35.

9. Jen-min Jih-pao [People's Daily], Peking, Dec. 19, 1954, p. 1.

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731 As to man-made disasters, one report claims that during five years of Communist control more than 200,000 people lost their lives in Shanghai alone through such Communist drives as the Three-Anti and Five-Anti campaigns and the counterrevolutionary purges. Another 640,000 of the city's population are reported to have been jailed or sent to labor camps.[10]

III. COMMUNIST RELIEF AND WELFARE ORGANIZATIONS

746 Following the Hwai River flood of 1949, the Central Relief Committee was formed (February 1950) under the Government Administration Council as a temporary but integral part of the Ministry of Internal Affairs. Later, similar committees were set up in the provinces and municipalities. Their existence, on the whole, has been in name only, according to an anti-Communist report, and it is asserted that they have accomplished little relief work.[11]

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10. Ch'ün-mo Luan-wu Ti Shang-hai-shih [Shanghai Where the Demons Dance in Confusion] Taipei, 6th Section of the Central Committee of the Nationalist Party, 1954, p. 38.

11. Relief Work Under the Chinese Communists (pp. 5-6), published in Taipei, lists all the welfare organizations described in this study. Reference to the same organizations are to be found in Jen-min Shou-ts'e [People's Handbook], 1955, a Chinese Communist source.

1:Stanford U. S-4, 5 1956 AF15 East China
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747 During the convention of the All-China People's Relief Conference in April 1950, the People's Relief Administration of China was organized as the successor to the China Liberated Areas Relief Administration. This was not a government department but a "People's" organization. Soong Ching-ling (Sung Ch'ing-ling or Madame Sun Yat-sen) was elected chairman. This organization took over all charities sponsored by the United States after the outbreak of the war in Korea, and four years later was reported to be maintaining branch offices in twenty-three large cities throughout China. In the East China Region, branch offices have been established in Shanghai, Nanking, Hangchow, Foochow, Wu-hu, Tsinan, and Tsingtao. There have been meetings and conferences, but the only actual relief work reported to date has been the collection in 1950 of 6,800,000 outfits of winter clothing for the flood refugees in northern Anhwei.[12]

746 Due to the seriousness of growing unemployment, the Labor Employment Committee was established in July 1952 under the Government Administration Council. Regional Labor Employment committees were established by August of the same year. Later, similar committees were formed on lower administration levels in

12. Jen-min Shou-ts'e 1955 [People's Handbook 1955], Tientsin, 1955, pp. 396-97.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 in the provinces, counties, and municipalities.[13]

747 The Red Cross Society of China has had a history of fifty years. In August 1950 the Communists assumed control and reorganized it under the leadership of the Ministry of Health. It has done more medical work than relief work, especially at construction projects where large numbers of laborers congregated.[14] In the East China Region, the ministrations of the reorganized Chinese Red Cross have been concentrated on the work sites of the Hwai River flood-control project in Anhwei and northern Kiangsu.

In June 1938, during the war of resistance against Japan, the China Defense League was founded in Hong Kong by Soong Ching-ling. It acted as a channel for international aid chiefly to bring medicine and relief to Communist bases. In 1941, its headquarters was moved to Chungking. After the establishment of the Chinese Communist regime, this organization changed its name to the China Welfare Institute (August 1950) with its headquarters at Shanghai.[15] Since January 1952, the China Welfare Institute has published an international, propaganda-disseminating, bi-monthly magazine in English -- China Reconstructs.

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13. Relief Work Under the Chinese Communists pp. 6-8.
14. Ibid., p. 10.
15. Ibid., p. 8.

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747 The Chinese People's National Committee for the Protection of Children was formed on November 26, 1951 at Peking in response to the call issued at the Berlin conference of the International Federation of Democratic Women. The head of the Chinese organization is Soong Ching-ling. The principles of this committee, which include the promotion of child welfare, were defined as "anti-imperialism" and the "promotion of world peace."[16]

A group of professors in Shanghai founded the China Tuberculosis Prevention Association in 1948. The Communist regime established control over this organization and moved it to Peking. In August 1953, a conference of workers was called, and certain tasks and policies of the association were outlined. More than 100 tuberculosis prevention units throughout the country are said to be affiliated with this organization.[17]

IV. RELIEF AND RELIEF POLICIES

746 During the convention of the National People's Congress in Peking in September 1954, Hsieh Chüeh-tsai, Minister of Internal Affairs

16. People's Handbook, 1955, p. 396.
17. Ibid., pp. 397-98.

1:Stanford U. S-4, 5 1956 AF15 East China
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of the Chinese Communist regime, made a report on the state of relief and welfare on the China Mainland. After alluding to the expanse and severity of natural calamities from 1949 to 1954, he reiterated the policies of the Chinese Communist Government in conducting relief work. The first effort was to mobilize the broad masses to work in the prevention of drought, frost, harmful insects, and floods. Secondly, when disaster struck, the people were expected to adopt measures to "help themselves through production," "to economize during the famine period," and "to offer mutual aid." Only when it was absolutely necessary would the government proffer outright relief.[18]

In duscussing public welfare and relief in Communist China, it is necessary to recognize how the Communists interpret certain common terms. The word relief, although generally taken to mean "money or necessaries given to people who are in need,"[19] to the Communists carries no implication of unconditional succor. Their basic relief policy, including emergency relief, is "self-help-through-production," and their basic relief method is the substitution of work for relief. From this the Chinese Communists have not deviated. As a matter of

18. Ibid., pp. 211-12.

19. Fairchild, H.P., Dictionary of Sociology and Related Sciences, Ames, Iowa, Littlefield, Adams, 1955, p. 255.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 fact, most of their projects for water conservation, road building, and the laying of railroad lines have drawn upon famine refugees who thus are expected to pay by labor for government efforts to prevent starvation.[20]

About the middle of 1950 the Chinese Communist government at Peking issued several documents concerning relief work. In the cities the problem of increasing unemployment was pressing, and in the rural areas famine was widespread. Shantung, northern Anhwei, and northern Kiangsu were among the areas most severely stricken by famine, and the migration into large cities of rural rufugees was a common sight. A set of provisions for the relief of the unemployed was promulgated by the People's Government in Peking.[21] (See chapter on Labor.) The unemployed were ordered to register. Following the central government directive, they were given work rather than direct relief under the policy of "self-help through-production," re-direction of workers into fields offering greater opportunity for employment, and help in returning to rural areas to assist in agricultural production.

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20. Relief Work Under the Chinese Communist, pp. 9-12.

21. Kan-pu Hsüeh-hsi Tzu-liao Ti Shih-erh Chi [Cadres' Study Materials No. 12], Chinese Communist Party, Central Committee, South China Bureau, Canton, 1950, pp. 49-51.

746 Outright relief was the least significant clause in the scheme.[22] Generally speaking, the same principles were applied to rural relief programs in combating natural calamities. Under the slogan of "famine-relief-through-economy," the people were advised to economize, "to substitute unprocessed food for processed foods," to use ersatz foods, and to adulterate grain, presumably with leaves and bark.[23]

731 746 When the chairman of the Production Relief Committee of the East China Military and Political Committee made his report in 1950, he stated that floods, drought, insect invasion, hail, typhoons and snow in the region during the preceding year had made 16,000,000 people refugees, and more than 4,000 were dead from 746 starvation. The same report announced that hundreds of thousands of wells had been sunk and repaired for the prevention of drought in Shantung, embankments and dikes had been repaired and built for the prevention of flood in Anhwei, and many miles of sea wall were reenforced in southern Kiangsu. Apparently these preventative measures also served as work relief projects. It also reported that water conservation works, the chief means of work relief, had called for the mobilization of 630,000 refugees in northern Anhwei, 1,400,000

22. Ibid., pp. 52-60.
23. Ibid., p. 50.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 refugees in northern Kiangsu, and 700,000 in Shantung.[24] During the same year, 190,000,000 refugee laborers were mobilized in Anhwei and northern Kiangsu to build and repair embankments along the Yangtze and Hwai rivers.[25]

[73] Drought also struck Fukien Province in 1954. For relief, the provincial government earmarked JMP$2,400,000 (US$960,000) new currency in 1955, particularly for the three southern coastal administrative districts of Min-hou, Chin-chiang, and Lung-ch'i. The emergency directive stressed that the local authorities must guide the people to carry out production and spring plowing for "self-salvation."[26]

The Shantung provincial government also reported that many households in that province were in danger of starvation in 1954, especially in the Yellow River and Grand Canal flooded area. The central government appropriated relief funds equivalent to US$12,400,000 for the general relief of Shantung.[27]

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24. Hsin-hua Yueh-pao [New China Monthly], Vol. II, No. 4, Peking, Aug. 15, 1950, pp. 819-820.

25. Jen-min Shou-ts'e 1950 [People's Handbook 1950], Peking, 1950, Section [7] keng p. 20.

26. Survey of China Mainland Press, Hong Kong, American Consulate General, No. 1054, Supplement, May 24, 1955, p. 17.

27. Ibid., p. 21.

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746 As to urban unemployment, Shanghai in East China was most seriously affected among the large cities on the Mainland. The All-China Federation of Trade Unions published an open letter to all its members on April 20, 1950 on the need of relief for the unemployed in Shanghai and other cities. It estimated that there were 150,000 unemployed, jeapordizing the livilihood of 500,000 workers and family dependants. In addition to other common causes for unemployment, East China, particularly the Shanghai area, had suffered bombardment by the Nationalist air force in the early days of the Communist regime. The Shanghai Federation of Trade Unions, called on all employed workers to contribute one day's pay for the relief of unemployed families.[28] At a work relief conference in Peking called by the Department of Labor in April 1954, it was reported that from July 1950 to the end of 1953 the Labor Bureau of the Shanghai People's Government had obtained work for 256,200 people.[29]

V. CHILD WELFARE

527 858 In 1931, following the international practice of dedicating one day in the year to the children, April fourth was promulgated as China's Children's Day by the Nationalist Government.

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28. New China Monthly, Vol. II, No. 1, May 15, 1950, pp. 64-65.

29. Ibid., No. 5, May 1954, pp. 157-58.

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527 858 The Chinese Communist regime changed this date to June 1st, in accordance with a decision made by the International Democratic Women's Federation in 1949 at Moscow.[30] Children's Day, as it is celebrated in the United States and in Great Britain was branded as "capitalistic," i.e., not designed for the well-being of the children of the laboring classes. Around June 1st every year, all the propaganda media are mobilized for the promotion of child welfare, praise of the happy state of children in Communist China and in the Communist bloc of nations, and derogatory references to the "plight" of children in the free nations. And it is also around this time in most large cities on the mainland of China that health examinations for children are conducted. In the period 1950-52, according to one report, more than 1,000,000 children throughout China received health examinations.[31]

In preparation for International Children's Day in 1952, the Shanghai Municipality gave a special broadcast. Two hundred children's delegates were present at the broadcast, and 268 listening units were organized with some 52,000 young listeners. The mayor of Shanghai,

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30. Hung Hsin-t'ao, Chi-nien Chieh-jih Shih-shih Tzu-liao [History of the Memorial Days], Shanghai, 1953, i, pp. 180-83.

31. Hsin-hua Jih-pao [New China Daily], Chungking, May 30, 1953, p. 3.

527 as the chief speaker, exhorted the children to
858 cultivate strong bodies, to master the Chinese language, to study science, and to love the fatherland and chairman Mao. On the evening there was a campfire gathering of some 6,000 children with a number of government and political leaders, fighting heroes, labor models, scientists, and artists as guests. On this occasion, there was a meeting of young scientists at the Sino-Soviet Friendship Association and a health exhibit in the Municipal Children's Health Center. The New China Bookstore offered a special ten per cent discount on all children's books.[32]

744 A mid-year report in 1952 on the progress of child welfare and related work in East China since 1950 claimed that 160 health centers, stations, and mobile teams for women and children had been established and over 10,000 midwives trained or re-educated. In the same period, according to the report, about 19,000,000 children were vaccinated against smallpox and 70,000 were given B.C.G. shots. Several million people were said to have visited the 46 health exhibits for women and children held in
747 East China. The report further claimed that 5,000 creches had been organized in the rural

32. Chieh-fang Jih-pao [Liberation Daily], Shanghai, June 2, 1952, p. 1.

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747 areas during the busy farm seasons, and 507 creches in factories and organizations were caring for some 20,000 children. In 1952 there were 19,000 primary schools in East China, a 12 per cent increase over the previous year, and New Youth, the official publication of the Young Pioneers of East China, was reported[33] to have a circulation of 400,000.

As was the case of the Immaculate Conception Orphanage in Canton, two Catholic orphanages in Nanking were made targets of Communist propaganda attack. In April 1951, when the so-called revolutionary movement of the Chinese Catholics was underway, the Sacred Heart Orphanage and the Tz'u-ai Orphanage were branded as instruments of imperialism masquerading as philanthropy and religion. It was said that the death rate in these two orphanages exceeded 78 per cent. They were taken over by the Nanking branch of the People's Relief Administration of China, and the two were amalgamated into one institution under the name of Nanking Municipal Orphanage.[34]

657 729

VI. AID TO FAMILIES OF "MARTYRS" AND SERVICEMEN

33. Liberation Daily, June 1, 1952, p. 1.
34. Nan-fang Jih-pao [South China Daily], Canton, May 30, 1952, p. 4.

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729 In Communist China, aid to the families of "martyrs" and servicemen has been given great attention. The duty of concern for the welfare of the members of the armed forces and their families was specified in Article 25 of the Common Program, one of the earliest documents adopted by the Peking regime. It states: "Dependents of those who have given their lives for the revolution and of the members of the revolutionary forces who are in need shall receive preferential treatment from the state and from society. The People's Government shall make appropriate arrangements for disabled or retired servicemen who have participated in the revolutionary war, providing them with the means of livelihood or with occupations."[35] However, the nationwide campaign did not begin until late 1950, which indicates that the activity was probably the result of the warfare in Korea.[36] On December 11, 1950, the Ministry of Internal Affairs of the Peking regime promulgated five sets of regulations relating to compensation for dependants of servicemen. These were provisional regulations governing preferential treatment of families of revolutionary "martyrs" and servicemen; preferential treatment of, and compassionate payments to, disabled

35. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Languages Press, 1949, p. 10.

36. Relief Work Under the Chinese Communists p. 18.

657 servicemen; citations and compassionate pay-
729 ments for members of the People's Militia and laborers in military service injured or killed.[37] The preferential treatment of families of "martyrs" and servicemen included land and farming implements, government scholarships for their children, lower prices, discounts, etc. Only in cases of extreme hardship were direct payments given.

At the time of the lunar New Year in 1951, which fell on February 6 in that year, the Communists promoted a campaign to honor the families of the Chinese People's Volunteers to the Korean war and the People's Liberation Army. Since then, the lunar New Year, usually called the Spring Festival, and the Chinese Communist Army Day, August 1, have been made occasions for honoring the families of servicemen.

As part of the program to aid the dependents of "martyrs" and servicemen, those in the city able to work have been taught various handicrafts to assure their livelihood; in the rural areas, for those unable to work a system of substitute-tilling has been adopted whereby land owned by dependents of servicemen is cultivated for them.

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37. New China Monthly, Vol. III, No. 3, Jan. 1951, pp. 516-21.

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657 In the summer of 1952, the East China
729 Region reported 50 per cent of the families of "martyrs" and servicemen living in rural areas were being aided by substitute-tilling. In some places as Wu-hsing in Chekiang, Nan-t'ung and Hsü-ch'ien in Kiangsu, Tsou-hsien in Shantung, and certain districts in Fukien, the percentage was reported to be much higher. The special mention accorded specific areas seem to imply unsatisfactory performances and difficulties elsewhere.[38] Progress in setting up a fixed system in substitute-tilling was again reported early in 1953, particularly in Shantung and Chekiang. As an encouraging example in the over-all situation of the dependents of "martyrs" and servicemen, this report cited the progress in one village in Shantung containing 129 families of "martyrs" and servicemen. In this village in 1949 there was only one ploughing animal (probably an ox or horse); in 1953 there were 20 ploughing animals In 1949 a single family in the village raised pigs; in 1953, some 25 families could afford to raise pigs.[39]

In the cities, placement of the unemployed and the organization for their benefit of production works were the two main tasks. In

38. Liberation Daily, July 30, 1952, p. 1.
39. Ibid., Feb. 14, 1953, p. 4.

657 Shanghai and Tsingtao, according to the same
729 report, some 4,000 dependents of "martyrs" and servicemen obtained work in the first half of 1952, with an average monthly pay of 400,000 - 500,000 JMP dollars. For the same purpose, the East China regional government appropriated in the period a special fund of JMP$65,000,000,000 (approximately US$ 2,950,000).[40]

657 In 1953 seven primary schools for the
729 children of "revolutionary martyrs" had been
872 established and eleven more were under construction. Approximately 1,000 children were enrolled. A monthly food ration for each student consisted of some 11 pounds of meat, about two and half pounds of fat, more than five pounds of eggs supplemented by bean-curd and cabbage. (Wheat, rice and other grains were not mentioned Presumably, they were not then rationed.) Every student was issued two suits of summer clothes, two suits of underwear, and one suit of cotton padded clothes (for winter) each year and one overcoat every two years.[41]

657 According to a broadcast by the Minister
729 of Internal Affairs of the Peking regime in January 1955, incomplete statistics from 13 provinces showed more than 60 per cent of the

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40. Ibid.
41. Liberation Daily, Feb. 10, 1953, p. 3.

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657 729 families of "martyrs" and servicemen were participating in mutual-aid groups and co-operatives, and many had been elected officials of these organizations. Others were elected as delegates to the People's Congress or to village cadres.[42] The People's Daily (Jan. 25, 1955) reported that 382 rehabilitated veterans had been elected "labor models" in July 1954. The same paper reported that there was a 20 per cent increase in the number of families of servicemen joining mutual-aid groups and co-operatives in 1954 over the number in 1953.

VII. CONCLUSION

657 746 In almost all documents concerning public welfare and relief in Communist China the emphasis is on production and labor power rather than human life and welfare. In regard to famine relief in the rural areas as well as unemployment relief in the cities, the people are asked to save themselves by "self-help-through production". Even their concern for the welfare of women and children centers upon the labor power which may be derived. In the charter of the People's Relief Administration, Article 2 explains its function in the following sentence: "This Administration is an organization of the people under

42. New China Monthly, No. 2, Feb. 1955, p. 19.

1:Stanford U. S-4. 5 1956 AF15 East China
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657 the leadership of the Central People's Government to unite and guide.. relief and welfare workers to help the Government in the organization of the masses for the promoting of production and economy, labor and mutual-aid, so that the relief and welfare works for the masses of the people shall be enhanced."[43] The emphasis is on production rather than on relief.

When one understands the Communist attitude toward public welfare, it is easier to grasp the overwhelming plight of those within the Soviet orbit who become the victims of calamities. Perhaps no written passage could illuminate the situation so vividly and succinctly as a parable recounted in one of the ancient Chinese classics.

> "In passing by the side of Mount Thai, Confucius came on a woman who was wailing bitterly by a grave...'Your wailing', said he, 'is altogether like that of one who has suffered sorrow upon sorrow.' She replied, 'It is so. Formerly, my husband's father was killed here by a tiger. My husband was also killed... and now my son

43. Ho-pei Jih-pao [Hopei Daily], Paoting, May 5, 1950, p. 1.

000 has died in the same way.' The Master said, 'Why do you not leave... [this] place?' The answer was, 'There is no oppressive government.' The Master then said (to...[his] disciples), 'Remember this, my little children. Oppressive government is more terrible than tigers.'"[44]

Have man-made disasters in Communist China become fiercer than nature's floods and droughts? This may be one reason why so many Chinese prisoners of war in Korea did not choose to return to the China Mainland.

747 On April 4, 1950, in Taipei, the capital of Formosa, an organization called the Free China Relief Association was formed. Its purpose was to aid Chinese refugees from the Mainland and some of the suffering masses still under Communist rule. In the past five years, the association has aided more than 967,000 refugees and helped 51,846 people escape to Formosa. During the flood of 1954, this organization sent thirty-five airplanes to the Mainland and dropped about 100,000 pounds of rice and 7,500,000 handbills. The Free China Relief Association was also responsible for the rehabilitation of 14,500 Chinese prisoners

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44. Legge, James, tr., The Liki [The Book of Rites], Oxford at the Clarendon Press, 1885, Vol. 27 in The Sacred Books of the East, ed. by F. Max Müller, pp. 190-91.

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747 of war from Korea, who chose Free China rather than return to the Communist fold. This group arrived in Formosa on January 23, 1954. The FCRA has established connections with the United Nations and the United States and has extended aid to Chinese refugees in many places including Hong Kong, Japan and Korea.[45]

000 At the United Nations Security Council meeting on November 28, 1950, the American delegate, Warren Austin, spoke of the relief supplies sent to China from the United States, of American efforts to feed and to clothe thousands upon thousands of Chinese people in the post-war years, and of the friendship expressed by the American people for China. Friendship between America and China has a long history, but the Peking regime and the Communists are doing all in their power to slander the United States.

During a period of two years (1945-1947), China received several hundred millions of dollars' worth of relief supplies and relief funds from America through the United Nations Relief and Rehabilitation Administration and the Chines National Relief and Rehabilitation Administratior Although these programs were disrupted by the civil strife between the Nationalists and the Communists and were brought to an abrupt end

45. Chiu-chi T'e-k'an [Special Relief Bulletir published by Free China Relief Association, Taipei, Sept. 1, 1955.

100 by the Communist domination of the Mainland, many people had benefited. After the outbreak of warfare in Korea, the Chinese Communist Government assumed control of all American-subsidized educational, relief, and religious organizations. According to a Communist report, American assets in these three categories amounted to US$41,900,000. Of this sum, 47 per cent was for relief and welfare work and serve to finance 200 orphanages, 20 leper asylums, 10 schools for the mute and deaf, and 30 schools for the blind.[46] It is apparent that without American aid much welfare work will be suspended. It is unlikely that those who have received the benefits of these subsidized institutions will readily forget such gestures of American friendship.

46, Kuang-ming Jih-pao [Enlightenment Daily], Peking, Dec. 30, 1950, p. 1.

Annex "A," Subparagraph 1r,
Sociological Background

ATTITUDES AND REACTIONS

000 The attitudes of an individual, although conditioned by the environment in which he lives and influenced by the persons with whom he comes in contact, are subject to changes that are well-nigh unpredictable; he may simultaneously adopt diametrically opposed attitudes without being aware of inconsistency. This fact, coupled with China's multitudinous regions and groups of people of varying characteristics, makes the task of gauging the attitudes of the Chinese people an exceedingly risky one at best. The Chinese, in general, are traditionally less articulate and less outspoken than Westerners. However, since attitudes manifest themselves in reactions, and some of the reactions of the Chinese people are observable even in the official Communist announcements, a few very general and broad conclusions may be drawn. In this discussion, attention is focused on the attitudes of the various groups of Chinese toward their country, the Communist government, and the ambitions and aspirations of the individual.

184 In sociological studies, occupational stratification is one recognized criterion for analyzing any society. In adopting this approach for our discussion, we do not propose to overlook the significance of grouping the people

184 according to other equally valid criteria such as sex, age, and income. Older people, for example, are generally more conservative, less willing to adapt to change, and less likely to show enthusiasm for the Communist program. The rich, who have more to lose, are generally more dissatisfied with the Communist regime than their poorer countrymen. These patterns of attitudes tend to cut across the occupational stratification. In view of the technical limitations imposed on this discussion, occupational stratification will be used, with allowance for the exceptions within each category.

I. FARMERS

565 184 The rich absentee-landowners of China, whose social status ranks with those of government bureaucrats and whose interests are identified with those of rich merchants, are all but nonexistent in Mainland China today. The Chinese farmer class consists chiefly of poor peasants and "middle farmers" holding small lots of land. These people have had little opportunity to identify themselves with the state or its destiny. However, because East China has received more official attention in economic development than have Central-South and Southwest China in the past decades, the farmers in this region are likely to be more aware of the existence of a community greater than their immediate environs. With the exception of those in southern Fukien, most of the farmers in East

184 565 China find that only a minor language barrier separates them from the northern or western Chinese. The average East China farmer will not feel himself a stranger in Peking, for example, as would a farmer from Canton or Yunnan. In those areas of East China which were overrun by the Japanese during World War II, there has been sufficient reason for the growth of a spirit of nationalism among the farming class. This is true in Shantung as in Southern Fukien, one of the routes followed by the Japanese in invading Central-South China.

The Communists have made persistent efforts to "educate and propagandize" the farmers. There is evidence that many farmers in East China have learned a few political terms; however, this does not mean that the farmers have developed a strong national feeling. On the contrary, some of the farmers may regard the Communist effort to "educate" them as unwelcome interference. Generally speaking, the young tend to show a more favorable response to Communist propaganda than their elders.

The idea that he is to be given land probably has generated apprehension even in the poorest peasant, who always wants to own land. To be sure, the gain through the process of land reform must have given the poor peasant some satisfaction, but subsequent grain taxes remain heavy and Communist efforts to collectivize the marketing of farm produce have met a great deal

184 565 of resistance. There is reason to believe that the poor farmer in East China today is less happy than he was in the days immediately after the completion of land reform. The possibility still exists that changes in government policy may regain for the regime some of the farmer's enthusiasm. However, the fact that authorities in Shanghai have had to initiate a drive to send many peasants back to their villages indicates that life in rural communities in East China does not offer incentive. As a result farmers continue to flood metropolitan centers in search of work and a better living.

185 565 Available reports show that neither the government nor the farmers are satisfied with the amount of relief and welfare work done thus far, nor with the manner in which this work is done. The Communists claim that the productive harvests in 1951-53 in East China were attributable to the completion of flood control projects on the Hwai River in Anhwei and on the I and Shu rivers in Shantung. Some of the farmers may believe this claim, but the majority will measure the "benevolence" of the new regime against the few benefits so far received.

186 565 The Chinese farmer's picture of a foreign culture is derived from contact with foreign missionaries. At one time foreign churches were established in all parts of East China with the exception of a few remote districts in southwestern Fukien. Government efforts to foster

186 xenophobia, supported by the effort of the ultra-
565 nationalistic segment of the Chinese elite, dated from the late nineteenth century. Some farmers in this region, particularly those in Shantung Province, are likely to remember, for instance, the stories about the Boxer Rebellion, which terrorized many foreigners. With relish, the Communists are re-telling such stories as specimens of "anti-imperialistic" expressions of the Chinese people. A very small number of farmers who have been less influenced by anti-foreign propaganda and who have received benefits from foreign missionaries may be disturbed by the deliberate mistreatment of missionaries on the mainland. Other farmers who regard the missionaries as an undesirable group may chuckle at the thought of the "foreign devils' downfall." But the majority of farmers have had little or no contact with foreigners; they are not particularly concerned with the latter's fate in Communist China.

184 The Chinese farmer has always hoped to
566 safeguard his family by acquiring land to provide a better education for his children and to maintain the respect of fellow villagers. Now that the farmer can no longer obtain as much land as he hopes, his interest turns to finding ways in which his children, through education, can advance on the socio-economic ladder. The fact that many young people from peasant families have been absorbed in the government "cadre" system may induce the Chinese farmer to look

184 more kindly upon the present regime. Of course,
565 there are exceptions among the farming population. Farmers active in secret societies, which are traditionally resistant to government control, may have an altogether different set of attitudes toward the nation, foreigners, and the individual's role in society. Mass uprisings in which secret societies played an important part indicate that sometimes these groups have distinctly anti-foreign or anti-government characteristics. Members of some of these groups may uphold a standard of loyalty to the individual above traditional loyalty to the family or to the state; others may condone banditry and defy all forms of established social order.

II. URBAN WORKERS

The group feeling of organized workers in China was aroused as early as the 1920's in industrial centers like Shanghai and Tsingtao, where organized labor was involved in many political movements. Many industrial workers have long realized that they were "in the group" and somewhat later came to the conclusion that they had to work "for the group" in those movements launched against foreign influence and private capital. Having been involved in these movements, the worker undoubtedly formed a more definite idea of the nation and its symbols than that of the average farmer.

The Communist avowed attempt to raise the status of the worker must have given the worker

184 a feeling of importance as he learned of the
565 Communists' economic reconstruction plan. He derives a measure of pride of achievement when a steel plant is erected or when a bridge is built, although he may not really believe that the workers, as the Communists say, are the masters of the new China. Other promosed benefits, including job security and welfare provisions, also add to the popularity of the Communist regim among the workers, despite the fact that most of these "benefits" still remain largely promises.

466 On the liability side of the Communist
565 policy toward the worker are the lack of substantial wage increases, a harsher work schedule and loss of leisure time, and an illusory welfare program which the Communists themselves admit cannot be brought into the hands of the worker until he has worked still harder to produce still more. Thus the worker's attitude toward the government and its policy must depend on how much he believes in a glorious "tomorrow" and how well he can put up with the physical hardship of "today." The recent let-up in "labor emulation" drives and the sudden flurry of official warnings against driving the worker too hard appear to indicate that the laboring class is showing signs of possible exhaustion. In addition, the worker's attitude may also be greatly influenced by the rise of a new managerial class which is being fostered by the Communists and which, for whatever reasons, receives better treatment than do those who work on the

466 production line. Foreign advisors had been
565 employed in many factories in pre-Communist days, and many workers may have become accustomed to accepting the general excellence of Western technology. However, any government effort to impose foreign leadership in technical fields may injure the pride of the worker and provoke his resentment. Certainly the demoralizing effect of the privileged treatment accorded Russian technicians in Chinese factories should not be underestimated.

There is little evidence that the Chinese worker has abandoned his aspiration of personal advancement in the material sense. Although here again the promotion of the young and ambitious to serve in the huge government machine may satisfy some of the workers, the lack of a substantial rise in their standard of living will lead many workers to feel that their aspirations cannot be fulfilled under the Communist regime.

463 Handicraft workers and artisans, who have
565 constituted the bulk of China's working class, are now dwindling rapidly. Many of them have gone to the factories. The remainder do not enjoy the esteem granted industrial workers and, as a result, are more dissatisfied than the miners, steel workers, and others whom the regime is attempting to please.

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III. STUDENTS AND INTELLECTUALS

517 184 565 Of all the groups of people in China, the intellectuals are probably the most varied in their attitudes. They do not constitute a "class," hence their attitudes do not show any distinctive "group" characteristics. There are those whose strong convictions make them active leaders of social and political movements in defiance of authoritarian rule; there are others whose education and experience make them flexible under pressure. Hence no dependable conclusion on the attitudes of the Chinese intellectuals as a group has been arrived at.

Though the attitudes of Chinese intellectuals differ, the great majority of them are exceedingly patriotic. It is therefore conceivable that to some of them, at least, the Communist emphasis on loyalty to the state rather than the traditional loyalty to the family must have a great appeal. There is reason to believe that most of them who accepted Communism in 1949 did so because they saw in the Communist program some hope of restoring China to a position of dignity and power. After five years of Communist rule, some of the intellectuals are probably elated by the truculence with which Red China has been conducting its foreign affairs, and by the feeling that China, at long last, has been unified and become a nation of importance. But on the negative side there are the restrictions on intellectual freedom imposed by the Communists.

517 Furthermore, the Communist policy of gradually
184 substituting the freshly trained and well-in-
565 doctrinated intellectuals for those who have had a "liberal" or "conservative" background must have created a sense of insecurity among many.

Traditionally, Chinese intellectuals aspired to high positions in the government, where they could attain wealth, social esteem, and influence. For those intellectuals who still harbor such personal ambitions, it must be heartening to see people with no seniority in either the Party hierarchy or the government bureaucracy among the ranks of the nation's leaders in all fields. For others, who have modified their personal ambitions and who sincerely wish to make their training useful to the country, something they have been unable to do for many years in the past, Peking's policy of finding a place for intellectuals in the national reconstruction program is a welcome move.

Since the early days of the Chinese Communist movement, the Communists have always had the enthusiastic support of students. Many loyal Communist cadres are recruited from among the students who, so far, have not shown any lack of enthusiasm for the Communist cause. However, while accepting Communism as their ideal, the students may not be able to suppress entirely a simultaneous impulse toward individualism.

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IV. BUSINESSMEN AND INDUSTRIALISTS

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441 Few industrialists are left in Communist China today, but small-businessmen and manufacturers, who have made up the larger part of China's urban population, continue to exist, although in reduced number. Commerce has always occupied an inferior position in traditional Chinese social strata, while industry is something relatively new and its position in Chinese society has yet to be clearly defined. In general, merchants and manufacturers, who had operated under government restrictions even in pre-Communist days, are cool-headed realists. They are not easily swayed by high-sounding phrases. There have been few occasions when symbols of the state could evoke intimate sentiment among the merchants and small manufacturers except, perhaps, at a time when foreign goods flooded the Chinese market and caused dislocation in the Chinese economy.

Under the Peking regime, businessmen and industrialists as a group fare badly (possibly not much better than rich landowners), and the general mood in industrial and commercial circles is most probably unfavorable toward the government. The Communists have made it clear that small businessmen and manufacturers are only tolerated in the transitional stage of the "New Democracy," and that there will be no room for private enterprise in the socialist society which is the ultimate goal of the Communist

184 regime. Meanwhile, these people have to carry
441 a large share of the tax burden and face the stiff competition of state enterprises. There is evidence that the businessmen and manufacturers, accustomed as they are to government interference, are finding the controls imposed by the Communist government much more strict, making it increasingly difficult to manipulate or elude restrictive measures. This general mood of discontent is particularly observable in cities like Shanghai and Ningpo where business and industry had been the backbone of urban prosperity.

If profit has been the most common motive among businessmen and manufacturers, under the present circumstances they have been forced to abandon or at least restrain their ambitions. Some of those who were allowed to do so have made a second choice--that of changing their careers. The most sturdily rooted have escaped the wave of purges by co-operating with the Communist regime. In this connection the Communists have appointed a number of erstwhile influential financiers and industrialists to serve in the government; it may be merely a conciliatory gesture of the Communists to win the support of small business, but it does provide this class of people with one temporary alternative to their lost hope.

184 441 An additional factor to provoke dissatisfaction among the merchants is the control on foreign trade. Merchants in East China seaports, who have had the advantage of monopolizing a large portion of the nation's foreign trade, have been deprived of this opportunity because virtually all foreign trade is now handled by the government. Their role has been reduced to that of conducting limited export transactions supervised by the government, and there is no hope that they may be allowed to import Western manufactured goods.

V. WOMEN

562 184 The customary position of women in China is subordinate to that of men. This tradition was so deep-rooted that it took superhuman courage for the first women to claim their "right"; and the pain of "emancipation" continues under the Communists.

To the "emancipated" belongs responsibility; this is at least theoretically true, and the Chinese women who have exchanged one form of drudgery for another are generally expected to have a degree of political consciousness similar to that of men of equal education and comparable environment. In many cases women prove to be even more "patriotic" than men as a result of the unprecedented government effort to show the women that they, too, can achieve enviable social recognition by a show of "patriotism."

562 184 How much improvement in the status of the women has been brought about by the Communists? Women are encouraged to participate in political activities; more tangibly and closer to their daily life, they are given child care, adult education, and other welfare benefits if they join the working force. If the increase in the number of women workers in factories can be taken as an indication of the women's own free choice, then women in Communist China may indeed feel favorably disposed toward the Communist regime. But upon closer observation their entry into factory work may have been out of financial necessity rather than free choice.

The much-publicized marriage law in Communist China embodies nothing new, but its vigorous and often arbitrary enforcement is unprecedented. Even this Communist law, seemingly for the benefit of women, has engendered mixed feelings. Acceptance of this law will mean the destruction of some of the most stubborn traditions in China (See discussion of the marriage law in the chapter on The Family).

Some women hold high posts in government, and there are "labor heroines" in all industries. Housewives in larger cities manage to live in leisure if they belong to the high income group. Younger housewives in families of modest income may have to work outside the home, but there is no indication that they resent it. The age-group differential asserts itself in the reaction of

562 women to the new regime; older women who had
184 learned to live in peace with the extended family system are likely to dread the Communist effort to reduce the extended family to the conjugal family; younger women are more apt to feel favorably disposed toward the Peking regime.

A sharp difference in attitude is to be observed between the women in Kiangsu (particularly in such larger cities as Shanghai and Nanking) and those in the more remote districts in Fukien. City life had caused changes in attitudes among women in Shanghai even before the Communists announced their policy with regard to women and their status in society. Most of the women in western Fukien villages remain more strictly tradition-bound and are less prepared to accept the ideas introduced by the Peking government.

VI. NATIONAL MINORITIES

563 A larger degree of assimilation of minority
184 nationalities is observed in East China than in Southwest or Central-South China. Hence there are fewer distinguishing features of the attitudes of minority nationalities in this region. Generally speaking, the minority groups in China have never felt any great loyalty toward the larger political entity of China. The Communist policy is to cultivate a feeling of kinship between these groups and the Han-Chinese. To substantiate this policy, the government has been trying to develop for

563 the minority groups their own languages and to
184 provide these people with more educational opportunities. There is a persistent effort to publicize the achievement of individuals belonging to minority groups. While this may be nothing more than a propaganda device, its effect on scattered minority nationalities in such places as Chien-ning and Ch'ang-ting in western Fukien is not to be underestimated.

VII. OTHER GROUPS

184 In addition to the groups discussed, there
662 are other groups which, although minor in numerical strength, are of importance because their attitudes do have significant bearing on the tensions in Chinese society.

It is evident that all Communist Party members and all government bureaucrats do not necessarily have the same attitudes, in spite of the fact that they are regimented by a well-controlled machine. High-ranking Communist officials exhibited intense feelings of patriotism and dedication to the "cause" in the early days of their careers. They are now working to strengthen the machine which brought them to power, thereby making certain that they will not be deposed. Granted that the behind-the-scene struggle for personal power in a Soviet system is most difficult to discern, there have been few signs of antagonism among the top leaders. A purge as violent as that which took place in

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184 Russia in the 1930's at present cannot be
662 predicted for China. Overshadowed by the unique personal prestige and cohesive power of Mao Tse-tung, the high-ranking Communist leaders have yet to offer evidence of power-seeking at the risk of disrutping Party harmony and hegemony. This, of course, does not preclude the future development of discord among Party leaders. East China, where many of the Communist economic plans are being tried out, may prove to be a testing ground for Party unity. The downfall in 1954 of Jao Shu-shih, head of the East China regional government, might have far-reaching repercussions.

The personnel in lower Party echelons are subject to tremendous pressures from all sides. Even the most devoted Party workers are expected to prove their loyalty to Communism. The fact that the Party relies on close surveillance and an atmosphere of fear in order to keep members in line indicates the existence of dissatisfaction and dissidence within the Party ranks. Expansion of industrial centers in East China necessitates the promotion of numerous lower-level Party functionaries. This certainly will tend to cause dissatisfaction among the old Party cadres when they see the rise of new cadres to positions equal to or higher than their own. Generally speaking, cadres assigned to rural areas are less enthusiastic about the regime than those in urban areas who live in more comfortable circumstances and have more frequent opportunities for advancement.

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184 Former Nationalist officials had their
6a2 darkest days during the Three-Anti and Five-Anti campaigns, when almost all lived under the imminent threat of violence and death. After these intensive campaigns had subsided, a few former Kuomintang personnel remained among the Communist government bureaucrats. There is no doubt that these former Kuomintang personnel are reminded of the necessity of proving their thorough conversion to Communism. A sense of insecurity affects this group more visibly than it does the "securely situated" segments of the Chinese population.

VIII. CONCLUSION

184 The Communist system of multiple control, which penetrates all aspects of life, and the Communist effort to maintain a strong tie with Russia are two major causes of dissatisfaction among the Chinese people. Regimentation, when carried to the extreme, provokes the resistance of the people. Subservience to the Soviet Union destroys the sense of national pride which the Communists have been trying to cultivate in China. There is evidence that Peking is attempting to reduce the possibility of friction between the Russians and the Chinese without damaging the ideological kinship and the diplomatic relationship between China and the Soviet Union. The activities of the wide-spread Sino-Russian Friendship Association, and the

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184 continual propaganda on Russian aid to Communist China, indicate a sustained effort to create a favorable attitude toward Russia.

The general patterns of attitudes we have discussed can serve only as indications of the prevailing social mood among various groups. Sociologists agree that it is difficult to predict group response. This, it appears, must apply to a study of a people so various in temperament as the Chinese.

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Annex "A," Subparagraph 2a,
Political Background

CONSTITUTION

600 The Constitution of the People's Republic of China, adopted in September, 1954, is designed to serve the country as a whole. No attempt has been made to explore its provisions on a regional basis. However, a study of certain interesting phases of the Constitution is included in this handbook as Appendix A, and readers are urged to consult it.

Annex "A," Subparagraph 2b,
Political Background

GOVERNMENT STRUCTURE

631 The term East China was first adopted by the Communist Party of China in 1949 when the five provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien were consolidated under the military rule of Ch'en I, one of the commanders of the four field armies. It appears that these provinces are to have a special mission in the national defense and for the first time in China's history, five provinces are grouped into a region which forms a strategic security barrier along the seacoast.

The following tabulation gives the statistics of population and area of these five provinces.

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	SHANTUNG	KIANGSU	ANHWEI	CHEKIANG	FUKIEN
Population	48,876,192	41,252,192	30,343,637	28,865,747	13,142,721
Area (square kilometers). . .	140,000	100,000	144,000	102,000	120,000

Kuang-ming Jih-pao [Enlightenment Daily], Peking, November 1, 1954, p. 1; Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1953, p. 19.

I. GOVERNMENT STRUCTURE IN THE COMMUNIST PRE-CONSTITUTION PERIOD

The beginning of Communist rule in these provinces can be dated from the Communits capture of their capitals: (1) Tsinan, capital of Shantung, Sept. 26, 1948; (2) Nanking, capital of the Nationalist Government, April 23, 1949, and Shanghai, city of Kiangsu, May 27, 1949; (3) An ch'ing (Anking), old capital of

631 Anhwei, about April 23, 1949; (4) Hangchow, capital of Chekiang, May 3 1949; and (5) Foochow, capital of Fukien, August 17, 1949.

In the pre-Constitution period, the Chinese Communists were not certain whether a federal or a unitary system of government would be preferable. For a short period they tried a system of "regional administrations." Within China proper the government of the area was called "The Military and Political Committee of the Greater Area." But Manchuria was given the name of "The People's Government of the Northeast," which -- as it seemed to the Central Government -- was inappropriate for governments of regions inside the Great Wall. The greater administrative area was another version of the Union Republic of the USSR, which the Chinese Communists wanted to transplant to China. After a two-year period of experiment, the operation of the greater area was found unsatisfactory, and Liu Shao-ch'i condemned them as "independent kingdoms."[1]

Chou En-lai's Government Administration Council passed a resolution, in November 1952, that the Committee of the Greater Area should be changed from "Military and Political Committee" to "Administrative Committee," with the status of an agent of the Central People's Government. After

1. The term "independent kingdom" appears in Liu Shao-ch'i's report to the 4th plenary session of the 7th Central Committee, February 6-10, 1954.

631 the nature and function of the Administrative Committee was changed to that of an agent, the members of the committee no longer were appointed by the Central People's Government, that is, Mao Tse-tung's Council, but were recommended by the Government Administration Council, that is, controlled by Chou En-lai. Although the Political-Legal Commission, the Financial-Economic Commission, the Cultural-Educational Commission, and the People's Control Commission within the Committee of the Greater Area were kept intact, some of the other departments of that committee became subordinate to the ministries of the Central People's Government.

On August 7, 1952, the provinces of Kiangsu and Anhwei, which had been cut into halves, Su-pei, Su-nan, Huan-pei and Huan-nan, respectively, regained their status as independent provinces. The change of the Military and Political Committee into the Administrative Committee was a sign that China, which has been a unitary state for the past two thousand years, could not be transformed into a federal state resembling the pattern of Soviet Russia.

The organization and structure of the Administrative Committee of the Greater Administrative Area is given as follows:

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The Government Administration Council

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The Administrative Committee of the Greater Administrative Area (Region)

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The Political-Legal Commission	The Financial-Economic Commission	The Cultural-Educational Commission	The People's Control Commission

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The Provincial People's Government Committees

Department of Civil Affairs
Department of Public Security
Department of National Minorities
Department of Overseas Chinese
Department of Finance
Department of People's Provincial Bank
Department of Industry and Commerce
Department of Industries
Department of Transportation
Department of Post and Telegraph
Department of Agriculture and Forestry

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[continued from previous page]

Department of Labor
Department of Education
Department of Health
Department of Information and Publication
Department of Committee for Prevention of Illiteracy

All of these departments were subordinate (1) to the Administrative Committee of the Greater Area; that is, to the Political-Legal Commission and to the other commissions; (2) to the provincial People's Government; and (3) to the ministries concerned. Such a complicated system of subordination and control tends to slow down the work of administration. What is more important is that too much power was given in the Greater Area Government Committee; in some areas officials were given free rein and misused their authority. This may be one of the causes for the purge of Kao Kang, the Governor of Manchura. Consequently, the system of the Greater Area was again revised and, at last, abolished on June 14, 1954, three months before the promulgation of the Communist Constitution.

III. GOVERNMENT STRUCTURE AFTER PROMULGATION OF THE COMMUNIST CONSTITUTION

635 After the promulgation of the new Consti-
642 tution, which was preceded by the abolition of the system of the Greater Area, the provincial government was put on a new basis. On one hand, it can be said that each province, according to the new constitution, regains the traditional status of an administrative district which stands under the supervision of the Central People's Government; on the other hand, there is a point of departure from the traditional status; that is, the members of the provincial government are elective and a provincial People's congress has a share of the deliberative functions. The avoidance of the term legislative in the section of the Constitution on provincial government suggests that the People's congress is limited to the function of deliberation and is not entitled to make the counterpart, the executive organ, responsible by changing it. Each province, according to the Communist Constitution, Article 53, is a kind of administrative district modified to such an extent that the power of passing a budget, enforcing laws, and safeguarding the rights of the citizens constitutes its only share in the powers of the executive organ. Although the provincial government is elective and a provincial People's congress sits next to it, it has no more status than an administrative district, because it is neither like the state of New York under the American Constitution nor like a British borough which operates under a special grant of powers. Furthermore, it is stipulated that the provincial government is to be subordinate to the Central Government, and that the

635 provincial People's congress can pass resolutions
642 only within the frame of the law which governs it. This means that the provincial People's congress has neither power by itself nor by special grant.

Under the Chinese Communist Constitution the status of a province is that of one of the various administrative districts which comprise provinces, autonomous regions, and municipalities directly under the central authority. Even a county and a hsiang is an administrative district, although they are not considered as being directly under the authority of the Central Government.

The executive, deliberative, and judicial branches of the provincial government are constituted as follows:

The provincial executive units consists of one governor, a number of deputy-governors, and twenty-five to fifty-five members of the provincial People's council. The governor, the deputy-governors and the members of the provincial council are elected by the provincial People's congress, while those who are commissioners of the departments of Civil Affairs, Public Security, Finance Agriculture and Forestry, and the other twelve departments are appointed by the Central People's Government. The fact that the commissioners are appointed confirms the view that the provincial administration is not a kind of self-government, but stands under the centralized control of the Peking government.

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642 The provincial People's congress according to the Constitution, has the following powers:

1. To insure observance and execution of the laws, decrees, and resolutions of the People's congress of the higher level.

2. To adopt and promulgate resolutions within the limits of their functions and powers.

3. To plan economic construction, cultural construction, public works, pensions, and relief work.

4. To consider and approve budgets and financial statements.

5. To elect members of the People's council of the corresponding level.

6. To elect presidents of the provincial People's courts.

7. To elect deputies to the People's congresses of the next higher level.

8. To hear and examine the work reports of the People's Council and the People's courts of the corresponding level.

9. To revise or annul inappropriate decisions of the People's congresses of the next lower level and the inappropriate decisions and orders of the People's councils of the next lower level.

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10. To protect public property, maintain public order, and safeguard civil rights.

11. To insure the equal rights of minority nationals.

12. To recall the members of the provincial People's council and the president.

From this list it may appear that the powers of the provincial People's congress are clearly defined. However, since the stipulations of Point 9 provide that the decisions of a provincial People's congress can be annulled or revised, the National People's Congress or the Central People's Government is certain to have a share in the annulment or revision. This reconfirms the fact that the provincial People's congress has no power of its own independent of the central organizations.

The formation of the provincial People's congress is based on a method of indirect rather than direct election. It is governed by two principales -- the population of the province and the number of the counties which lies within the territory of each province.

These two principles are stipulated in the Electoral Law for congresses of all levels. The first principle states that a province with a population not exceeding 20,000,000 shall elect from 100 to 400 deputies; a province with a population exceeding 20,000,000 shall elect from 400 to 500 deputies. In a province where the population and the number of counties are exceptionally small, the number of deputies may be less than 100 but

not less than 50; in a province where the population and the number of counties are exceptionally large the number of deputies may exceed 500 but shall not exceed 600.

Because the members of the provincial People's congress are elected, not directly by the people of the province, but indirectly by the counties, the provincial municipalities, towns, and others, the number of the membership of the provincial congress is governed by a second principle, which may be stated as follows: a county with a population not exceeding 200,000 shall elect one to three deputies; a county with a population not exceeding 200,000--600,000 shall elect two to four deputies; and a county with a population not exceeding 600,000 shall elect three to five deputies. From the municipalities and towns and the important industrial mining districts within the provinces, one deputy shall be elected by every 20,000 inhabitants. Based on the above-mentioned principles, the number of the members of the provincial congress of these five provinces can be shown in the following tabulation.

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	SHANTUNG	KIANGSU	ANHWEI	CHEKIANG	FUKIEN
Population	48,876,192	41,252,192	30,343,637	22,865,747	13,142,721
Number of Delegates	557	449	414	451	283
Municipalities	4	6	6	7	4
Administrative Districts	11	8	7	6	8
Counties	126	69	68	77	67
Mining Districts	1	-	-	-	-

Source: Enlightenment Daily, Peking, November 1, 1954, p. 1; Jen-min Shou-ts'e 1955 [People's Handbook 1955], Tientsin, Ta-kung pao, 1955, pp. 234-35.

As an example of these five provincial assemblies, the membership of the Fukien Provincial People's Congress has been analyzed by the New China News

635 Agency. The information which follows is drawn
642 from that source.

Present at the meeting were deputies of the various provinces, the various strata and classes and the various professions, as well as the deputies of the returned overseas Chinese and minority nationalities, a total of 283. Among the deputies elected, 46.3 per cent were workers, revolutionary employees, and revolutionary servicemen; 24.7 per cent were peasants and fishermen; 14.1 per cent were professional men; and 14.9 per cent were industrialists, merchants, and members of the community who called themselves non-Communist. There were forty-five women acting as deputies and five deputies representing the national minorities. There were also well-known industrial and agricultural "labor models" among the deputies. Also attending the meeting, among the deputies, were five Chinese returned from overseas.[2]

From the study of the percentages of representatives from the various groups in the Fukien Provincial Congress, it can be seen that the Communist Party has the absolute majority. Not only the so-called revolutionary employees and servicemen are members of the Communist Party, but also the representatives of the peasants' and workers' groups. Only a few of the representatives belong to the self-termed democratic groups, and their number is so small that they cannot have any influence in provincial politics.

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2. Jen-min Jih-pao [People's Daily], Peking, August 15, 1954.

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642 The work done by the Fukien Provincial Congr can be seen in its schedule dated from August 2 to August 11, 1954, which records (1) the examination and approval of the report of the work of the Fukien People's Government during the past five years; (2) resolution on the future tasks of the province; (3) approval of the statement of the financial accounts for the fiscal year 1953 and the budget for the fiscal year 1954; discussion of the Draft Constitution of the People's Republic of China, and the passing of a resolution for its suppprt; and (5) finally, national election of the People's deputies from Fukien Province to the First National People's Congress.[3]

From reading the reports about the Provincial Congress in the Communist newspapers, one can learn only that reports on the work of the provincial government were approved and that the budget was passed It is hard to find a reference to any debate or any counter-proposal, and it is still harder to find any evidence of opposition or mention of critical remarks. The provincial congress like the National Congress is an organization for expressing popular support of Communist policies, rather than for debate on government policies.

It is stipulated in Article 59 of the Communist Constitution that, "The People's congress, at county level and above elect and have power to recall the presidents of People's courts at corresponding level which is nothing else but another version of the articles of the Constitution of the USSR, numbers 105 through 109. Furthermore, an assessor system, which is provided for in Article 75 of the Communist Constitution, has been adopted for the first time in Chinese history.

3. Ibid.

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642 Another institution which follows the Soviet pattern is the procuratorate. The provincial procurator is not elected, but appointed for four years by the procurator-general in Peking. Each county has a similar official, appointed by the provincial procurator with approval of the procurator-general. The fact that the president of a law court, according to the Communist Constitution, is to be elected, shows that he is less a jurist appointed for life than a person who looks after the interests of the Communist Party.

Workers or peasants who are Communists or fellow-travelers may sit in court and participate in the proceedings. According to the Chinese Communist view, the judiciary is a component part of politics and must promote the interests of the working class. Many favorable reports have appeared in Mainland newspapers but since the judiciary, and the provincial or county congress were established only a year ago, a judgment upon their merits must be postponed.

A list of the governors, deputy-governors, and the chief procurator who have been recently elected in these five provinces, is as follows:

1. Shantung

a) Governor Chao Chien-min
b) Deputy-Governors
Chao Che-fu
Wang Cho-ju
Liu Min-sheng
Li Ch'eng-chih
c) Provincial High People's Court
President-Yang Hsüan-wu

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5. Chekiang

a) Governor-Sha Wen-han

b) Deputy-governors
Huo Shih-lien
Li Feng-nien
Pao Ta-san
Yang Ssu-i

c) Provincial High People's Court
President - Wu Chung-lien

The most recent work of the provincial governments of East China is described in a summary of the report made at the time of the convention of the provincial congresses.

When the Kiangsu Provincial People's Congress was convened from August 5-11, 1954, the following record appeared: " ..all the delegates of the congress expressed their approval of the report on the work done during the past year and one-half and also on the immediate tasks of Kiangsu Province In the session of the delegates a resolution was passed which ratified the government report. It also passed resolutions that the people of the provinc should be united for raising the industrial production level, for the work of socialist transformation, for prevention of natural calamities in the rural areas, for insuring the fulfillment of the agricultural production plan, and for consolidating and developing the co-operatives and the mutual-aid organizations. They also sent letters of appreciation

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2. Kiangsu

a) Governor-Hui Yü-yü

b) Deputy-Governors
Liu Shun-yüan
Kuan Wen-wei
Leng Yü
Chi Fang

c) Provincial High People's Court
President-Liu Shao-t'ang

3. Anhwei

a) Governor-Huang Yai

b) Deputy-Governors
Li Shih-nung
Chang K'ai-fan
Kuei Lin-hsi

c) Provincial High People's Court
President-Ch'en Yüan-liang

4. Fukien

a) Governor-Yeh Fei

b) Deputy-Governors
Ch'en Shao-k'uan
Chiang I-chen
Ting Ch'ao-wu
Chia Chiu-min

c) Provincial High People's Court
President-Lan Yung-yü

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635 to the heroes who worked for prevention of floods
642 and to the Liberation Army which were stationed in Kiangsu. They then discussed the Draft Constitution and elected sixty-seven members as representatives to the National People's Congress."[4]

When the Chekiang Provincial Congress was convened, it discussed the draft Constitution and passed a resolution for its support. The next thing on the agenda was to examine the report on government work during the past year and a half and to approve the plan for future tasks of the government. It also passed the financial statement of 1953 and the gudget for 1954. The delegates also gave consideration to a report on military construction work in Chekiang made by Liu Wen-hsieh, director of the Department of Political Affairs of the military district of the Chekiang Liberation Army. Liu said that in the past year and a half the People's Liberation Army in Chekiang had defended the coastline very well and "had given blows" to Chiang K'ai-shek's army. They liberated the Great and Small Deer islets and also the Sheep islets. A total of 2,276 men of Chiang K'ai-shek's army were killed. There were seventeen enemy planes brought down and fifteen damaged. A great number of fishing boats escorted to sea returned with a catch totaling 5,300,000 piculs (292,030 tons) of fish. Many delegates expressed the wish of the mass of the people that Formosa and the offshore island be liberated.[5]

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4. People's Daily, August 13, 1954.

5. People's Daily, August 21, 1954.

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III. GOVERNMENT STRUCTURE BELOW THE PROVINCIAL LEVEL

631 The following paragraphs deal with the governments below the provincial level: There are the municipal government, the county government, and the hsiang or chen government. The urban population lives in a municipality, while the county and the hsiang or chen are found in rural or semi-rural areas. However, between the provincial and the county level there is an agent of the provincial government who inspects the work of different county governments within the district.

According to Article 53 of the Communist Constitution, the country is divided into provinces, autonomous regions (for minority nationalities) and special municipalities, which in turn, are divided into autonomous chou, counties, and municipalities. The counties are further divided into hsiang. In general the province, the municipality, the county, and the hsiang are fundamental divisions. There is, as well, an administrative district which is below the province and above the county. According to Article 42 of the Organic Law of the local People's congresses and local People's councils: "The Provincial People's Council when it is found necessary, can establish Administrative District Commissioner's offices as its agents, with the approval of the State Council." This is the legal basis for dividing a whole province into administrative districts. It is more or less similar to a prefect under the Manchu Dynasty, the functions of which were to look after and to inspect the work of the government of the counties

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631 and hsiang; but it is an administrative division and has no constitutional basis; that is, it can be changed or abolished. The number and the respective names of the municipalities, counties, and administrative districts in these five provinces are given as follows:

Political Subdivisions[7]

I. One municipality under the direct control of the Central People's Government: Shanghai.

II. Five Provinces

A. Shantung Province. Capital, Tsinan.

1. Four municipalities (cities): Tsinan, Tsingtao, Yentai (Cheefoo), Lin-ch'ing.
2. One industrial and mining district under the direct control of the provincial government: Tzu-po Industrial Mining District.
3. Eleven Districts:
   a) T'ai-an (District administrative office at T'ai-an), 12 counties: T'ai-an Lai-wu, Hsin-t'ai, Tsu-yang Ssu-shui, Ning-yang, Tung-p'ing, Fei-ch'eng P'ing-yin, Ch'ang-ch'ing Li-ch'eng, Chang'ch'iu.
   b) Te-chou (District administrative office at Te-chou) one municipality: (Te-chou); 12 counties: Te, Lo-ling, Te-p'ing, Shang-ho, Chi-yang Lin-i, Ping-yuan, Yu-ch'eng, Ch'i-ho, En Wu-ch'eng, Hsia-chin.
   c) Hui-min (District administrative office at the town of Pei-chen in Pin-hsien) 15 counties: Hui-min. Yang-hsin, Wu-ti, Chan-hua Ken-li Li-chin, Pin P;u-t'ai, Kuang-jao, Po-hsing Kao-ch'ing, Ch'i-tung.

Footnotes 6 and 7. [See end of this list.] [E.475]

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631 Ch'ang-shan, Huan-t'ai, Tsou-p'ing.

d) Ch'ang-wei (District administrative office at Wei-fang Municipality), one municipality: Wei-fang; 9 counties: Wei, Lin-tzu, Ch'ang-i, Ch'ang-nan, An-ch'iu, Lin-ch'ü, Ch'ang-lo, I-tu, Shou-kuang one subdistrict: Yang-chiao-kou.

e) Lai-yang (District administrative office at Lai-yang), 10 counties: Lai-yang, Lai-hsi, Liao-lan, P'ing-tu, Yeh-nan, Yeh, Chao-yuan, Huang, P'eng-lai, Ch'i-hsia; one special subdistrict: Ch'ang-shan-tao.

f) Wen-teng (District administrative office at the town of Wen-ch'eng in K'u-lun hsien), one municipality: Wei-hai; 8 counties: Wen-teng, Yung-ch'eng, Ju-shan, Hai-yang, Fu-shan, Mu'p'ing, K'un-lun, Shih-tao.

g) Chiao-chou (District administrative office at Chiao-hsien), 9 counties: Chiao, Chi-mo, Chi-tung, Chiao-nan, Ts-ang-ma, Wu-lien, Chu-ch'eng, Kao-mi, Jih-chao.

h) Lin-i (District administrative office at Lin-i), 12 counties: Lin-i, P'ing-i, Lin-shu, T'an-ch'eng, Ts'ang-shan, Fei, I-shui, Chü, Chu-nan, I-nan, Meng-yin, I-yüan.

i) Ch-ning(District administrative office at Ch-ning), one municipality: Chi-ning; 13 counties: T'eng, Yu-t'ai, Chin-hsiang, Chia-hsiang, I, Hsueh-ch'eng, Fu-shan, Chi-ning, Tzu-yang, Ch'ü-fo, Tsou, Wen-shang, Wei-shan.

j) Ho-tse (District administrative office at Ho-tse), 10 counties: Ho-tse, Chüan-ch'eng,

631 Yün-ch'eng, Liang-shan, Ting-t'ao, Ts'ao Tan, Ch-eng-wu, Chü-yeh, Fu-ch'eng.

k) Liao-ch'eng (District administrative office at Liao-ch'eng), 16 counties: Liao-ch'eng, Po-p'ing, Ch'ing-p'ing, Kao-t'ang, Shih-p'ing, Tung-o, Shou-chang, Yang-ku, Fan, P'u, Ku'an-ch'ao, Hsin, Kuan, Kuan-t'ao, Lin-ch'ing, T'ang-i.

B. Kiangsu Province. Capital, Nanking.

1. Six municipalities (cities): Nanking, Hsü-chou, Wu-hsi, Su-chou (Soochow), Ch'ang-chou, Nan-t'ung.
2. Eight Districts:
   a) Chen-chiang (District administrative office at Chen-chiang Municipality), one municpality: Chen-chiang; 10 counties: Tan-t'u, Yang-chung, Tan-yang, Wu-chin, Chin-t'an, Li-yang, Kao-shun, Li-shui, Chü-yung, Chiang-ning.

   b) Yang-chou (District administrative office at Yang-chou), 2 municipalities: Yang-chou, T'ai-chou; 10 counties: Chiang-tu, Kao-yu, Pao-ying, Hsing-hua, T'ai, T'ai-hsing, Ching-chiang, I-cheng, Chiang-p'u, Liu-ho.

   c) Huai-yin (District administrative office at Ch'ing-chiang municipality), one municipality: Ch'ing-chiang, 7 counties: Huai-yin, Ssu-yang, Su-ch'ien, Shu-yang, Kuan-yün, Lien-shui, Huai-an.

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631 d) Hsü-chou (District administrative office at Hsü-chou), one municipality: Hsin-hai-lien; 10 counties: T'ung-shan, P'i, Kan-yü, Tung-hai, Hsiao, Tang-shan, Feng, P'ei, Hsin-i, Sui-ning.

e) Yen-ch'eng (District administrative office at Yen-ch'eng-hsien), 7 counties: Yen-ch eng, Chien-hu, Fo-ning, Pin hai, She-yang, Ta-feng, Tung-t'ai.

f) Nan-t'ung (District administrative office at Nan-t'ung), 7 counties: Nan-t'ung, Ju-kao, Hai-an, Ju-tung, Hai-men, Ch'i-tung, Ch'ung-ming.

g) Sung-chiang (District administrative office at Sung-chiang-hsien), 9 counties: Sung chiang, Shang-hai, Ch'uan-sha, Nan-hui, Feng-hsien, Chin-shan, Ch'ing-p'u, Chia-ting, Pao-shan.

h) Soochow (District administrative office at Soochow) one municipality: Ch'ang-shu; 9 counties: Wu, Ch'ang-shu, T'ai-ts'ang, K'un-shan, Wu-chiang, I-hsing, Wu-hsi, Chiang-yin, Chen-tse.

C. Anhwei Province. Capital, Hofei

1. Six municipalities (cities): Hofei, Huai-nan, Wu-hu, Pang-pu, An-ch'ing Tun-ch'i.
2. Seven Districts:

a) Liu-an (District administrative office at Liu-an), 7 counties; Liu-an, Huo-ch'iu, Shou, Fei-hsi, Shu-ch'eng, Huo-shan, Chin-chai.

631 b) Fo-yang (District administrative office at Fo-yang), 10 counties: Fo-yang, T'ai-ho, Hao Wo-yang, Meng-ch'eng, Feng-t'ai, Ying-shang, Fo-nan, Lin-ch'üan, Chieh-shou.

c) Su-hsien (District administrative office at Su-hsien), 7 counties: Su, Ling-pi, Ssu, Ssu-hung, Wu-ho, Huai-yüan, Sui-ch'i.

d) Ch'u-hsien (District administrative office at Ch'u-hsien), 9 counties: Ch'u, Lei-an, Chia-shan, Hsü-i, Ping-hui, Ch'üan-chiao, Ting-yüan, Feng-yang, Fei-tung.

e) Wu-hu (District administrative office at Wu-hu), 13 counties: Wu-hu, Han-shan, Ho, Tang-t'u, Lang-ch'i, Kuang-te, Hsuan-ch'eng, Ching, Nan-ling, Fan-ch'ang, Lu-chiang, Wu-wei, Ts'ao.

f) Hui-chou (District administrative office at Tun-ch'i), 9 counties: Hsi, Hsiu-ning, I, Ch'i-men, Shih-tai, T'ai-p'ing, Chi-ch'i, Ching-te, Ning-kuo.

g) An-ch'ing (District administrative office at An-ch'ing), 13 counties: Huai-ning, T'ung-ch'eng, Hu-tung, T'ung-ling, Ch'ing-yang, Kuei-ch'ih, Chih-te, Tung-liu, Wang-chiang, Su-sung, T'ai-hu, Ch'ien-shan, Yüeh-hsi.

D. Chekiang Province. Capital, Hangchow.

1. Seven municipalities (cities): Hang-chow, Ningpo, Wen-chou, Shao-hsing, Chia-hsing, Hu-chou, China-hua.

631 2. Four counties under the direct control of the provincial government: Hang, Hsiao-shan, Hsin-teng, Fu-yang.

3. Six districts:

a) Chia-hsing (District administrative office at Chia-hsing), 17 counties: Lin-an, Hsiao-feng, Yü-ch'ien, Wu-k'ang, Yü-hang, Ch'ang-hua, Chia-hsing, Chia-shan, P'ing-hu, Hai-yen, Hai-ning, Ch'ung-te, Te-ch'ing, T'ung-hsiang, Wu-hsing, Ch'ang-hsing, An-chi.

b) Ningpo (District administrative office at Ningpo), 13 counties: Yin, Chen-hai, Ning-hai, Feng-hua, Hsin-ch'ang, Sheng, Shang-yü, Yü-yao, Tz-u-ch'i, Shao-hsing, Lin-hai, T'ien-t'ai, San-men.

c) Wen-chou (District administrative office at Wen-chou), 17 counties: Yung-chia, Lo-ch'ing, Yü-huan, Jui-an, P'ing-yang, Wen-ch'eng, T'ai-shun, Ching-ning, Ch'ing-yuan, Lung-ch'üan, Yün-ho, Li-shui, Ch'ing-t'ien, Tung-t'ou, Huang-yai, Wen-ling, Hsien-chü; one sub-district: Haimen.

d) Ch'u-chou (District administrative office at Ch'ü-hsien), 8 counties: Ch'ü, Lung-yu, Hsuan-p'ing, Sung-yang, Hsü-ch'ang, Chiang-shan, Ch'ang-shan, K'ai-hua.

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631 e) Chin-hua (District administrative office at Chin-hua), 17 counties: Chin-hua, I-wu, Chu-k'ai, Tung-yang, P'an-an, Yung-k''ang, Chin-yün, Wu-i, T'ang-ch'i, Lan-ch'i, Shou-ch'ang, Hsü-an, Shun-an, Chien-te, P'u-chiang, T'ung-lu, Fen-shui.

f) Chou-shan (District administrative office at Ting-hai), 5 counties: P'u-t'o, Tai-shan, Sheng-ssu, Hsiang-shan, Ting-hai.

E. Fukien Province. Capital, Fu-chou (Foochow).

1. Four municipalities (cities): Foochow, Amoy, Ch'uan-chou, Chang-chou.
2. Eight districts:

a) Min-hou (District administrative office at Lo-chou in Min-hou Hsien), 8 counties: Min-hou, Lien-chiang, Lo-yüan, Ch'ang-lo, P'ing-t'an, Fu-ch'ing, Yung-t'ai, Min-ch'ing.

b) Chin-chiang (District administrative office at Ch'üan-chou), 10 counties: Chin-chiang, Hui-an, Hsien-yu, P'u-t'ien, Chin-men, Nan-an, T'ung-an, An-ch'i, Yung-ch'un, Te-hua.

c) Lung-ch'i (District administrative office at Chang-chou), 10 counties: Lung-ch'i, Hua-an, Ch'ang-t'ai, Hai-ch'eng, Chang'p'u, Tung-shan, Chao-an, Yün-hsiao, P'ing-ho, Nan-ching.

d) Lung-yai (District administrative office at Lung-yai), 7 counties: Lung-

631 yai, Chang-p'ing, Yung-ting, Shang-hang, Wu-p'ing, Ch'ang-ting, Lien-ch'eng.

e) Yung-an (District administrative office at Yung-an), 7 counties: Yung-an, San-yuan, Ta-t'ien, Ning-yang, Ch'ing-liu, Ning-hua, Ming-ch'i.

f) Nan-p'ing (District administrative office at Nan-p'ing), 9 counties: Nan-p'ing, Ku-t'ien, P'ing-nan, Yu-ch'i, Sha, Shun-ch'ang, Chiang-lo, T'ai-ning, Chien-ning.

g) Chien-yang (District administrative office at Chien-yang), 9 counties: Chien-yang, Shao-wu, Kuang-tse, Ch'ung-an, P'u-ch'eng, Shui-chi, Sung-ch'i, Cheng-ho, Chien-ou.

h) Fu-an (District administrative office at Fu-an), 7 counties: Fu-an, Shih-yung, Fu-ting, Hsia-p'u, Ning-te, Chou-ning, Shou-ning.

[Footnotes Nos. 6 and 7 from a previous page.]

6. Note that when the name of a Chinese county is express in a monosyllable, it is the practice to add to it the word hsien (county). For example, Pin becomes Pin-hsien. If the name is expressed in two or more syllables, it is not necessary to add hsien. In the list below, hsien has been omitted as understood.

7. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung pao, 1955, pp. 234-35.

634 Each county can also be divided into distric to which agents are sent with the approval of the provincial People's council. The same procedure can be applied to a municipality, which has need of agents to look after the administration of each street.

The nature and function of local government from the municipality down to the county and hsiang level, has changed radically since the beginning of the Communist regime. Popular organizations mak it possible to keep the individual under closer surveillance than was possible in the past.

Under the early Republic and Kuomintang, a county was run by a single person called the magistrate, at times assisted by a few department heads of his own choosing. Now, the county People council, according to the Communist Constitution, consists of a head, a deputy-head, and from twenty-one to thirty-one members and ten heads of administrative departments, namely, (1) civil affairs, (2) public security, (3) finance (4) grain, (5) taxes (6) industry and commerce, (7) agriculture and forestry, (8) transportation, (9) culture and education, and (10) health; with others to be added when necessary.

632 634 A hsiang council can have a head, a deputy head, three to thirteen members and also four to five department heads.

The People's congress on a county or a hsiang level exercises the same functions as the provincial congress, which is covered by Article 58 of the Constitution: (1) to insure the observance and execution of laws and decrees; (2) to draw up plans for local economic and cultural development and for

632 public works; (3) to examine and approve local
634 budgets and financial reports; (4) to protect public property; (5) to maintain public order; (6) to safeguard the rights of citizens and the equal rights of national minorities.

Article 59 of the Communist Constitution stipulates that the congress elects and is empowered to recall the members of the government on the corresponding level.

The difference between the number of departments in a county and that in a municipality, which is directly under the central government and divided into districts, lies in the fact that the latter can have three more departments -- one for judicial administration, a second for control, and a third for planning; whereas a county and a municipality under provincial control and divided into districts, can have four more departments -- one for producers' co-operatives, one for control of industry and commerce, one for reconstruction, and one for labor.

Besides, the above-mentioned administrative departments there are voluntary organizations, such as the CPC, the peasants' associations, the militia, the New Democratic Youth Corps, the All-China Federation of Democratic Women, an association for the representatives sent to the congresses the inhabitants' association, and many others -- a tota of forty organizations. The number of people who work as staff members in these organizations can, in some places, reach an aggregate of 500.

A. Communist Rule in a Municipality-- Shanghai

633 A study of the municipality of Shanghai, which is the most important city in China, will make clear the Communist way of governing the urban population. The government of Shanghai consists of a mayor, five elected deputy-mayors, 44 members of the People's council, and a People's congress consisting of 737 delegates. a maximum number never surpassed by any provincial congress. This is the main structure of the executive and deliberative branch of the municipality of Shanghai. The area of Shanghai is then divided into thirty districts or wards, in each of which are established departments of civil affairs, of industry and commerce, of education and culture, of health, and of secretariat work; at times, another department for construction and production work is added. Each of the districts has an average population of 225,856 persons, but in a suburban ward the population may be reduced to 81,014 persons. In the P'eng-lai district, where the densest population is found there is a population of 381,563. The division into wards took place in 1949 when the population of Shanghai was 5,127,280. The Chinese Communists went into such detail that in each of Shanghai's 11,185 streets, a street committee was established whose work was divided into six departments: (1) Health, (2) Education and Culture, (3) Social Welfare (4) Conciliation, (5) Security and Defense, and (6) Relief. The voluntary associations in this instance are: (1) Resist-America Aid-Korean Branch Association, (2) Joint Association of Commerce and Industry, (3) Democratic Youth Association, (4) Students' Union, (5) the Federation of Democratic Women, and (6) the Housewife League.[8]

8. Ch'ün-mo Luan-wu Ti Shang-hai-shih[Shanghai Where the Demons Dance in Confusion] , Taipei, 6th Section, Nat'list Party, 1954, pp. 5-8.

633 It is evident that all of these territorial and administrative organizations and voluntary associations strive to work out a means by which the inhabitants can be observed by the government and the Communist Party.

632 B. Communist Rule in A Rural District -- Yung-ho Hsiang

The following description of the Yung-ho hsiang government in the county of Hsin-teng, Chekiang Province, appeared in a Shanghai paper. It may have been written for the purpose of propaganda, but it does explain how a hsiang government is supposed to operate.

In the Yung-ho hsiang there is a population of 1,883 persons living in 525 families, classified into eight families of rich peasants, twelve families of small merchants, twenty-two families of craftsmen, and the remainder classed as peasant families. The Communist Party has a party branch in this hsiang, with a membership of nine, a youth branch of 68, a peasant's association, a Federation of Democratic Women, three agricultura producers' co-operatives, and thirty-three year-round mutual-aid teams; 95 per cent of all the peasants are included in the three co-operatives and the thirty-three teams.

When the work of "democratic reconstruction" was set in motion, the election procedure took place within all the organizations and teams. The whole population elected 92 delegates to the hsiang congress, among whom were one teacher, one craftsman, one merchant, and one rich peasant; the remainder were peasants. Twenty

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632 per cent of the delegates were women. The Yung-ho Hsiang Congress elected Wen-chin-yüan as as head, Lou Ch'uan-fa as deputy head, and thirteen members to the council. The work of the council is divided among: (1) Mutual Aids and Co-operatives, (2) Conciliation, (3) Relief, (4) Culture and Education, (5) Health, (6) Security and Defense, (7) Militia, (8) Irrigation, (9) Forestry, (10) Finance and Grain, (11) Census.

Several hundred proposals were made by the delegates to the hsiang congress, but they were finally reduced to the following categories: twelve proposals related to production; twenty related to irrigation; eighteen related to forestry; seven related to culture and education; three related to public safety; three related to taxes on rural products; two related to transportation; one related to health; one related to relief; ten general proposals; and twenty-four related to the party cadre.

The congress also passed resolutions in which the tasks for the next year were indicated as (1) increase of production for the year 1953, (2) increase of winter crops, (3) extension of word-study (reading), (4) co-operation with the government for the suppression of the Taoist Association, (5) forestry, (6) extension of consumers' co-operatives and (7) health.[9]

The above descriptions emphasize organization of the people, enlisting them in the services

9. Chieh Fang Jih-pao [Liberation Daily]. Shanghai, Decmeber 11, 1952.

632 of associations and watching their activities, provides instruments of regimentation which see into every corner and oversee all details.

642 In conclusion, it may be said, that, although the Chinese Communists are intent upon carrying out the work of "democratic reconstruction," they are also making use of constitutional machinery, democratic institutions, and other voluntary associations in order to gain popular support for the purpose of building a broad foundation for the complete monopolization of power. It should be noticed that, before the promulgation of the Constitution, two or three years were spent in the political education of the people in order to increase their interest in polling and registration and parliamentary procedure; only then was the Chinese Communist Constitution put into effect. Regardless of the real motive of the Chinese Communists, it must be admitted that they have created a new era in the history of Chinese constitutional government.

Annex "A," Subparagraph 2c,
Political Background

POLITICAL DYNAMICS

SECTION ONE

THE COMMUNIST PARTY OF CHINA AND ITS AFFILIATED ORGANS

665

The monopoly of political power in the hands of one party -- the Communist Party of China -- is the basic factor in the pattern of political dynamics of Communist China and of the East China Region. The power structure also sets certain limits to the decision-making process, which follows a course largely determined by the organizational and operational pattern of the Party. Hence, political dynamics -- the study of political power and political process -- should examine the Communist Party of China itself, its political control, and the election and politics of minor parties in the region.

Since political activities in Communist China are regulated and guided by the Party through a well-established network of control over organizations of all types, the Party rather than society as a whole generates the vitality which lies behind political force.

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665 To generate the vitality and to control the course which society is to follow requires the adoption of a total approach to all problems and the mobilization of all available instruments of compulsion in society -- Party, government, and mass organization. The Communist Party of China hopes to accomplish this task through the injection of issues and the initiation of movements or campaigns. Issues are employed to capture popular attention and to agitate emotion in preparation for ensuing campaigns, and movements are the means used to achieve assigned goals.

Initiated by the Party, which gives the signal that sets all forces into action, a campaign[1] is at once a method of executing a mission, a device to test the efficacy of all organizations, and a means of eliminating undesirable elements. A campaign can be either of national or local nature,[2] directed toward the population as a

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1. For discussion of campaigns, see Richard L. Walter, China Under Communism, the First Five Years, Yale University Press, 1955, pp. 77-100. Also, W. W. Rostow, The Prospect for Communist China, Cambridge, M.I.T., 1955, pp. 72-98.

2. Typical campaigns of a local nature introduced in farming communities would include Spring Plowing, the Summer Collection, Resist Drought, and Resist Flood.

665 whole or a segment of the population. In the present context, a campaign should be regarded as a political device rather than as a manifestation of political or social process.

The centralization of both government and Party is another factor determing the pattern of political dynamics in the East China Region. The central organs of the Party employ four major means to control local agencies under their direction. The understanding of these means is essential to the examination of political dynamics in this region: (a) the maintenance of a unified and effective Party organization throughout the region, (b) the control of administrative and judicial organs, People's protectorates, public security organization for the execution of governmental politics, (c) the control of mass organizations, and (d) the agitation of popular enthusiasm, the manipulation of popular will, and ultimately, the control of elections and the composition of the People's congresses.

I. THE COMMUNIST PARTY OF CHINA IN THE EAST CHINA REGION

A. Present Status of the Party[3]

3. For information on the Communist Movement in the East China Region, consult Hsü Tsung-tse, Chung-kuo Hung-chün Ti Shih-nien, [Ten Years of the Chinese Red Army], Peking Hsüan-wen shu-tien, 1951; K'ang-jih Chan-cheng

(continued next page)

665 As a ruling party in the East China Region, many new tasks have been assigned to Communist Party organizations. As a result of the many municipal centers located in this area, tasks such as the administration of industry and economy and the direction of trade union movements are stressed. The following key policies are closely adhered to by the Party units in the region.

1. Party organizations are very flexible and are under constant adjustment in order to cope with new tasks assigned to the Party units in this region.

2. The Party maintains a constant membership drive with the idea of increasing the total membership to include workers, technicians, and intelligentsia.

3. A thorough indoctrination and training program imposes upon each member the duty of continuous rectification and remolding.

Finally the Kao Kang and Jao Shu-shih expulsion of March 1955 and the subsequent

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3. (continued) Shih-ch'i Ti Chung-kuo Jen-min Chieh-fang-chün [The People's Liberation Army During the War of Resistance Against Japan], Peking, Jen-min Ch'u-pan-she, 1953.

arrest of Hu Feng and P'an-Han-nien in July 1955[4] are of particular interest in an appraisal of Party affairs in the East China Region. As the first secretary of the East China Bureau of the Central Committee of the Communist Party of China in this region, and the chairman of the East China Military and Political Committee until his replacement by T'an Chen-lin, the third secretary of the East China Bureau during the Three-Anti Campaign in 1952, Jao Shu-shih's influence in this region, both in Party and government affairs, must be great. At the time of Jao's expulsion from the Party, Hsiang Ming, formerly deputy governor of Shantung Province and, since September 1952, vice-chairman of the East China Military and Political Committee, was also expelled. The determination of the Party to eliminate Jao's followers in the East China Region is further evidenced in the arrest of P'an Han-nien, the deputy mayor of Shanghai since 1949, concurrently the second secretary of the Shanghai municipal Public Security Bureau. These series of arrests point to the instability of Party organization in this region and may forecast possible arrests in the future.

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4. English text of the official statement of Kao-Jao purge, New China News Agency Daily Bulletin, London, No. 1278, April 7, 1955; that of Hu P'an expulsion (Chinese text) in Hua-ch'iao Jih-pao [China Daily News], New York July 19, 1955, p. 1.

665 B. Party Organization

The Communist Party organization in East China region is governed by three principles: (1) Party organization is an integrated system, a system that symbolizes the extreme centralization of political power and the greatest demand for unity and discipline. (2) Party organization is pyramidal in structure and is organized upon a territorial and functional basis. (3) Party organization is flexible. Any attempt to assume it to be stereotype form of organization is misleading and impractical.

1. Organization. The Communist Party organizaton in the East China Region was until early 1955 -- divided into two parts: (a) the delegates of the Central Committee of the Party to the region and (b) the local Party bodies, divided into the provincial Party layer, administrative district layer, county and city layer, and the ch'ü and hsiang [group of villages] layer.

Since the abolition of regional administration in East China in June 1954, delegates to the Central Committee of this region no longer exist. At the recent Party converence of the Communist Party in March 1955 and the 6th Plenary Session (Enlarged) of the Central Committee in October 1955, only

665 Shanghai Bureau representatives were reported at the meetings.[5] This confirmed the anti-Communist speculation that the original East China Party Bureau and the Shantung Sub-Bureau no longer exist in this region. However, a discussion of the Party bureaus as the delegates of the Central Committee of the Communist Party is still necessary because there is a likelihood that the bureau organization may be re-established. In the past, the East China Bureau and the Shantung Sub-Bureaus have been very active in this region.

(a) Delegates of the Central Committee. In the East China Region, the Central Committee of the Communist Party of China was represented by the East China Bureau and the Shantung Sub-Bureau. (Recently, a Shanghai Bureau has been organized, presumably having jurisdiction only in the metropolitan area of Shanghai.) While the East China Bureau had direct jurisdiction over the provincial Party organization in Kiangsu, Chekiang, Anhwei, and Fukien provinces, the Shantung Sub-Bureau held Party leadership only in the province of Shantung.

Until recently the East China Party Bureau has not been an active force. Jao Shu-shih's

5. Communiques on the conferences, New China News Agency Daily Bulletin, London, No. 1278, April 7, 1955, p. 4; and ibid., No. 1413, October 18, 1955, pp. 6-7.

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665 infrequent appearances at public functions and the lack of political activity of the East China Military and Political Committee have long been noticed. This inactivity was probably caused by the clash of personalities of the Party leaders in this region. Jao's leadership had long been challenged by veteran Party leaders.

There are two channels through which the bureaus exercised their authority -- the Bureau Secretariat and the regional Party Conference. The Bureau Secretariat at its level maintains an organization and enjoys a power comparable to that of the Central Secretariat of the Party. The regional conference is a device which the bureaus had not hesitated to employ for the transmission of directives and for periodic controls. In the past few years, the bureau had convened many enlarged cadre conferences and administrative district secretariat joint sessions. Bureau departments had called meetins of their own, thereby placing Party functions completely under their respective jurisdiction.

(b) Local Party Hierarchy.[6]

1) Provincial Party layer: The Provincial Party unit is the highest layer of the

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6. For local Party organizations, consult the Constitution of the Communist Party of China; English text in Liu Shao-Ch'i, On the Party, Peking, 1951, pp. 185-90.

665 Party hierarchy within a province. Its first obligation is to enforce the directives and decrees transmitted by the central Party, while maintaining leadership in all matters within the territory in which it operates.

2) Administrative District Party layer: The Party unit at this layer generally corresponds with that of an administrative district under the jurisdiction of the provincial government. It is one of the most important tiers in the Party hierarchy, for it devotes its major work to Party affairs and has considerable authority in the selection and placement of personnel -- Party as well as government -- within its jurisdiction.

3) County and City Party layer: Like the provincial Party organs, the county and city Party units have the dual task of carrying out Party work and of maintaining complete control over other administrative and mass organizations in the direction of government activities.

4) Ch'ü Party layer: Ch'ü Party units are directly responsible for the management of Party affairs and the implementation of Party policy. They are installed below city or county levels.

5) Hsiang Party layer: Hsiang Party units form the lowest layer of the local Party

665 hierarchy. It is here that the Party and government fusion is most obvious and the Party's control over the other administrative and mass organizations most clearly revealed.

In addition to the territorial division of Party organization -- the Central delegates to the region and the local Party hierarchy -- there is an organization known as the Party branch or Party cell. It is a part of the broad foundation upon which the pyramid rests. It acts as a link between the Party and the masses. Party branches are organized in any factory, mine, enterprise, street, army, government office, or school where there are three or more Party members. They can be grouped into general branches and Party committees or broken down into sub-branches and Party groups, depending upon the number of members and the place of operation.

2. Organization within each Party layer: A quadrupartite division of authority is maintained in each of these constituent Party units -- the Party Congress, the Party Committee, Control Committee, and the Party Conference.

a) The Party Congress: The Party Congress of each of these local units is the highest body of the respective Party organization. In theory, the Party congress at each local level meets every two years and performs similar functions. The Constitution of the Party provides that Party congresses are to supervise

665 and lead the Party Committee by hearing its report, deciding on questions pertaining to that area, and electing members of the Party Committee and delegates to Party congresses at the immediate higher level, subject to the approval of the Party Committee at that level. Although the National Party Congress has not convened since 1945, the local Party congresses are encouraged to convene at more frequent intervals, a measure recently proposed by the principle of collective leadership.

b) Party Committee: The executive body of the Party unit is the Party Committee. At the provincial level, the Provincial Party Committee elects a Standing Committee which controls the Party Committee. Departments under the Standing Committee include: organization, propaganda, rural work, urban work, social affairs, and the united front; its commissions deal with trade unions, youth, and women; it also has offices of policy planning, military affairs, and other functions. Organizations under the Party Committee at other level vary in each case. However, the basic departments are included at all levels.

c) Control Committees: Another instrument under the Party Committee is the independent, yet integrated, system designated as the local Control Committee, established at the National Party Conference of the Communist Party of China in March 1955.[7] The new control

7. English text in New China News Agency Daily Bulletin, London, No. 1277, April 6, 1955, p. 3.

665 committees replace the Discipline Inspection Committee established in November 1949.

The committees may set up branch offices in enterprises, factories, cooperatives, and mass organizations. The committees are required to co-operate with other state control agencies as well as with the supervisory office in the government, the People's procuratorates, and public security agencies. Organizationally, members of the Committees are elected by the Party congresses or conferences of the respective levels, subject to the approval of the Party committees of the next higher level. Local control committees are also subject to the supervision and direction of the higher control committees. Their relationship is centralized and permits no deviation.

d) Party Conference: The Party Conference is convened by the Party Committee at the higher level. The conference is in fact an executive meeting of the Party unit at each level, and its representatives to the conference are appointed by the Party Committee. The conference has the power to appoint or remove one-fourth of the members of the Party Committee and to reach decisions on Party work as well as on personnel and policy-making of the Party within its jurisdiction. The Party conferences meet more oftehn than the Party congresses and in fact exercise certain powers for the latter. The Nanking Municipal Conference of November 1949

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665 and the Second Chekiang Provincial Party Conference of April 2, 1950 are examples.

C. Party Expansion, Overhauling, and Indoctrination

1. Party Expansion. Party expansion is a constant process and a duty read into the Constitution of the Party branches. However, there have been two major membership drives in East China -- the 1952 drive and the 1955 expansion.

The first major membership drive in September 1952 was directed by the East China Bureau[8] upon the successful conclusion of the Three-Antis and Five-Antis campaigns. It continued through 1952 and was climaxed in 1953 by the launching of the first Five Year Plan. The drive was aimed at recruiting new members from among the activists selected from government offices, business enterprises, financial and economic units, factories, and farms. At this time Party membership in East China stood at 1,060,000, with more than 400,000 Party branches (cells) which had been in existence since 1950.[9] In the directive issued by the East China Party Bureau basic principles of the expansion were outlined. First, the eight qualifications of a

8. Liberation Daily, September 7, 1952, p. 1.
9. Ibid., July 1, 1950, p. 1.

665 Party member must be met. The eight conditions include the realiza[illegible] on the part of each member of the ultimate goal of the Party, the devotion of the life of each member to the cause and interests of the Party, and absolute obedience. Secondly, Party overhauling should be launched and undesirable Party members expelled from the Party. Thirdly, exploitation and bureaucracy must be eliminated.

For the preparation of this membership drive, the East China Bureau toward the end of 1951 held a special course under its Party school.[10] Nine-hundred graduates, drawn from district and county organizations, were specifically trained for the management of the membership drive. The department of organization of the South Kiangsu Special District Party Committee held a meeting for this purpose.[11] Party members were placed in charge of membership drives in all factories, government offices, trade unions, and other mass organizations in the five key industrial cities in that area, and working teams were organized to supervise and check the drive. Emphasis was placed on special classes for the activists who were ready for admission in cities and in rural center. Activists under this training program had to meet all

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10. Speech of Jao Shu-shih at the graduation, ibid., December 6, 1951, p. 1.
11. Ibid., September 9, 1952, p. 1.

665 qualifications and were thoroughly examined.

This large-scale membership drive brought reports from many cities of the admission of new Communist members. From the Shanghai trade unions' Political Training School several groups of students were admitted into the Party; at one time, there were 1,069 students, of which 435 were new members.[12] The new members included 142 Corps members, 84 cadres chosen during the Three-Anti Campaign, 47 "model" workers, 35 "model" students, and 24 "meritorious activists" selected by the mass. In the city of Nanking in the first half of 1952 some 456 members were admitted to the Party.[13]

The second-largest Party membership drive initiated by the Central Committee of the Communist Party of China at the Basic Rural Organization Conference in March 1955 helped to speed expansion in the rural areas.[14] The conference announced the establishment of 170,000 hsiang Party branches in the country's 220,000 hsiangs, with a total rural Party membership of about 4,000,000. In the East China Region, this membership drive continued since the completion of Party overhauling in the rural areas in 1952-53. In the nation as a whole,[15]

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12. Ibid., September 8, 1952, p. 3.
13. Ibid., September 27, 1953, p. 3.
14. People's Daily, March 9, 1955, p. 1.
15. Ibid., May 19, 1955, p. 1.

665 more than 700,000 peasants were admitted to the Party in 1954. In Anhwei Province, the rural Party membership was estimated at 47,000, and the Communists reported that 100,000 activists were ready for admission.[16] During the same period Party organization alo underwent an expansion; in the city of Shanghai, over 40,000 new members had been admitted; 80 per cent of these were classified as workers.[17] Even in privately owned factories, it was reported that some 987 Party branches had been established by September 1954.

On the other hand, repeated warnings were issued to avoid over-expansion in Party membership. An example was given by the Communists in two hsiang (villages) in Sou-hsin Chekiang Province, where thirty-five members were admitted to the Party; of this number, eleven members were unqualified. This failure to maintain a certain standard is a common phenomenon in the vigorous drives for Party expansion.

2. Party Overhauling. As a constant process, Party overhauling involves at least four major activities: (1) examination of ideology and political alertness of Party members; (2) review and criticism of individual work;

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16. Ibid., February 11, 1955, p. 5.
17. Survey of Mainland Press Supplement, No. 1008, March 16, 1955, p. 6.

665 (3) mobilization of mass participation in the criticism; and (4) promotion of political education and increased study.

Apart from constant overhauling, which begins upon the completion of a drive (a drive is differentiated from a campaign or a movement in that a drive is carried out on a much smaller scale and is perhaps only one part of a movement), major Party overhauling is sometimes launched. In East China, at least two major instances of Party overhauling can be cited: the 1950 rectification and the 1952 nationwide rural Party rectification campaigns.

A speech made by Mao Tse-tung in June 1950, calling for rectification, climaxed the reorganization and renovation of Party units in the East China Region. Jao Shu-shih's speech in March 1950,[18] and resolutions adopted at the First Party Congress of the General Branches of the East China Military and Political Committee and of the Shanghai Municipal Government in May 1950,[19] named Party reorganization as the immediate task of the Party. Reorganization became necessary because of the complexity of political conditions in the region and the need for adjustment after the seizure of power. The

18. Liberation Daily, March 21, 1950, p. 1.
19. Ibid., May 15, 1950, p. 2.

665 1950 rectification movement, which began in July in the East China Region only intensified the process of reorganization.

The nationwide rectification movement launched in 1952 in the rural communities was, however, more vigorous than the 1950 Party reorganization. The campaign was aimed at the elimination of undesirable elements within the Party -- the "new-rich," inactive Party members, and those who had been found guilty of corruption -- and the strenghtening of the agricultural producers' co-operative movement. The campaign did not begin until November 1952 because the Communists spent almost a year in preparation. During the preparatory period, the training of cadres and the conducting of experiments in certain selected areas were the two major tasks. The actual campaign took no more than four months. In the nation as a whole,[20] 75,000 hsiang Party branches concluded the overhauling before the Spring of 1953; some 1,200,000 Party members were reported to be involved in this process. In the province of Shantung alone, 60,360 members of Party units were selected for overhauling. Of this number, 2,363 were expelled, 5,892 inactive members were either asked to resign from the Party or were forced to resign, and 1,846 members were punished.

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20. People's Daily, February 2, 1953, p. 1.

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665 3. Indoctrination and Training. The Communist Party maintains Party unity and discipline by constant indoctrination and training. This practice is aimed at the revitalization of individual adherence to Party doctrine, and gives each member additional training in his own field. In the East China Region, Party training is generally conducted in two types of schools -- a cultural school to raise the level of education and political alertness and an ideological school to strengthen adherence to doctrine.

A cultural school system was instituted in East China in 1951. It is jointly administered by the Party and the government. A directive of Central Committee of the Communist Party issued in January 1954 reaffirmed the need.[21] for such a school system. The directive reminded Party members of the fact that in the country as a whole, one-half of the cadres (mostly Party members) have had less than a junior high school education, and a portion are actually illiterate. To remedy this, nationwide cultural school system were instituted, and bringing both the individual members and the responsible secretaries below county and ch'ü levels into the plan. The plan called for the completion of cadre education to a level equivalent to that of grade school and/or that of junior high school. Also

21. Ibid., January 22, 1954, p. 1.

665 included in the program, and to be completed in three to four months, was a class for the illiterate. The secretaries and administrative personnel of the Party who were unable to take time off during the day for schooling were to attend evening school, a twenty-week course, six hours per week. This program has been established throughout East China, and the responsibility for it rests mainly upon the county Party organizations.

The ideological school has a dual function -- to train Party members and to serve as a center for ideological training for candidates and members of other mass organizations. To organize and to carry on the teaching assignments is the job of the propaganda departments of the Party at all levels. Ideological schools were established in the major cities of Shanghai, Nanking, and Hangchow of Chekiang Province, Foochow of Fukien Province, and in Tsinan of Shantung Province. By 1953, it was reported[22] that there were 78 ideological schools with an enrollment of 42,000 persons in the East China Region. They were concentrated in the Shanghai area, where 74 schools were reported with a total enrollment of 33,000.

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22. Ibid., January 27, 1953, p. 1.

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II. AFFILIATED PARTY ORGANIZATIONS

A. New Democratic Youth Corps (NDYC)

668 883 1. The Party and the Corps. The relationship of the Party to the New Democratic Youth Corps is such that the latter is controlled by the Party, as provided by the Constitution of the corps.[23] Party members are in charge of corps agencies above the county levels, thus placing the direction of all corps activities in the hands of the Party. The first function of the NDYC is to provide a reservoir of potential Party members. Its second task is to supply needed activists in all organizations. The corps membership in Shanghai in 1949, for example, stood at 37,889 and was distributed in all key organizations.[24] Of this number, 18,348 were workers, 14,599 were students, and 4,942 were teachers and office workers. The final task of the NDYC is to engage in the broadest possible range of activities in order to reach sections of society where formal Party organization is lacking.

665 883 2. Organization. The organization of the NDYC in the East China Region is patterned after the Party. While national agencies

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23. The Constitution of the New Democratic Youth Corps, ibid., July 7, 1953, p. 3.

24. Liberation Daily, January 1, 1950, p. 10.

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665 maintain an East China Working Committee as
883 the representative of the Central Committee of the NDYC in the region,[25] local corps, agencies are established at the provincial, municipal, and county levels. The local corps are empowered to establish representative working committees in the administrative district and ch'ü.

With the exception of those working committees at district and ch'ü levels, the constituent corps agencies rest upon a dual authority. Each level is to have a congress and a committee elected by it. These committees are the executive agencies of the corps and their component members are approved by the upper-level committee.

The corps branch, like the Party branch, is the link to the masses. It is formed in any factory, mine, enterprise, farm station, village, government agency, company (of the army), school, or street where there are three or more corps members. A general corps branch and corps committee may be formed, depending upon the size of the branch. These basic-level branches serve as forces of agitation, help to mobilize youth and the masses, and act as substitutes where Party agencies are lacking.

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25. Ibid., August 22, 1952, p. 1; The East China Committee was officially organized in August, 1952.

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668 B. The Young Pioneers
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The relationship between the corps and the Young Pioneers is governed by the provisions in Chapter 7 of the Constitution of the NDYC. In the East China Region, efforts to organize youth between the ages of 9 and 15 into the Yount Pioneers were made in January 1950, a decision made by the Central Committee of the corps in October 1949. By April 1952, membership in the Young Pioneers in East China[26] was estimated at 1,200,000. Members were concentrated in the city of Shanghai, and their programs were patriotic. Since 1953, emphasis has shifted to recruitment of more members. National membership as of March 1955 was estimated at 70 million, or about 15 per cent of the youth in the 9-15 age group.[27]

SECTION TWO

POLITICAL DYNAMICS: POLITICAL CONTROL

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Communist power in the East China Region is supported by three pillars -- the Party, the bureaucracy, and instruments of control, i.e., the military, public security agencies, and other

26. Liberation Daily, May 4, 1952, p. 3.
27. Kuang-ming Jih-pao [The Enlightenment Daily], March 14, 1955, p. 1.

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665 supervisory agencies within and without the Party. In turn, the Party holds ultimate control over these instruments of force, as ensured by the establishment of a network of controls over all state organs and mass organizations. Thus, political control is maintained by placing Communist Party members in key positions in all organizations, by reserving for the Party all policy-making power, and by agitation, through which the Party mobilizes various political and social forces.

I. PARTY CONTROL OVER ADMINISTRATIVE ORGANS

A. Party and Government Fusion

Party control over government organs has been accomplished by the fusion of government and Party in authority, in fuction, and in personnel at all levels. The wide establishment of Party branches in all administrative organs and the subjection of Party members to Party discipline facilitated the fusion. As of 1950, some 251 Party branches had been organized in administrative units in the East China Military and Political Committee and the Shanghai municipal government.[28] Since 1948, at least

28, Libération Daily, May 17, 1950, p. 1.

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665 two systems within the Party -- the report system imposed upon the lower Party branches and members to report progress and seek instruction, and the inspection system, requiring upper Party organizations to enforce checks on lower Party branches -- have implemented this process.[29]

Another effective means of control is the placement of Party members in key administrative positions. On the regional level, for example, Jao Shu-shih was the first secretary of the East China Party Bureau and the Shanghai Municipal Party Committee in 1950 and concurrently the Chairman of the East China Military and Political Committee and the political commissioner to the Third Field Army under Ch'en I. Under the regional government the several commission chairmen were also Party secretaries,[30] holding key positions in both Party and administrative hierarchies.

At the provincial level, a similar pattern is observed. The then chairman of the Chekiang

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29. People's Daily, May 19, 1954, p. 1.

30. For example, Liu Hsiao, the chairman of the People's Control Commission of the East China Military and Political Committee was also the Second Secretary of the Shanghai Municipal Party Committee, and concurrently the head of the Department of Organization of the East China Party Bureau.

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665 Province, Tan Cheng-ling, was also the first secretary of the Chekiang Provincial Party Committee. So also were Chang Ting Ch'eng of Fukien, K'ang Sheng of Shantung, and Su Yü of Nanking. The newly elected governors in this region in 1955 bear the same qualification. A governor of a province can either be concurrently the first secretary of the Party, as in the case of Yeh Fei of Fukien, or he may be the past first secretary of the Party Committee, as in the case of Sa Wen-han of Chekiang and Hui Yü-yü of Kiangsu. [See the chapter on Biographies of Key Personalities.] This fusion is even more obvious at lower levels.

B. Cadre Utilization

The Communist Party may also exercise control over state agencies through the selection and appointment of faithful and capable cadre (Party members as well as non-Party members) to serve in the judicial and administrative agencies. Such is the case in the East China Region, where the Party secretary was placed in charge of personnel offices of the administrative agencies. For example, Hu Li-chiao, the then deputy of the Organization Department of the East China Party Bureau, was the director of the Personnel Department under the East China Military and Political Committee,[31]

31. People's Handbook, 1952, Shanghai, Ta-kung Pao, 1952, p. 181.

and, at the same time, held positions as deputy chairman of the People's Control Commission in the regional government and second secretary of the Discipline Inspection Committee of the East China Party Bureau.

After the Constitution was promulgated, all offices in charge of personnel were disbanded, This may indicate that the Party wishes to exercise firmer control of personnel policies.

C. Department of Supervision and Other Instruments of Control

The Communist Party exercises direct control over the government bodies through the offices of supervision, formerly the People's Control Commission. The offices of supervision are organized at all levels from the Central Government down to the county government. These offices are strictly controlled by the Party. As a rule, the heads of these offices are either Party secretaries in charge of Party organization or chiefs of public security agencies, a watchful guardian of the Party. Personnel working in these offices are mostly Party members and activists, who carry out only Party directives.

Unlike the people's procuratorate, which is called "judicial organ," the offices of

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665 supervision are administrative agencies[32] and check only government employees to make sure they have correctly executed government policies and orders, and to check officials guilty of misdemeanors, disobedience, and corruption in the administrative organs and state enterprises. As of 1951, some 2,031 cases had been disposed of by the former People's Control Commission under the East China Military and Political Committee.[33] Of these, 324 were accused of "misdemeanors," 523 of "waste," 82 of exceeding authority," and 49 were convicted of "counterrevolutionary activity".

The highest supervisory agency in the East China Region before 1954 was the East China People's Control Commission, established in March 1950.[34] Similar commissions were organized in the provinces and administrative districts in this region between 1950 and 1951. The Shanghai People's Control Commission, for example, was established in June 1951. Presumably the Discipline Inspection Committee, established in May 1950 in all administrative units in the Shanghai municipal government, performed the control function.

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32. T'an Cheng-wen "Chien-ch'üan Jen-min Chien-ch'a Chih-tu, Kung-ku Kuo-chia Fa-chih", "Make the People's Procuratorate System Sound and the State Judicial System Secure," New China Monthly, No. 2, Feb. 28, 1955, pp. 28-29.

33. Liberation Daily, November 30, 1951, p. 2.

34. Report of the Commission, ibid., July 19, 1950, p. 1.

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665 Among the established control offices in this region, some were not performing their duties properly. The Tsinan Municipal People's Control Commission, organized in August 1950, is a case in point. As late as March 1955, this organization was not completely organized and its duties were neglected.[35]

Supervisory branches,[36] composed of 2-4 workers, have been established in state enterprises, financial and economic offices, transportation agencies, notably the railways, and post offices. In addition to their normal control function, they supervise the utilization of funds, the fiscal system, and matters relating to production and purchase.

The supervisory offices operate three networks of their own:[37] reporters, complaint boxes, and reception rooms. People's supervisory reporters are sent out by the respective supervisory agencies or selected within the organization itself. They are organized into small working groups to spy on the individual worker either by making direct accusations or by handling accusations received from the complaint box or the reception room. The complaint box and the reception

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35. People's Daily, March 20, 1955, p. 6.
36. Text of the direxive, ibid., January 6, 1953, p. 1.
37. Ibid., March 11, 1953, p. 3.

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665 room are means of encouraging accusations and complaints against government employees. All government agencies are required to have these facilities. During 1954, the Kiangsu provincial government was reported to have received an estimated 100,000 letters of complaint.[38]

II. PARTY CONTROL OVER MASS ORGANIZATIONS

668 Communist policies toward mass organizations have been well calculated and effectively carried out. From the Party point of view, mass organizations are political assets: they serve as links between the Party and the masses and they are the means by which the Party succeeds in organizing all sections of society. Each of these mass organizations represents a specific segment of the populace and is itself a social and economic force.

After the Communist seizure of power in East China, mass organizations were immediately organized. Not until 1952, however, were they placed upon a permanent basis. Mass organizations are represented in this region by branches in key cities and appropriate places, depending upon their type of service. The most influential are discussed here to illustrate the pattern of Party control.

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38. Ibid., February 5, 1955, p. 3.

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A. Trade Unions

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467 Trade unions are regarded as the link between the Party and the workers. Since trade unions form the backbone of industrial development, and since East China is one of the most industrialized regions of China, the control of trade unions by the Party is one of the foremost tasks of the Party organizations in East China.

In the East China Region, an East China Trade Union Working Committee was established as the representative body of the All-China Federation of Trade Unions.[39] The chairman of this committee was also in charge of the Shanghai Federation of Municipal Trade Unions, which is no doubt the largest organization in this region. Under the regional committee, local trade union councils reach from the provinces to the towns, an administrative unit equivalent to hsiang; namely, "urban centers" in rural communities.

To destroy the existing labor organizations, the Party associated their elimination with the suppression of counterrevolutionaries and the Democratic Reform Movement. Ever since the Communists seized power in this region,

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39. Text of the Constitution of the All-China Federation of Trade Unions, ibid., May 14, 1953, p. 2; English text will be found in Current Background, No. 248, June 22, 1953.

668 467 they have taken drastic measures to suppress counterrevolutionaries. In larger factories, former labor leaders were singled out for liquidation. They were either accused of being spies in the past or leaders of secret societies. The Democratic Reform Movement directly aimed at the liquidation of old union leadership, was launched at a later date in East China than in other regions. Not as vigorous as in other region it concentrated upon the consolidation of gains after the destruction of the old leadership. The Democratic Reform Movement against privately-owned enterprises in Shanghai did not begin until December 1952.[40]

A trade union organization similar to that of the Party branch is organized by the trade union members working in the same enterprise. As a general rule, a committee is formed whenever the membership reaches twenty-five. The trade union committee sets up a workshop (department) committee to direct the work of its departments. Workshop committees are sometimes divided into trade union teams according to production units and work units. The reason for the closely patterned organization and structure of the trade union is to enhance Party control and, in turn, to convert trade unions into effective and militant organizations.

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40. Report of the Municipal Council of Trade Unions, Liberation Daily, October 1, 1952, p. 1, ibid., December 11, 1952, p. 2.

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467 The methods employed by the Party for political control over other organizations are applicable here, of course. The subjection of trade union affairs to the direction of the Party Commission on trade unions and the placing of Party personnel in key positions in the trade unions are customary practices at all levels.

However, the most effective method of control is the Party directive that Party orders are to be carried out within but not outside of the trade unions.[41] Control involves three steps. First, the Party branch is the starting point for the formulation of directives, working plans, and cadre policies. Secondly, the Party branch suggests to the presidium of the Trade Union Council those policies in need of discussion. Party members elected to the presidium must direct the trade unions meeting and successfully pilot the Party proposal through the presidium. Thirdly, after the resolution is adopted, Party and NDYC corps members must accept it unconditionally and serve as activists to make sure that the resolution is carried out.

C. Federation of Democratic Women (FDW)

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The most active federation in the East

41. People's Daily, May 7, 1953, p. 2.

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668 China Region was the Shanghai Municipal Federation of Democratic Women,[42] which was organized from the five major women's organizations existing before the Communist seizure of power in 1949. When the federation was formally organized in August 1950, it took in women workers in the trade unions and women students. The membership of the East China Women's Federation[43] stood at 30,000,000 in March 1951. The importance of the federation cannot be judged by its numerical supremacy alone. The position of women in Communist society is such that they constitute an important part of the labor force and their influence is being extended to the entire populace. The federation is a political force and is organized to reach all levels of society.

At the village level, the federation forms the most active part of the rural movement. Particularly, their participation in the Peasnat's Association should be mentioned. During the land reform period, the Women's Federation in South Anhwei mobilized 180,000 women to participate in the Peasant's Association, constituting one third of the total membership.[44]

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42. Liberation Daily, October 22, 1949, p. 7.
43. Ibid., March 8, 1951, p. 1.
44. Ibid., February 17, 1950, p. 3.

668 Such a political role has evolved for the Women's Federation as a result of participation in all farm drives and the full support given the hsiang government and Party apparatus.

In the cities, women also play an important part. Women's Federation teams are organized in the streets and alleys. They engage in urban inhabitants' committee work and in carrying out propaganda among the female populace. In addition to their active participation in all movements in the cities, the federation also co-operates with the Department of Women Workers of the trade unions.

Party control over the Women's Federation follows the same pattern as that over other mass organizations. The Party as well as the New Democratic Youth Corps maintains a commission on women's affairs, which is authorized to formulate policy. Furthermore, Party directives are carried out through Party branches organized within the federation.

D. Other Mass Organizations

A number of mass organizations having a strong influence on society are represented in the East China Region. The Shanghai Student Federation, a member organization of the All-China Federation of Democratic Youth, was very active. The All-China Federation of

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668 Literature and Art Cirlces also had a branch in Shanghai in July 1950. The most enthusiastically supported organization is the Sino-Soviet Friendship Association, which was established in Shanghai in October 1949. Its East China office was formally organized in November 1951. In April 1951, the association claimed a membership[45] of 943,269 people in the East China Region. These mass organizations have their branches in most of the major cities and counties throughout the region. Party control over these mass organizations follows with little variation the same pattern.

III. PARTY CONTROL IN THE RURAL AREAS

Political power in the rural area is the foundation of Communist power in the East China Region. Here lies the strength and the weakness of the region and of the Party; here the pattern of political dynamics is most revealing and Communist power encounters the greatest opposition. For this reason, a thorough discussion of the subject is necessary.

The establishment of Communist power at this level can be divided into three periods (1) The initial construction period -- prior to the completion of land reform, when political power was centered in the peasants' associations and geared to land reform in the rural areas. (2) The consolidation period -- a period of

45. Hopei Jih-pao [Hopei Daily], Paoting, April 15, 1951, p. 1.

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668 repercussion and a trial period for the producers' cooperative movement, marked by the gradual shift of political power from the Peasants' Association to the hsiang government, controlled by the Party. (3) The election and the post-Constitution period. The continuous suppression of opposition during the election fo 1953-54, however, laid the foundation for Communist political power. The post-Constitution period displayed a renewed consolidation of political power in the government and Party.

A. The Initial Construction (1949 to 1952)

The political meaning of the Land Reform Movement has been reiterated by the Communist leaders.[46] They regard it as a political struggle; its very essence lies in the abolition of the land-ownership system and the destruction of old political forces in the rural districts.

Throughout land reform, a number of different measures were taken to accomplish this task. Each of the stages of land reform -- preparation, execution, and re-examination -- displayed its political aim and rendered service to the Party.

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46. Liu Shao-ch's report on the land reform, Enlightenment Daily, June 30, 1950, p. 1.

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668 During land reform, power centers in the rural area remained with: (1) the Party, (2) the Peasant's Association, (3) the hsiang government, and (4) the militia. Of these, the Peasant's Association and the militia, organized as instruments of terror, were of particular importance.

The organization of peasant associations in the East China Region was determined by the manner in which rural power was established in this region.[47] The fact that many localities in the provinces of Shantung, Anhwei, and Kiangsu were old Communist bases facilitated the execution of land reform in newly-acquired areas. Party veterans from established Communist sources were joined by a large number of cadre selected from the Army. In many areas where the use of force was necessary, soldiers constituted the backbone of land reform work-teams. In the province of Chekiang, for instance, over 10,000 Army cadres were employed.[48] to assist in the organization of poor peasants, the organization of Peasant's Associations, and to help reinforce the local militia. The direct use of force was responsible

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47. In most places in East China, land reform was launched at the end of 1950 as in the other regions, and was 87 per cent complete in September 1951. In Fukien Province, land reform was completed in the spring of 1952; Liberation Daily, November 29, 1951; Fukien Daily, June 28, 1952, p. 1.

48. Liberation Daily, October 8, 1949, p. 4; ibid., May 18, 1950, p. 1.

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668 for the rapid conclusion of the land reform and the establishment of Communist political power in the rural areas in this region. By November 1949, an estimated 800,000 peasants had joined the Peasants' Association in eighteen counties in the special district of South Kiangsu.[49] Even in the province of Fukien, the last province to be seized by the Communists, an estimated membership of nine million was reported.[50]

668 701 The militia is an instrument of terror at the disposal of the Party. An organization of poor peasants and farm laborers (67 per cent) and of youth (aged 18-30), it is strongly class conscious.

At the end of the land reform in November 1951, the strength of the militia in the East China Region[51] was reported at 2,900,000. In addition to the normal duties assigned to the militia in this region, such as guarding granaries, bridges and transportation centers, the militia was also responsible for coastal defense. Militia units in the provinces of Fukien, Chekiang, and Kiangsu were noted for their role in coastal operations. In a twenty-month period

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49. Ibid., November 12, 1949, p. 5.
50. Ibid., July 14, 1950, p. 3.
51. Liu Jui-lung's report on the conclusion of land reform in the East China Region, Ibid., November 29, 1951, p. 1.

668 to April 1951, the Fukien militia fought 5,829
701 "battles" in co-operation with the Communist regular troops, and engaged in 4,514 "battles" on its own.[52] This included many "engagements" in defense of the China coast.

B. Consolidation Period (1952-1953)

668 As the Land Reform Movement came to a close, Communist power was established in the region in spite of serious defects reported. The infiltration of "reactionary" elements into the Party organization and the increase of the "new-rich" among Party members, for example, necessitated the expulsion of an estimated 10 per cent of the Party members in the province of Shantung. The general apathy of Party cadre, as a result of low level of education and the unlimited demand imposed upon the Party members, caused some incidents suggesting political instability. Of particular concern was the Wu-to ("five-too-many") phenomenon.[53] Party members found themselves assigned too many jobs -- an average of four jobs per person. And Party members had to attend

52. Ibid., April 28, 1951, p. 5.

53. The five-too-many included: too many tasks, too many meetings, too many forms, too many organizations, and too many concurrent jobs.

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668 too many meetings. Too many jobs and too many meetings resulted in inefficiency and demoralization. It was necessary for the Communists to begin Party rectification and work for the consolidation of the power centers in the rural districts.

Directives issued by the East China Military and Political Committee at the end of the Land Reform Movement prescribed the key tasks for rural work.[54] The theme was the increase of agricultural production through the organization of mutual teams and agricultural producers' co-operatives. This task was assigned to the Party and hsiang government and consequently made possible the transfer of political power from the Peasant's Association to Party and government agencies. This transfer was evidenced in the overhauling of Party units and mass organizations operating in the rural district, the convening of ch'ü and hsiang People's representative conferences and the strengthening of the hsiang government. The overhauling of Party units and mass organization was necessary because on these bases depended the transfer of power from the Peasant's Association to the Party and hsiang government.

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632 The convening of ch'ü and hsiang government People's representative conferences had

54. Liberation Daily, July 9, 1952, p. 1.

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668 been an important task, because the control of
632 the conference by the Party ensured the election of hsiang governments. Such as task was at first limited to a few localities. The experience gained was helpful in other areas. However, in Shantung, the progress was better, due largely to the early conclusion of land reform.

The convening of hsiang People's representative conferences involved the holding of peasant representative conferences and the election of hsiang governments. As of July 1951, some 37 per cent (4,865) of the hsiang governments in Shantung Province had undergone the process of consolidation.[55] At the Second East China Civil Affairs Conference[56] in July 1952, some 2,147 representative conferences were held and 17,128 hsiang governments had been established (34.2 per cent of the total). The newly established hsiang governments were reorganized to include the several commissions on co-operatives, public security, finance and food, culture and education, militia, mediation, relief and irrigation, and forestry.

Equally important to the reorganization

55. Ibid., July 25, 1951, p. 6.
56. Ibid., July 9, 1952, p. 1.

668 of hsiang governments is the strengthening of
632 rural leadership. The principle of collective leadership was the central theme. It called for redesignation of the Committee jobs, the introduction of new administrative procedures, and the strengthening of Party leadership over other mass organizations. The old practice of concentration of power in one individual and the delegation of power to a few were declared outmoded methods.

C. The Election and the Post-Constitution Period

666 The Communists' announcement of nationwide elections in 1953 indicated the degree of confidence in their power at the basic administrative levels. However, the elections held in 1953 and 1954 served again as an instrument to liquidate opposition.

668 In the East China Region, the attempt to
631 abolish the village as an administrative unit and to reallocate hsiang administrations has been designated as one of the tasks involved in the establishment of Communist power in the rural area prior to the elections.[57] However, before 1953 such tasks were restricted to a few places and served to gain experience before

57. Directive of rural political works, ibid., July 9, 1952, p. 1.

668 these tasks were introduced in a wide area.
631 The reallocation of ch'ü and hsiang administrative units increased the number of units and facilitated control. In some places a hsiang was redivided into two parts. A directive[58] issued in May 1953 by the Shantung Party Sub-Bureau on the reconstruction of key counties was a renewed effort of the Party to enforce the reallocation and to prepare for the nationwide election in 1954.

After the promulgation of the Communist Constitution, political power was further strengthened. The hsiang People's Congress now holds highest authority but true power remains with the hsiang People's Council. Since these two institutions have gone through the two stages of construction and consolidation, Communist power is securely entrenched in the rural areas. On the other hand, with rising peasant resistance and maladministration of Communist policies in the rural areas, the Communist have encountered many obstruction. As a result, two drastic measures were taken by the regime in 1955. One measure was to overhaul the agricultural producers' co-operatives,[59]

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58. People's Daily, May 9, 1953, p. 1.

59. "Wei-shen-ma Pi-hsü Chung-shih Nung-yeh Sheng-ch'an Ho-tso-she Ti Kung-ku Kung-tso?" ["Why Should the Work of Solidification of the Agricultural Producers' Co-operatives be Stressed?"], New China Monthly, March 1955, pp. 133-34.

668 and the other was the announcement of the first
631 Rural Basic Level Organization Conference[60] in April 1955. The basic task of the conference was the strengthening of Party leadership in agricultural producers' co-operative organizations and the gradual collectivization of farm production.

IV. PARTY CONTROL IN THE CITIES

668 Following the course that had proved successful in the rural districts, the Communists in the cities established and consolidated their control. The Democratic Reform Movement and the Suppression-of-counter-revolutionaries Movement directed at the trade unions and at the urban population, and the violent and widespread Three-Anti and Five-Anti campaigns, directed at the Party, administration, industrial, and business circles of society in effect performed functions similar to those of the land reform in the rural areas.

However, Communist control in the city is retained through the maintenance of a set of control organizations, extending from workers' trade unions to the students' federation and reaching into every street. Following is a brief discussion of the different organizations.[61]

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60. People's Daily, March 9, 1955, p. 1.
61. Ibid., January 1, 1955, p. 1.

668 The Urban Inhabitants' Committee is
633 organized with the stated aim of contributing to the welfare of the residents. The basic unit is a family residing in or sharing a house with others, and a committee administers the affairs of from 100-600 families. An attempt was made to organize urban inhabitants in the 6,008 alleys in Shanghai in the winter of 1950. The committee organization was not widely established until 1951. As of June 1954, some 1,852 committees and 36,000 teams had been organized.

The Urban Street Office is the representative of the city government and acts as a liaison between the government and the street. In fact, the office serves to check and impose rules upon the residents. Its jurisdiction parallels that established for the Public Security Sub-Station, thus enforcing a doublecheck among the residents. The Public Security Sub-Station is responsible, in the main, for the maintenance of public order and the suppression of counter-revolutionary activity.

668 The Mediation Committee is a "mass" organization, established both in the city and in the village. Its function is to mediate disputes, propagandize government statutes, and exercise "judicial" power in the village and street for misdemeanors uncovered by the Peoples' tribunals. Although the committee acts as a third party in a dispute, it must not be overlooked that the committee represents

668 the government view and that it employs self-criticism as one of its primary techniques.

It seems that the Communist control in the cities is much more rigid and forceful than in the villages. With the spread of Communist domination in many mass organizations, factories and other professional organizations, Communist control in the city is further strengthened. No doubt the public security sub-stations play a leading role in the enforcement of government rules. However, the importance of other organizations, notably the procuratorates and the Peoples' courts, should not be minimized.

SECTION THREE

ELECTION AND POLITICS OF MINOR PARTIES

I. ELECTIONS

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The nationwide election which produced the People's congress at all levels was held in the East China Region between 1953 and July-August 1954. A Communist election is a process whereby organized propaganda is concentrated for purposes of political indoctrination. People are not allowed to choose between policies and candidates. The fact that there is only one political platform removes this

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666 possibility. Secondly, elections are not merely a political process but a political struggle whereby opposition is liquidated and undesirables are eliminated. This is ensured by the selection of candidates and by the examination of each candidate's qualifications.

A. Election Committee and the Election

Article 3 of the Electoral Law of the People's Republic of China,[62] passed and promulgated on March 1, 1953, stipulates that deputies to People's congresses of a province, county, or a municipality divided into districts shall be elected by a like People's congresses of the next lower level. Deputies to the People's congress of a hsiang, town, municipal district, or municipality divided into districts shall be elected directly by the electors. To administer these elections at all levels, the electoral law provides for the establishment of election committees at all levels down to the hsiang. Members of the committee are appointed by the People's government of the next higher level. Article 3 is further reinforced by assigning to the committee additional functions at the hsiang level, according to a directive issued in April 1953 by the Central Election Committee[63] First, the chairman of the

62. The Electoral Law of the People's Republic of China for the All-China People's Congress and Local People's Congress of all levels, Peking, Foreign Languages Press, 1953.

63. For the directive, see People's Daily, April 6, 1953, p. 1.

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666 committee is appointed among the workers from the higher level. Secondly, the committee defines electoral districts. Each district shall have at least two-hundred in order to supply 2-3 representatives. Thirdly, a voter-qualification examination board is established. Only those who pass the examination receive the electoral certificate. Fourthly, committees at the hsiang level have control of the selection of candidates through direct negotiations between the Party and representatives of mass organizations within the election committee.

While the elections to the Peoples' congresses above the county level may be conducted by secret ballot, the election of deputies to the People's congresses of a hsiang, town, municipal district, and the election of hsiang or a town deputy to a county People's congress may be conducted by a show of hands or by secret ballot (Article 55). In such a case, election meetings are held under the supervision of the election committee. On that day, all efforts are made to force full participation. In 521 hsiangs and 44 towns in East China, 90 per cent of the voters went to the polls.[64]

Elections at the basic levels in the East China Region were held in several groups. The

64. People's Daily, August 13, 1953, p. 3.

666 initial step involved the holding of experimental elections in selected areas. At the end of September 1953, in the thirty-two cities in the East China Region,[65] 36 municipal ch'ü, 645 election districts, and 74 public security sub-station areas had completed elections. The experience gained served to facilitate the conduct of elections in all cities in the region. A large number of cadres were trained to assist. In the province of Shantung, the first group of trainees numbered 7,000 plus 5,000 technical people.[66] These people were organized into election teams and were the responsible cadre in the election committees at the lower levels.

The reallocation of election districts in the city and the examination of voters' qualifications were the two most tedious tasks involved in the election. In the city, the reallocation of election districts were based on the distribution of public sub-stations. In the second ch'ü of Tsinan,[67] Shantung, 44 election districts were allocated from six public sub-stations, with a total of 67,697 people. Each election district included 1,538 people; from each district 2-5 representatives were chosen. The examination of voters' qualifications was

65. Ibid., November 21, 1953, p. 3.
66. Ibid., May 26, 1953, p. 3.
67. Ibid.,

666 carried out either by the organization to which they belonged or by the urban inhabitants' committees. In the latter case, the public security sub-stations played a decisive role, especially within the examination board, where the final deicision regarding qualification was determined. Similar procedures were observed in the village; however, simple conditions in the rural communities made the tasks easier.

B. Selection and Nomination of Candidates

Article 47 regulates the nominations of candidates. Members of the Communist Party, the various democratic parties, the various People's organizations, and elector or representatives who are not affiliated with the above-mentioned parties or organizations may be nominated as candidates for election as deputies, either jointly through negotiation among the groups or separately by each party, according to electoral districts and electoral units. In all cases, however, joint nomination is the rule and the caucus is adopted. Negotiations on the nominations of candidates above the provincial and municipal level is made through the consultative conference at each respective level. In county and smaller bodies where such a conference is not held, negotiations are carried out by the election committee. A preliminary list of the candidates is given to the electors' discussion group for approval and return to the election committee. The final list is then published five days before the election.

C. Election Campaign and Fund

666 The practice of joint nomination of candidates eliminates the need for election campaigning. Candidates from other parties and organizations so selected must, of course, first meet the approval of the local organs. Once approved, election is assured. If any campaigning is involved, it takes place only at the Party meetings and discussion group meetings, where the individual's qualifications may be questioned and some interrogation may become necessary. Article 8 of the electoral law permits disbursement of funds by the national treasury for election expenses. Since campaigning is rare, no provisions are made for the collection and use of campaign funds. Article 62 of the electoral law singles out bribery as an offense. Other unlawful practices, including violence, intimidation, and fraud, are regarded as offenses liable to fine or imprisonment.

II. POLITICS OF MINOR PARTIES

665 After 1950 minor parties were established gradually in the key cities of the East China Region. They include the Revolutionary Committee of the Kuomintang (RCKMT), the China Association for Promotion of Democracy (CAPD), the Democratic League (DL), the Chinese Peasant Workers' Democratic Party (CPWDP), and the Chih Kung Tang (CKT).

665 The RCKMT, a party composed of former Kuomintang officials, forms the largest group participating in the government. The next largest is the Democratic League. As a party made up of petty bourgeoisie and intelligentsia, it serves as a symbol of coalition. The CAPD is a party of national bourgeoisie, including industrialists and capitalists. Its services are called upon for active support of the nation's economic programs. Minor parties having lesser political importance are drafted for other activities.

The status of the minor parties in this region is determined ultimately by their status in the central government. The status enjoyed by the minor parties changed after the promulgation of the Constitution. It is true that the Constitution also calls for the continued functioning of the people's democratic united front led by the Communist Party and composed of various democratic classes, parties, groups, and People's organizations; however, these democratic elements in China, particularly the minor parties, are rapidly sinking into obscurity.

In the first place, the local consultative committees of the Chinese People's Political Consultative Conference (P.C.C.) which are the organizational forms of the United front, have ceased to be organizations of any political importance. The more than ten tasks

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665 assigned to them since 1951,[68] ranging from assistance to local governments, reporting public opinion, examining decrees submitted by the government, to participation in government-sponsored drives, are reduced to mere observance and enforcement of the Constitution of the Chinese People's Political Consultative Conference[69] and the holding of consultations in regard to the local work of the People's democratic united front. (Article 18 of the Constitution of the Chinese People's P.C.C.)

In the second place the participation of minor parties in the government is no longer effective, although minor parties are still able to participate in government affirs either through the nomination of candidates to the People's congresses or through the local consultative committees of the Chinese People's P.C.C. Equally significant is the reduction in the establishment of consultative committees below provincial level. The new constitution of the Chinese People's P.C.C. calls for the establishment of these committees only in provinces and in municipalities directly under the central authority.

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68. Yangtze Daily, September 8, 1951, p. 4.
69. English text of the Constitution of the Conference in Current Background, No. 309, December 25, 1954.

665 In the third place, with the consolidation of Communist political power at all levels, the position of minor parties is further endangered. For instance, the liquidation of private capitalists in the transitional stage would certainly reduce, in the end, the political position of the China Association for the Promotion of Democracy. Eventually minor parties will no longer exist as political forces in the ordinary sense because their political influence will be insignificant.

A. Control and Infiltration

665 668 The most effective way of eliminating minor parties and their activities is to exercise strict control over them either through direct subjugation or infiltration. A glance at the guiding principles to be observed by all minor parties participating in the Chinese People's P.C.C. would indicate the degree to which these minor parties have subordinated themselves to the will of the Chinese Communist Party. In addition to acknowleding the position of the Communist Party as the core of the state's power, minor parties "must assist the state organs and set the social forces in motion... maintain close contact with the masses... continue to consolidate and develop the alliance between China and the USSR... study Marxist-Leninist theories on a voluntary basis, study state policy, elevate political levels, practice criticism and self-criticism, and strive for ideological remolding." (General principles of

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665 the Constitution of the Chinese People's
668 Political Consultative Conference.)

The infiltration of the Communist Party into the minor parties to compel their final extinction is perhaps the regime's far-reaching design. In the East China Region this will be done by the control of membership policies of the minor parties by the Communist Party and by the training of members of the minor parties in charge of organizations. A training class[70] was held in November 1951. Their curriculum included Chinese Communist history and organizational policy; their instructors were Communist Party members. Certain conditions were established under which the expansion of minor parties was to take place. These parties must be free from "reactionary elements." To date, 55 persons have been expelled from the Revolutionary Committee of the Kuomintang, 76 per cent of this number for political reasons. Expansion has been restricted to big cities, and is not permitted in minority groups. Furthermore, activists were encouraged to enroll during the Resist-America-Aid-Korea Campaign.

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70. Liberation Daily, November 22, 195, p. 1.

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B. Minor Parties and "Pressure Politics"

664 In a democracy, the degree of political
665 activity of the minor parties determines the true measure of democracy. Likewise, special interest groups as such can enjoy their political privilege to influence public opinion or, through minor parties, participate in policy-making. In Communist China, where minor parties have only assigned duties to perform and where public information is monopolized by the Party, they exert no "pressure" upon the state organs which the Communist Party of China dominates, nor do they take part in policy-making.

On the other hand, deputies of the minor parties were allowed to make speeches and urged to comment on government policy at each session of the All-People's Conference. However, only praise for the Communist was expressed, with occasional criticism of faults the Communists themselves had already admitted publicly. One cannot tell whether their enthusiasm was, after all, spontaneous or a pretense.

CONCLUSION

665 The Communist Party since assumption of power has succeeded in consolidating its position in the East China Region. It has also succeeded, to a certain degree, in the maintenance of a militant and efficient Party

665 organization. It is trying its best to stimulate popular enthusiasm toward the regime.

The present tasks of the Party, calling for the rapid industrialization of the region and the administration of the many major municipal centers in East China, are tasks in which the Party must prove its further competency. Perhaps, the Jao Shu-shih purge and the P'an Han-nien expulsion indicated the complication of municipal administration which brought about dissension and personal conflict among the top Communist leaders. Equally serious is the constant Party rectification and the severe demands imposed upon all Party members. These practices plant seeds of discontent and distrust within the rank and file.

The Communist employment of terror and regimentation in the cities meet resistance, and Party members working in the cities are often exposed as inefficient and corrupt. The low educational level of the cadre and general apathy among Party members in the rural communities hamper the execution of Communist rural policies.

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Annex "A," Subparagraph 2d, Political Background

PUBLIC ORDER AND SAFETY

625 692 Because of the large population and the complex society which exists in the East China Region, the Chinese Communists face many difficulties in maintaining public order and safety within its borders. In attempting to achieve this end, and in consolidating their political gains, the Communists have not hesitated to employ a strategy of terror. The Communists employ various means for the suppression of opposition and maintain a rigid control over the population. The People's court system, the People;s procuratorates, and the public security agencies are all instruments of suppression.

The People's court is conceived neither as an institution of justice nor as a protector of individual rights; it is designed to serve as a weapon of the state for "safeguarding the People's democratic system and protecting public property." In a similar manner, in order to insure observance of the law, the local People's procuratorate, although a "judicial organ," exercises procuratorial authority over all local state agencies, over government workers, and over all citizens in general. It also serves as an agency of control by supervising People's courts in matter of adjudication, by exercising a check over public security agencies in investigation activities and in the execution of judgment in criminal cases. The public security agency, the police, and the security forces are instruments of violence. They assume direct responsibility for the maintenance of public order.

625 692 In addition to the use of violence as their primary means these various agencies of suppression form an integrated system, subject to the control of the Central People's Government and rigidly supervised by the Communist Party, and they all share the responsibility of ensuring the execution of codes and regulations relative to the maintenance of public order and safety. This chapter deals with the People's courts and People's procuratorate, the public security agencies and police, and codes and laws governing counterrevolutionary activities.

I. People's Court and People's Procuratorate

A. People's Court

692 After the establishment of the Supreme People's Court[1] in November 1949, the East China Branch Court of the Supreme Peope's Court was established. Liu Ming-sen was named as its president. The People's Court served as the representative of the Supreme People's Court in this region and as the final court of the region. At about the same time, the Municipal People's Court of Shanghai was also established.[2] However, it was placed under the authority of the Military Control Committee of Shanghai. This fact reduced the Municipal Court to a combination of military and administrative tribunal. Local courts in this

1. Report of Shen Chün-ju, former President of the Supreme People's Court, People's Daily, June 2, 1950. p. 1.

2. Work report of Shanghai Court, Liberation Daily, January 8, 1950; April 31, 1950, p. 5.

62 region remained intact and were permitted to function with only minor changes in personnel. Centralized control over these local courts was subsequently established.

As a political weapon of the state, the People's courts have been subordinated in their judicial function to the support of the Communist program. Indeed, the concept of judicial independence is unknown in the Communist language. Prior to 1952, while the Communists attempted desperately to consolidate their political power and to destroy existing political forces, the People's courts served as instruments of violence, working in co-operation with the land reform in farming communities and other movements in the cities for the suppression of the opposition. During this time, People's tribunals were widely established and their functions were politically apparent. After the system was comfortably entrenched, the People's court underwent reform. In July 1952 a nationwide Judicial Reform Campaign was launched, with a few to the destruction of the existing judicial system, to be replaced by the People's court system. This new system is based upon "socialist" concepts and is characterized by special techniques and methods in adjudication. Since 1953, the People's courts have supported the nationwide program of election and economic construction; at the same time, the People's court undertook further consolidation in preparation for the establishment on a permanent basis of a new People's court system. The nature and the spirit of the People's court is expressed in the newly promulgated Organic Law of the People's Court of the People's Republic of China.

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692 1. The First Stage (1949 - June 1952). The wide use of the People's tribunal was the distinguishing feature of the judicial activities during this period, and, in the East China Region, this not only resulted in the complete subordination of judicial function to political expediency, but facilitated all transfer of judicial authority from the hands of trained personnel to that of Party functionaries. At least three occasions can be cited when People's tribunals were used for the display of violence -- those established during the Land Reform Movement, the Three-Anti Campaign, and the Five-Anti People's Campaign.

According to the regulation of the People's tribunal for land reform issued in 1951 by the Government Administration Council,[3] the county and city tribunals were established directly under the leadership of the People's governments concerned and were component parts of the People's court on each respective level. Below the county tribunals, ch'ü, People's tribunals, were established. These tribunals were given the sole authority in criminal matters and were authorized to impose sentences up to five years' imprisonment, to prosecute counterrevolutionaries, and to initiate arrests. As of April 1951, some 58 county People's tribunals and 316 ch'ü tribunals

3. Text in Hua-tung-ch'ü Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien, [Compendium of Laws and Regulation Concerning Financial and Economic Policies in the East China Region], Vol. 2, Shanghai, East China People's Printing House, 1951, pp. 1, 950-52.

692 had been established in Fukien Province.[4] It was reported that in the Northern Special District of Kiangsu Province there were 22 county People's tribunals and 59 ch'ü tribunals.[5]

693 The political character of the tribunal can be detected by the composition of the adjudication committee, consisting of a president, a deputy, and several members half of whom were appointed by the People's government and half "elected" by the People's representatives drawn from the public security agencies, the Peasant's Association, and other mass organizations. In most cases, the county head and the ch'ü head were concurrently the presents of their respective tribunals.

692 The tribunal employed mass-trial and on-the-
695 spot judgment as their main technique in adjudication. When cases were heard, the judges bombarded the masses with propaganda. The masses were sufficiently agitated to denounce those whom the Party had previously singled out for prosecution. After denunciations were made, judgment was passed by the masses and sentence rendered at the instigation of the adjudication committee controlled by the Party. Mass trials usually resorted to intimidation and violence. To obtain

4. Liberation Daily, April 4, 1951, p. 6; for their activities in the region, ibid., January 8, 1951, p. 1.

5. Ibid., April 7, 1951, p. 5.

692 wide coverage, "mobile trials," reaching into
695 every village, were conducted by the People's tribunals.

692 During the Three-Anti and Five-Anti campaigns People's tribunals were organized in the administrative units and in the armed forces Directives issued by the Government Administration Council prescribed the function and power of the Three-Anti People's tribunals and the Five-Anti People's tribunals.[6] The president of the tribunal was generally the head of the office. Members of the committee were either activists of the organizations concerned or representatives from various Party-controlled organizations. The power of the tribunal included the rendering of the death sentence. Organized under the Municipal People's court, People's tribunals were installed in every ch'ü, held mass trials, and enjoyed enormous power.

The People's tribunals as weapons for the suppression of opposition were so effective that they were used again during the nationwide election in 1953-54. The main function of the Election People's Tribunal was to suppress and punish violators and unqualified candidates and voters. They were to work with the election committees and were generally subordinate to the latter. As of February 1954, at least 172 tribunals had been organized among the first group of counties selected for elections in Kiangsu Province.[7]

6. For text of the directives, see People's Daily, March 31, 1952, p. 1; ibid., March 25, 1952, p. 1.

7. Liberation Daily, Feb. 7, 1954, p. 3.

2. The Second Stage: The Judicial Reform Campaign of July 1952.

692 The Judicial Reform Campaign was launched immediately after the conclusion of the Three-Anti and Five-Anti campaigns. Many defects, particularly involving judicial personnel who had previously served under the Nationalist Government had been found within the People's courts. In reality, the campaign was a mass movement aimed at eliminating old judicial practices in the People's courts by the liquidation of old personnel and the introduction of new methods.

The campaign, as violent as other movements conducted during this period, aroused the masses to recognize, accuse and pass judgment upon corrupt judicial officers, called for the use of criticism and self-criticism of ideology and individual work, the reorganization of judicial organs, and the reconstruction of judicial authority based upon the new People's court system.

During the campaign, the influence and the "crimes" committed by the old-established judicial personnel were deliberately exaggerated by the Communists in order to justify liquidation. In the Shanghai Municipal People's Court, for example, among the 104 members of the adjudication committees, 80 were old-established workers, and most of these were committee chairmen.[8] This high percentage was common in all provinces; the higher the court, the higher the percentage.

8. Report of Shih Liang, Minister of Justice; Liberation Daily, Aug. 24, 1952, p. 1. Report on campaign in East China, ibid., August 21, 1952, p. 1.

692 Corruption cases involving old-established workers were reported to be as high as 59.52 per cent in the Shanghai, Nanking, and Hangchow municipal courts and in courts in the South Kiangsu special administrative district.

As well as seeking the elimination of old-established personnel, the campaign sought the disposition of an accumulation of untried and mistried cases. Mass trials similar to those held by the People's tribunals were led by activists who had carried out the preliminary investigations. In Shanghai, for example, many activitists who had gained positions of authority during the Three-anti and Five-anti campaigns participated in the mass trials. In the county of Ch'ing-p'u in the South Kiangsu special district, 56 cases were disposed of in seven days.[9] In Ch'ang-shu in the same district, 150 mass meetings were held in which more than 113,000 people participated, and another 15,000 are reported to have participated in a period of mass trials in which 970 cases were disposed of in the space of ten days. As of February 1953, in the East China Region, 165,00 such cases had been disposed of; of these cases, 70 per cent were given mass trials.[10] The rapidity of the trials can suggest nothing but the degree of injustice with which they were conducted. To further establish a foundation of mass participation in "judicial" activities, many mediation committees were organized in this region. A total of 45,960 such committees were organized in rural and urban districts, and 294,900 people were actively engaged in committee-work.

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9. Ibid., Nov. 11, 1952, p. 1.
10. Ibid., Feb. 1, 1953, p. 1.

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692 695 In connection with the elimination of the old system, Article 17 of the Common Program, adopted in October 1949, declared the abolition of all laws, decrees, and judicial systems of the Kuomintang government, the complete abandonment of the Kuomintang code, the Liu-fa Ch'üan-shu [The Compendium of the Six Codes of the Republic of China],[11] and the establishment of the People's Judicial System. The Communists specifically attacked the old system on four counts: (a) the judiciary had been a weapon employed by one class for the suppression of the opposing class, instead of an instrument of the People's dictatorship to serve the interests of the state; (b) the exceedingly mechanical procedure of the old courts should be condemned as bourgeois and unnecessary; (c) the assumption of a purely legalistic approach to a case did not reflect its economic and social background and was contrary to the socialist view of law; and (d) the use of precedents for the adjudication of a case should be discarded as a bourgeois practice.

On the other hand, the Communists defend their system on "socialist" grounds and by introducing new concepts and techniques into the practice of the courts. They are: (a) the reduction of appellate cases and the concentration of judicial authority among the lower courts; (b) the adoption of adjudication committees and the administration of law by collegia; (c) the review and periodic check of non-appellate cases by the higher courts;

11. Wu Ching-hsiung, Chung-hua Min-kuo Liu-fa Hui-pien [Compendium of the Six Codes of the Republic of China], 6 vols., Shanghai, Hui-wen t'ang, 1947.

692 (d) the conduct of "mobile trials"; (e) the use of
695 People's assessors, which, unlike the Western jury system, include representatives from various People's organizations; (f) the use of "comrade trial meetings" for cases involving ideology and labor discipline among Party members and workers in factories, offices, and enterprises; and (g) other methods, such as oral inquiries, on-the-spot investigations, the people's reception rooms, and mediation committees.

693 3. The Third Stage: (1953-1955). With the
692 gradual introduction of Communist concepts and teachings into the People's courts in the East China Region, new judicial personnel were trained. As a result of the second session of the National Judicial Conference held in September 1953, a directive was issued calling for the training in each region of 200-500 judicial workers.[13] Those who joined the courts during the Judicial Reform Campaign were sent to schools for further training; a reported 205 schools for judicial personnel[14] were in existence in 1952. Students of law and political science were also encouraged to join.

692 Effort was also made to strengthen judicial authority at lower levels and to establish special courts in industrial and mining organizations. As of July 1955, according to Shih-Liang, reporting at the Second Session of the National People's Conference, 3,795 circuit courts,[15] and 157,966 mediation committees had been established at the lowest level; these 3,795 circuit courts were

13. People's Daily, Sept. 10, 1953, p. 1.
14. Liberation Daily, Nov. 10, 1952, p. 3.
15. People's Daily, July 30, 1955, p. 6.

692 to be transformed into People's tribunals. During 1953 and 1955, effort was made to establish special courts within industrial and transportation organizations in East China. As of August 1955, only eleven railway courts and two waterway courts had been established in the nation. Because of the growing number of cases involving economic matters, judicial work in the industrial and business fields was also strengthened. As a result, some 120 judicial organizations were established to settle disputes arising in the fields of business and industry.[16]

After the promulgation of the Constitution and the passage of the new Organic Law of the People's Court[17], the judicial system was placed on a "permanent" basis. The new law formalized the "organizational and operational relationships between the courts -- the Supreme People's Court, the High People's Court, in a province and a municipality, and the basic-level People's Court in a country or a city and municipal ch'ü." The court remained the weapon of the state and continued to subordinate its judicial function to political expediency. At least two measures were taken to ensure this: the sanction of the use of the People's tribunal and the political selection of the judges.

Article 17 of the Organic Law of the People's Courts sanctioned the establishment of People's

16. Report by Tung Pi-wu, the President of the People's Supreme Court, ibid., July 23, 1955, p. 3.

17. English text in Current Background, No. 303, Nov. 5 1954, pp. 8-11.

692 tribunals on a broad and permanent basis. Wherever necessary they were to hold "mobile hearings" in the villages and towns, which the county People's courts could not reach. The selection of judges for the county was another means of extending political control over the judicial agencies. At the provincial and all local levels, although the president of the court was elected by the respective People's congresses, the president and the members of the different adjudication committees were appointed by the People's council. This manner of appointment, while placing the decisive power in the Party-controlled People's council, ensured the political control of the Communist Party over the judicial branch of the government.

B. People's Procuratorate [18]

Although the People's procuratorate is called a "judicial organ," it is in reality a prosecating agency and an agency of control over both People's courts and public security agencies. Powers exercised by the local offices include the "supervision of decisions, orders, and measures of local state organs, inquiry into criminal activities execution of public prosecutions, supervision of adjudication activities of People's courts, guidance in passing judgment on criminal cases and in the activities of the organs for reform through work, and the right to prosecute criminal cases or to join in the prosecution of important civil cases involving the interests of the state and the people."

18. Ibid.

692 Prior to the passing of the Organic Law of the People's Procuratorate in 1954, the Supreme People' Procuratorate maintained an office in the East China Region. Now that this office has been abolished, a closer working relationship exists between the central organ and the local offices that remain.

The appointment by the Supreme People's Procuratorate of chief procurators, deputy procurators, and members of the procuratorial committees of the provincial People's procuratorate increases this tendency toward centralization. In the same fashion, the members of city and county ch'ü procuratorial committees are only appointed by the procuratorate at the higher level.

The employment of the People's procuratorate as an agency of terror is further facilitated by its intimate relationship with the Party and the public security agencies. Heads of these People's procuratorates are generally either Party officials or heads of public security agencies. For example, the chief of the East China Branch of the Supreme People;s Procuratorate, Wei Wen-po, was also the secretary general of the East China Bureau of the Central Committee of the Communist Party of China. His deputy, Chou Pi-ch'üan, was formerly in charge of the Department of Organization of the Political Department of the Northeast Military Command and doubtless ly a Party member of long standing. A similar pattern of appointment was observed at local procuratorates. The chief of the Shanghai People's Procuratorate, Yang Fan, was concurrently the

692 head of the Department of Public Security of the Shanghai municipal government.[19]

People's procuratorates have co-ordinated their main task with the key drives of the country. The discovery of nationwide corruption and inefficiency together with the urge for renewed suppression of counterrevolutionary activities in 1955 have decided the responsiblities of the People's Procuratorates.

II. PUBLIC SECURITY AGENCIES AND POLICE

A. Public Security Agencies

647 625 As the chief instrument of the Communist regime in its effort to maintain close vigilance over the entire populace and to assume the responsibility for the execution of arrests and punishment, the public security agency is perhaps the Communists' most powerful instrument of violence. In addition to its wide establishment in the rural and urban districts, the public security agency maintains organizations of all types in all government and industrial organizations. These public security agencies are further aided by public security networks organized among the masses, and by the judicious use of informers. Security forces, allegedly a branch of the armed forces, in collaboration with other secret agencies of the Communist Party, are the instruments of violence placed at the disposal of the public security agencies at all levels.

1. Organization Under the direction of the Ministry of Public Security of the Central People's

19. Liberation Daily, Jan. 25, 1951, p. 2.

647 Government, similar departments and bureaus
635 are organized at all levels, extending down to the public security commissions in the hsiang. The public security system is one of extreme centralization and is operated entirely by the Communist Party.

In the East China Region prior to 1954, a Department of Public Security under the East China Military and Political Committee was maintained. Because of the need for secrecy, and perhaps because of the sinister role it played, information on its organization and activity is not available. However, a report from the Nationalist Government on Formosa indicated[20] that the organization was composed of eight sections: political security, police, border security, armed security, "Reform-through-labor" (forced labor), intelligence, and personnel. Security cadre schools, security regiments, and other security commands were reported to be under the direct jurisdiction of this department. At the provincial level, the department maintained an elaborate organization, comprised of an administrative office and offices devoted to political security, security administration, police, general service, and Reform-through-labor. Other units such as the security cadre schools, coastal public security bureaus, and forced labor battalions were included.

701 In addition to the public security agencies in the East China Region, military authorities also shared a considerable responsibility in the maintenance of "public order and safety." The Military Control Committee in the major cities had been

20. Organizational Chart, Communist Military, Public Security and Intelligence Organization, Taipei, 1953.

701 an important instrument in public security work. Military authorities are particularly active along the coast where attack from Formosa is possible Thus, Yeh Fei, present governor of Fukien, is also the commanding general of the Fukien military district and of the 10th Army Corps of the Chinese Red Army, which is deployed opposite the Formosa strait. The Shanghai Military Control Committee, with Ch'en I, commanding general of the old Third Field Army, as its head, has jurisdiction in matters of military and public security.

625 687 2. Public Security in Rural Areas During the land reform, the regime relied upon the Peasants' Association, the militia, and the People's tribunals for the elimination of landlords and "despots" and the enforcement of decrees. According to an order of the East China Military and Political Committee, concerning the punishment of landlords,[21] issued in September 1950, those who were accused of falsifying reports of property, the destruction or sale of property, the killing of cattle, and the destruction of farming implements were given one year's imprisonment. Creating rumors with a view toward misrepresenting government policy, distribution of land without the authority of the Peasants' Association, and other acts tending to lead to the disruption of rural government were crimes justifying a sentence of at least five years' imprisonment. The death

21. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compendium of Law and Regulations Concerning Financial and Economic Policies of the Central Government], Peking, Financial and Economic Committee of the Gov't Adm. Council, 1952.

625 sentence was given to those who attempted to
687 overthrow the rural government, murdered Communist cadre, sabotaged factories, or engaged in banditry.

Directives from the East China Region with regard to the control of landlords after land reform are not available to us; however, the directives on the same subject issued by the Central South Military and Political Committee may serve as illustrations of the measures taken by Communist authorities in this region.[22]

Landlords sentenced to imprisonment for five years to life were sent to Reform-through-labor camps. Those receiving sentences of less than one year were placed under the control of the hsiang government, denied the right to travel and the right to receive guests, and were compelle to engage in "productive activities."

625 Another measure taken at the conclusion of and reform was the establishment of security committees in the rural areas to organize mass participation in public security work.[23] The committee is established in each village and has three to eleven members elected at mass meetings and chosen from among activists in various organizations. Under the committee, public security teams of three to five activists are formed to establish a network in the village and in local organizations. In collaboration with the Party, the judicial agencies, and the mediation committee

22. Yangtze Daily, Aug 20, 1952, p. 1.
23. Regulation on committee, issued by Ministry of Public Security, ibid., Aug. 11, 1952, p. 1.

625 widely established in the rural areas, these security committees form the backbone of the security system.

Unrest widely reported in the rural areas made it necessary for the Communists to further strengthen their work of rural security. In April 1954, an editorial in the People's Daily[24] urged as the chief means of improvement the strengthening of milita and the security committees. The employment of "mobile" People's tribunals and the circuit People's procuratorate teams were also used to ameliorate the work of public security. To combat the general increase in suspected arson and other criminal activities in 1955, a directive was issued by the Ministry of Public Security of the Central Government, urging the strengthening of fire prevention in the rural areas;[25] another directive provided for the transfer of security forces below the administrative district level from the military command to that of the public security bureaus in the administrative district and county governments.[26]

3. Public Security in the Cities The task of maintaining public order and safety in the cities

24. People's Daily, April 28, 1954, p. 1.
25. Ibid. May 29, 1955, p. 2.
26. Ibid. July 31, 1955, p. 2.

625 is more complex than in the rural areas. The Communists take at least four measures: (a) the establishment of an extensive public security organization; (b) the rigid control of census and stern restrictions over resident movements; (c) the establishment of resident organizations to watch over the populace and of public security teams to supervise security matters in all organizations; and (d) the strict regulation of all commercial and recreational activities.

The responsibility for the maintenance of "public order and safety" in the cities rests with the Public Security Bureau. The Public Security Bureau in a municipal government maintains eight sections and several special units. The eight sections include a secretariat, and offices concerned with political security (including intelligence, investigation, and confidental communication), security administration, criminal police, sanitation, fire prevention, supply, and personnel. Special units under the supervision of the bureau include prisons, detention houses, and Reform-through-labor camps as well as security training schools and security forces. Under the bureau, ch'ü sub-bureaus and public security sub-stations have been established. The sub-bureau takes charge of detention houses and directs the work of public security sub-stations and the security committees under them.

In the East China Region, Communist control over the urban populace was greatly facilitated

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625 by the several drives initiated during 1950-1952. In order to make certain of the mass participation of urban residents in these drives for the large-scale condemnation, arrest, and prosecution of criminals, the Communists took direct control of the urban population. Immediately after the Communist seizure of power, measures were taken to evacuate unemployed workers and those originally from neighboring rural areas.[27] During and after the Land Reform Movement, the exodus of farmers from rural areas was controlled by the City-village Joint Office, which was staffed with public security officials from both urban and rural communities. Anyone who planned to move from one community to another had first to obtain permission from the office. The continuous evacuation of unskilled and unemployed workers arranged by the trade unions in co-operation with public security agencies, was an attempt to reduce urban population and thus make it easier to control. The evacuation of one million urban inhabitants from the city of Shanghai to the neighboring farm districts was not merely an economic measure; it was a political scheme to strengthen "public security" in the city of Shanghai.[28]

625 486 Equally effective is the rigid control of census-taking in the cities and in the rural communities.

27. Report of trade union work in Shanghai, Liberation Daily, Oct. 18, 1950 p. 1.

28. For summary of the measure, consult Forcible Evacuation of One-Seventh Shanghai's Population in Full Swing, Union Research, Series No. 1, Hong Kong, Sept. 6, 1955.

625 446 Two directives issued by the Shanghai Department of Public Security in April 1951 [29] and one issued by the Department of Public Security of the East China Military and Political Committee [30] provide sufficient evidence. According to a directive for the city of Shanghai, any resident who wished to move had first to obtain permission from a public security agency. Persons who wished to stay overnight were to be reported. The directive of April 1952, applied to all the cities in the East China Region, had the same rigid pattern. The only exception was that visitors who stayed longer than three days were required to report. In Shanghai, an overnight guest had to register.

Hotels hospitals and other places accomodating transient personnel followed a somewhat different procedure. Daily reports were required. The nationwide census in 1953 placed urban residents under further vigilance. Planned purchase and marketing (another name for rationing) introduced at the end of 1953 also helped in strengthening control. A directive issued by the State Council in July 1955 placed the registration upon a permanent basis. [31] The census is to be taken annually, and responsibility rests solely on the public security agencies.

625 The establishment of various control agencies in the cities has been discussed under the general heading "Communist Political Power in the Cities" in the chapter on Political Dynamics.

29. Liberation Daily, April 22, 1951, p. 6.
30. Ibid., April 27, 1952, p. 2.
31. People's Daily, July 3, 1955, p. 1.

625 Of particular interest is the public security sub-station and the security committees, which are widely established in the urban inhabitants' committees. The security committee was first organized in all streets and alleys during the Suppression-of-Counterrevolutionaries Movement in 1951. Several security committees are linked, with jurisdiction equivalent to that of a public security sub-station, to form a general committee headed by the chief of the station. The sub-station consists of a chief, deputy chiefs, and several policemen. They have been assigned many functions for the maintenance and enforcement of public order. Included among these functions are "the enforcement of laws on public security and social order, the suppression of sabotage activities, the prevention and curbing of bandit activities and other criminal acts, the surveillance of counterrevolutionaries, the control of census, and the direction of the work of the security committees."

Security committees also exist in factories, business enterprises, and other industrial organizations. These committees are concerned with security and safety measures. This principle was registered in the several orders governing labor discipline. The organization of workers' "suppression teams" in all organizations in the city is a measure used to further mass participation in public security work. As of January 1950, some 40,000 workers had joined these teams. Their forced participation in all movements, particularly in the Three-Anti and Five-Anti campaigns, exposes the regime's habitual use of violence.

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656 The issuance of regulations pertaining to public security matters is a function of the public security agencies at all levels. Apart from the regulations issued under the Ministry of Public Security which require nationwide enforcement, local regulations can be issued by the local public security organizations. Regulations applied to urban inhabitants in the city of Shanghai are so many that individual movement and action are severely restricted. The regulation requiring the registration of all social organizations,[32] is so rigid that no association can be organized without the sponsorship of the Communist Party and its affiliated organizations. The requirement for the registration of firearms tends to prohibit the possession of pistols and firearms of any kind.[33] Other regulations,[34] like that which governs the inspection of luggage at all transportation centers and points of entry, are very severe. Luggage and personal belongings can be examined by public security agencies, customs officials, and medical authorities at any place and at any time.

The issuance of regulations governing the conduct of business and recreation is a means of establishing the surveillance of public security agencies over all activities. Even the movements and activities of cabaret girls are restricted by this control scheme.[35] The regulation on the supply

32. Liberation Daily Oct. 21 1950, p. 1.
33. Ibid., June 29, 1951, p. 5.
34. Ibid., May 28, 1951, p. 2.
35. Ibid., May 10 1951 p. 3.

625 and sale of radios and electrical appliances,[36]
656 issued by the Ministry of Public Security in July 1955. requires each electrical shop to secure a permit from a public security agency before requesting a license from the Department of Industry of the local government. Monthly reports of sale and inventory are also required. Failure to report suspicious patrons to the security agency is a punishable offense. This newly published regulation which supercedes a similar regulation issued by the same ministry in August 1951, sets forth a further restriction; owners of electrical appliances must secure permits from a public security agency before repairs can be made. Other regulations governing the operation of hotels, warehouses, pawnshops, and recreational facilities are very rigid. In addition to these regulations, commercial firms are subject to controls by other governmental agencies, including those in charge of "public purchase and marketing."

B. Police

625 Since policing is a function of the public security organizations at all levels, their functions are the same as those of the public security agencies. The police in Shanghai have an additional force for garrison duties. This police force can be stationed at any point in the city to safeguard "public order." Unquestionably this system helps to provide additional control over the people in key centers. The organization of a new police force has been attempted by the Communist regime. New personnel have been hired and there is a constant reorganization of

36. People's Daily, July 26, 1955, p. 3.

625 the entire existing police force.

The police should be distinguished from the security forces, which as a component part of the armed forces, are allegedly under the control of the military district command. However, the latest trend indicates an integration of the security forces into the police force. Such a step has already been taken at the district and county level, where the armed force of the police is organized to perform the functions of its predecessor, the security force.

III. CRIMINAL CODES AND LAWS GOVERNING COUNTERREVOLUTIONARY ACTIVITIES

671 Although the compilation of a criminal and civil code is assigned to the State Council's Bureau of Codification, the former Commission on Codification under the Government Administration Council, as yet no report has been made available. However, at different times decrees and orders have been issued by governments of all levels. The examination of some such decrees will help to explain how the Communist regime seeks to maintain "public order and safety."

A. Criminal Code

694 671 The decree[37] promulgated by the Chairman of the People's Republic of China in December 1954 explains the procedures for arrest and detention.

37. People's Daily, Dec. 21, 1954, p. 1.

671 694 As a rule, public security agencies when making arrests must first obtain a warrant from either the People's procuratorate or the People's court. Sometimes there are circumstances under which immediate arrests are permissible. These exceptions in fact, grant the public security agencies more power than the wording of the decree would suggest. For example, a person who cannot establish his identification or has no fixed place of residence is subject to immediate arrest. Although the decree makes provisions to guarantee the right to demand a search warrant, a minimum period of detention, and an early and rapid trial, arbitrary arrests made by the security agencies negate the value of these guarantees.

671 Apart from those decrees relating to the punishment of counterrevolutionaries, which will be discussed below, two other decrees also may be of interest: the decrees on the safekeeping of national security information[38] and on the violation of laws pertaining to the national currency.[39] National security information includes not only national security and military matters in the usual sense but also any data relating to economic and financial affairs, transportation conditions, and matters of a judicial and legislative nature. Hence, any leakage of such information is a criminal offense, subject to severe punishment. In the same fashion, any violation of the laws on national currency committed with the intention of aiding counterrevolutionaries is regarded as an act of counterrevolution and bears severe penalty.

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38. Yangtze Daily June 11 1951, p. 1.
39. Ibid. April 28, 1951, p. 4.

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671 Another important decree issued at the time of the Three-Anti Campaign pertains to the penalties for acts of corruption. Personnel working in government offices, enterprises, schools, and other state organizations who are accused of corruption, and non-governmental workers who are accused of offering bribes or aiding government workers in acts of corruption are subject to punishment under this decree. Crimes held to be instances of corruption are many and the punishment is severe. The decree also grants to individuals the right to accuse others and the protection necessary to avoid retaliation.

B. Decrees for the Suppression of Counterrevolutionaries

687 Counterrevolutionaries include all persons whose activities are inimical to the interests of the state. Specifically the category may include "bandits" of all kinds, inc uding landlords, "despots," spies former Nationalist officers engaging in counterrevolutionary activities, and members of various secret societies.

The provisional regulation for the suppression of landlords who violated land reform policies, issued by the East China Military and Political Committee in September 1950, was the first counterrevolutionary decree of its kind. Landlords who resisted the execution of the agricultural law were subject to this order. "Resistance" included the "spreading of rumors," the illegal sale of land, bribery of officials, and other acts

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687 deemed counterrevolutionary. Landlords and other persons who were guilty of armed revolt, robbery, assault, arson, and the sabotage of irrigation projects were liable to penalty, and could be imprisoned for as much as ten years or put to death. The county People's tribunal was authorized to impose sentences up to five years' imprisonment; the provincial People's court was to approve death sentences or imprisonment for over five years. No appeal of any kind was permitted in these cases.

A regulation on the suppression of counterrevolutionaries[40] was first issued by the Government Administration Council in February 1951. Based on the spirit of Article 7 of the Common Program, the regulation announced the determination of the Communist regime to punish all counterrevolutionaries and other criminals and to impose upon them forced labor service. Counterrevolutionaries were subject to trial both by the People's courts and by the military tribunals. Their political rights were forfeit, their properties confiscated. In August 1951, a directive issued by the East China Military and Political Committee required former members of political parties, including the Kuomintang, the Chinese Youth Party, and the Democratic Socialist Party, former intelligence personnel under the Nationalists, and officers above the rank of captain, to register with public security agencies.[41] Their political rights were to be withheld for a period of time according to the degree of their past activities, and they were to be subject to political surveillance.

40. Liberation Daily, Feb. 23, 1951, p. 1.

41. Ibid., January 5, 1951, p. 1.

687 Accompanying the regulation for the suppression of counterrevolution was a directive[42] issued by the East China Military and Political Committee in March 1951. It provided for the trial of bandits and Nationalist-armed troops from Formosa by military tribunals and the trial of counterrevolutionaries and spies by military control committees and People's courts. The directive further provided for control of the registered former Kuomintang members and officers and the landlords in the rural areas.

Control of counterrevolutionaries was made possible by at least two laws published by the regime, the law of control of counterrevolutionaries and the regulations governing "labor service for reform." The July 1952 law was issued by the Ministry of Public Security of the Government Administration Council. According to it, control of counterrevolutionaries was the responsibility of the People's court or the public security agencies at the county and municipal levels In the villages, hsiang and ch'ü governments might initiate this control, subject to approval of the public security agencies at the county level. In a similar manner, sub-stations in the city also might initiate control, subject to the approval of public security sub-bureaus. Persons under surveillance were deprived of politica rights, including the right to vote and the right to travel. The period of surveillance was three years or less. During this period the individual was compelled to work in forced-labor camps.

The regulations governing " Labor service for reform, " issued by the Government Administration Council in August 1954, provided a detailed

687 scheme for the establishment of forced labor throughout China.[43] According to the scheme, public security agencies had the chief responsibility for the management of this centralized schem

CONCLUSION

The use of terror is inherent in a dictatorship, where subordination to a single will is required. The imposition of a single will upon an entire society is certain to meet opposition; the more rapid and drastic the change, the stronger the resistance. To crush this resistance and to maintain public order and safety in the East China region, terror and violence are employed. The use of terror and force logically increases the power of the People's courts and the public security agencies.

The increase of counterrevolutionary activities in 1954 and 1955 has increased the problems confronting the Communist regime, particularly since East China has long been an area of unrest and disorder. Since East China is more easily influenced from abroad, the maintenance of "public order and safety" is a very urgent matter. The measures taken in this region are drastic and the control rigid, and the suppression of opposition is a long and harsh campaign. Indeed the state of public order in the East China Region is far from satisfactory. The recent attempt to force one million people to leave the city of Shanghai is evidence of renewed Communist activity in an effort to control growing public disorder.

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43. People's Daily, Sept. 7, 1954, p. 2.

Annex "A," Subparagraph 2f,
Political Background

SUBVERSIVE POTENTIALITIES

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578 In view of the present importance of the East China Region to the nation's economy and to the Communist military preparation for offensive action against the Nationalists on Formosa, the Communists have assiduously pursued in this region a series of measures aimed at the suppression of opposition to their regime. Open and "subversive" opposition has its origin in at least three sources: (1) "Counter-revolutionaries" -- armed bandits, landlords, former Nationalist officials, members of the Nationalist armed forces, Kuomintang and foreign agents, and the secret societies -- are regarded by the Communists as "basically hostile elements." (2) Harmful activities which the Communists consider dangerous to the stability of their regime are specified for elimination. This includes corruption, waste, and theft in Party and government organizations, in industrial establishments, and in rural co-operatives. (3) Tension and public discontent among Party members and government employees and among the populace are common in an excessively controlled and centralized state. These conditions, if not checked, may contribute to the demoralization and the eventual disruption of the Communist regime.

I. SUPPRESSION OF COUNTERREVOLUTIONARIES

687 The term "counterrevolutionaries" has been loosely defined by the Communists. It may include bandits, landlords, armed resistance groups, spies, or any person whose activities are deemed detrimental to the Communist cause. The Communist authorities have deliberately avoided a precise definition; any person considered undesirable and harmful to the Communist regime can be accused of counterrevolutionary activity and subject to liquidation.

A. Extermination of "Bandits"

669 727 The term "bandit" is broadly used by the Communists to identify any armed resistance, either from the underground forces or from professional armed robbers. However, prior to 1952, this term was generally applied to remnants of Kuomintang forces on the Mainland and to long-active armed bands.

Immediately after the Communist seizure of power in the East China Region, military campaigns were launched to exterminate these armed bandits. The campaigns were vigorously carried out and rapidly concluded. At the end of 1949, all provinces in the region, with the exception of Fukien, announced the elimination

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of armed bandits in major areas.[1] Throughout 1950, concentrated effort was exerted in Fukien and Chekiang provinces, where bandit forces could not be suppressed in spite of a series of military expeditions against them. Bandit strength in Chekiang, which was estimated at 8,500 in February 1950, increased to 10,000 in May of the same year.[2] It was not until November 1951 that the completion of the extermination campaign was announced by [illegible],[3] the then commanding general of the East China Military District. He placed the total number of bandits annihilated in the region of East China at 225,000. This number was appreciably smaller than those reported from other regions, perhaps due to the relatively smaller number of Kuomintang troops who had to be sought out.

Military campaigns in this region were generally divided into three stages;[4] each

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1. Report of Jao Shu-shih, Chairman of the East China Military and Political Committee, Chieh-fang Jih-pao [Liberation Daily], Shanghai, Dec. 2, 1949, p. 1.

2. Report of Li Shih-ying, chief of the Department of Public Security of the East China Military and Political Committee, ibid., March 18, 1951.

3. Ibid., Nov. 27, 1951, p. 1.

4. Ibid., Nov. 27, 1951, p. 1. ibid., Oct. 1, 1951, p. 5.

669 featured different strategic and tactical
727 maneuvers. During the first stage, the strategic aim was the extermination of remnant Nationalist troops and bandits in key economic areas and major transportation points. Throughout these campaigns, military forces were used in the destruction of old political forces in the rural areas. In Chekiang, for example, one Communist unit assisted in the setting up of rural government in 73 hsiang and 247 villages and organized peasants' associations with a membership of 28,000 and a militia of 8,900.[5]

The second stage marked the expansion of military operations to areas adjacent to the key centers, where most armed resistance had been put down during the first stage of operation. Fighting was confined to the pursuit and annihilation of the main bandit forces, thereby making safe from bandit activities the largest portion of the region. At the same time, Communist troops in the provinces were divided into areas of command. In the province of Chekiang, four such areas were organized[6] and each was made responsible for the extermination campaigns in a specific area. There were, in addition to the four area commands, two independent commands in charge of the areas south of

5. Ibid., Nov. 27, 1951, p. 1.
6. Ibid., Dec. 5, 1949, p. 3.

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T'ai Lake and Hang-hsien.

After the dispersion of the remaining bandit forces, military operations were carried out by a minimum use of garrison troops with the help of militia. Garrison troops also rendered direct assistance to the rural Communist governments in the establishment of public security organizations and directed the work of the militia. From January to June, 1951, the militia in the East China Region engaged in 21,625 "battles"[7] -- the Communist phrase for any skirmish or incident involving the militia and armed bands. In coastal areas, the militia was relied upon for coastal defense.

The announcement of the completion of the extermination campaign in the East China Region in November 1951 coincided with similar statements from other regions. The year 1951 marked the conclusion of the Land Reform Movement, and 1952 was spent in the consolidation of political power in the rural communities. Reports of more recent activities are few. However, at least two bandit groups were identified in Chekiang and the Kiangsu area in 1954. One of the groups, Chung Chiang Hang, was reported to have committed 394

7. Ibid., Nov. 27, 1951, p. 1.

669 robberies, and the other, Shui Huo Pang, was
727 similarly active.[8]

B. Landlords

687 At the conclusion of land reform, many landlords (including those who had received sentences of less than one year's imprisonment) were placed under the surveillance of the local hsiang government and the security agencies. They were either given a small portion of land to work or were sentenced to forced labor. Those landlords who were classified as counter-revolutionaries (within the meaning of the term as provided in the law for the control of counter-revolutionaries[9] issued by the Ministry of Public Security of the Government Administration Council in July 1952) were deprived of their political rights and were subject to surveillance for a period of at least three years. These landlords probably constituted the major portion of forced labor battalions in Communist China.

After the land reform, many peasants and Party members were classified as "new rich," and such were regarded as "potential landlords." These people were accused with the collaboration of former landlords, of attempting to seize

8. Jen-min Jih-pao [People's Daily], Nov. 18, 1954, p. 3.

9. Text of the regulation in Liberation Daily, Feb. 23, 1951, p. 1.

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687 control of the rural government and of attempting to destroy the agricultural producers' co-operatives. One such case[10] was reported in the province of Shantung. Some 20 per cent of the peasants in that province had joined the agricultural producers' co-operatives. According to the Communist report, landlords had shrewdly perfected their infiltration technique; they either bribed Party cadres and responsible people in the co-operatives or employed collaborators to capture the key positions in these organizations. After infiltration, they spread rumors among the peasants in an effort to disorganize the co-operatives and they falsified co-operative accounts and took other action to disrupt the organizations. "Landlords" were accused of killing cadres and activists, setting fires, stealing and killing of cattle, and destroying farm implements.

C. Suppression of Nationalist Elements and Espionage Activities

The Communists launched in the East China Region the longest and the most ruthless suppression of Nationalist elements and spies in the nation. Ever since their seizure of power, the Communists unceasingly singled out

10. People's Daily, Dec. 15, 1954, p. 1.

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687 these people for suppression. Cases involving former Nationalist personnel, spies, and other counterrevolutionaries were reported almost every day; the responsibility for suppression of these elements rested upon the public security agencies, the military control committees in the cities, and the People's courts. The nationwide Suppression-of-Counterrevolutionaries Movement of 1951 climaxed the measures already taken in the region.

1. Suppression-of-Counterrevolutionaries Movement of 1951. Unlike previous measures to suppress counterrevolutionaries, the 1951 movement was a mass movement. In the city of Shanghai, the campaign was divided into four stages[11] -- mass meetings, accusations, the signing of patriotic agreements in factories, schools, and among the urban inhabitants, and the organization of counterrevolutionary committees in key areas and streets in the city, including the suburbs. The holding of mass meetings served to disseminate propaganda. After mass emotion was aroused, public and private accusations were made. During the first four months of the movement in Shanghai, 30,000 such accusations were received.[12]

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11. Liberation Daily, May 20, 1951, p. 1.
12. Ibid., Aug. 29, 1951, p. 2.

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687 The biweekly publication in local newspapers of the names of several hundred "counter-revolutionaries" who had been arrested continued for several months.[13] The signing of patriotic agreements was again a propaganda device. Through this process, the suppression campaign was carried to factories, schools, and other organizations of society. Finally, the organization of counterrevolutionary committees completed the scheme. As of August 1951, some 1,061 committees had been organized.[14]

The Communists deliberately exaggerated the subversive activities of "counterrevolutionaries." The Communists placed the blame for all of the failures of the regime upon so-called counterrevolutionaries, thus arousing mass hatred against them. As of November 1951, some 14,647 cases were reported in East China.[15] In the city of Shanghai, 43 per cent of the cases involved armed resistance, murder, and robbery; 13.5 per cent, spreading rumors and inciting to riot; and 24.5 per cent, operating secret radios and acts of sabotage in factories.[16]

2. Former Nationalist Troops and Underground Units. "Counterrevolutionaries"

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13. Ibid., March-Sept. 1951.
14. Ibid., Aug. 30, 1951, p. 1.
15. Ibid., Nov. 28, 1951, p. 3.
16. Ibid., May 5, 1951, p. 1.

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687 is a term used to describe members of the Nationalist armed forces, officials of that government, and foreign and Kuomintang spies. The remnant forces of the Nationalist armed forces, particularly those in the provinces of Chekiang and Fukien, were the first target of the "bandit" extermination campaign in 1949-50. The Nationalist troops under the former governor Chou Lei in Chekiang and Nationalist units in Fukien were driven away from the Mainland during 1949-50. It was reported by the Communists[17] that 10,000 members of the Kuomintang forces withdrew to the off-shore islands in 1950. Following the evacuation of the Mainland, the Nationalists launched a series of assults along the coast. During 1950, as announced by the Communists, Nationalists made 209 coastal assaults in the East China Region.[18] Guerilla fighting on the Mainland increased in 1951; the Nationalists on Formosa estimated[19] that 1,074 "battles" were fought by guerilla forces throughout the nation in that year. After 1952, coastal assults seemed to decrease; Nationalist sources reported[20] a

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17. Su Yü's report, ibid., Nov. 27, 1951, p. 1.

18. Li Shih-Ying's report, ibid., March 18, 1951, p. 1.

19. China Handbook 1952-53, Taipeh China Publishing Company, 1953, pp. 191-93.

20. China Handbook 1954-55, 1955, pp. 263-65.

687 total of 444 engagements on the Mainland
726 throughout 1953. Recent reports made by deputies of the National People's Congress before the Second Session of the National People's Congress in July-August 1955 indicated the existence of a number of underground forces operating in the province of Chekiang.[21] These units were identified as "Kiangsu-Chekiang Jen I Anti-Communist Save-County Column," "Chekiang People's Chung I Anti-Communist Save-County Column," "Chinese Anti-Soviet Anti-Communist Chung I Save-the-Country Corps" and so on. Although their size is small, their increasing activities do pose a threat to the Communist regime.

687 3. Nationalist Spies. Communist effort toward the extermination of Kuomintang intelligence workers was most thorough in East China, particularly in Shanghai. In 1949-50, some 2,000 espionage cases were reported in the East China Region, and more than 10,000 people were arrested.[22] In Shanghai alone, 900 espionage cases were reported and more than 4,000 people, accused of being Kuomintang intelligence workers, were arrested.[23] In

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21. People's Daily, July 4, 1955, p. 3.
22. Liberation Daily, Nov. 21, 1950, p. 1.
23. Ibid., April 19, 1951, p. 2.

687 1951, the Communists required the registration of all former Kuomintang officials and army officers with the public security agencies as a measure to check subversive elements.[24] Those who complied were placed under the surveillance of the public security agencies. By April 1951, a few months after the announcement of the regulation governing registration, 23,000 members of the Kuomintang were registered in Shanghai. Although the Communists' efforts at suppression were severe, the elimination of espionage activities were far from complete. The Communists announced at the conclusion of these suppression campaigns that, of the cases prosecuted in East China, 75.5 per cent dealt with bandits and despots, and only a small percentage concerned key intelligence workers.[25] Probably a large number of spies are still at large. The extermination of espionage is a long and tedious process, in spite of the drastic measures taken by the Communist regime.

4. Foreign "Intelligence Agents". Closely connected with the suppression of the Kuomintang

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24. Text of the regulation, ibid., Jan. 7, 1951, p. 2.

25. Lo Jui-ch'ing's report (Minister of the Ministry of Public Security of Communist China), People's Daily, Oct. 1, 1951, p. 3.

687 intelligence system on the Mainland is the suppression of foreign "intelligence agents." During the 1951 campaign, church groups and foreign missionaries were accused of engaging in espionage. The Vatican representative to Nanking, Antonio Riberi, was expelled from Communist China after having been charged with espionage. Many foreign church leaders were also arrested. In Shanghai, Suppo Michele and Count Makco, Italians, were arrested for the same charge.[26] A Catholic organization, the Sheng Mu Chün [Legion of Mary], was singled out for attack.[27] Members of that organization were required to register and were subject to investigation by the public security agencies, and its leaders in Shanghai, W. A. McGrath, G. Predost, and E. Gabrial, were subsequently imprisoned by the Communists.

5. Sabotage. Sabotage cases involving the destruction of factory properties, appropriation of economic information, the spreading of rumors among the workers, and the organization of workers for strikes and other acts of sabotage were frequently reported.

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26. Arrests of missionaries are reported in Liberation Daily, Sept. 4, 1951, Oct. 6, 1951.

27. Ibid., Oct. 8, 1951.

687 During 1950-52 sabotage cases were combatted by the enforcement of union control and the organization of security committees and safety teams. With the launching of the first Five-Year Plan in 1953, regulations on safety and labor discipline were introduced.[28] "To observe labor regulations, to guard state property, to safeguard economic information, and to observe all safety and security regulations" were the duties of every worker.

Such measures to safeguard factories from sabotage, however, failed to prevent sabotage activities in these organizations. Shih Liang, Minister of Justice of Communist China, speaking at the Second Session of the First National People's Congress in July 1955, reported[29] a total of 364,604 cases of sabotage throughout China between January 1954 and May 1955. In Shanghai, businessmen, were charged with passing security information to Nationalist agents in Hong Kong. A government petroleum station was sabotaged.[30] Arson was reported in Wu-hu, Anhwei Province, where

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28. Text of the Regulation on labor discipline applied in state-owned enterprises, People's Daily, July 14, 1954, p. 2.
29. Full text, ibid., p. 2.
30. Ibid., p. 2.

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687 part of the Wu-hu textile factory was burned to the ground.[31]

Although the Communists optimistically declared the conclusion of the Suppression-of-Counterrevolutionaries Movement in 1951, counterrevolutionary activities did not cease in East China. After a lapse of only two years, warnings were repeated by Communist authorities. The convening of the Second Session of the National People's Congress in July-August 1955 reaffirmed the determination of the Communists to renew their campaign against counterrevolutionaries. Shih Liang reported that cases of counterrevolutionary activity were increasing. During 1954, such cases in the nation as a whole accounted for only 1.5 per cent of all criminal cases, but in 1955 the percentage had increased to 4.8.

D. Secret Societies

687 575 That secret societies are rebellious organizations representing resistance to social change determines their fate under Communist rule. Since secret societies, according to the Communists, are apt to be used by the

31. Ibid., p. 2.

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687 Kuomintang and other "foreign" elements for
575 acts of counterrevolution, they should be regarded as counterrevolutionary elements.

The East China Region, because of its complicated social organization, is a natural birthplace for secret societies. More than forty major secret societies in East China have been outlawed,[32] and the most active secret societies, I Kuan Tao, Chiu Kung Tao, Lao Mu Tao, Ta Tao Hui, T'ien Men Tao, and Fo Chiao Hui, have become the main target of Communist suppression campaigns.

Leaders of secret societies were accused of counterrevolutionary activity and the societies were forced to disband. In 1950 in the province of Shantung,[33] 502 leaders were jailed, 2,425 members were registered, and 725 meeting places were destroyed. More than 100,000 members were forced to withdraw. Similar conditions were reported in North Anhwei where, in the same year, 30,000 members withdrew from secret societies.[34] The great number of withdrawals suggests how strong the

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32. Liberation Daily, July 15, 1951, p. 1.
33. Ibid., March 18, 1951, p. 3.
34. Ibid., Jan. 28, 1951, p. 3.

687 influence of secret societies must have been.
575 These societies will not be easily eliminated even in areas where the Communists have ruled the longest.

While the Land Reform Movement was used to destroy the secret societies in the rural districts, various measures to achieve similar objectives were taken in the cities. The case of Wang Sung-t'ao[35] was publicized as an example of an individual charged with being both the leader of a secret society and a spy. Many such leaders were either arrested or evacuated to the rural areas as "despots and gangsters."

687 Still another suppressive measure taken
575 by the Communists was directed at certain
467 labor organizations where the influence of secret societies was the strongest. Secret societies controlled labor organizations such as Ch'ing Pang, Hung Pang, I Kuan Tao, Huang Niu Tang, Ti Hsüeh T'uan, and Lao Kun Tzu. In Shanghai alone 73 of these organizations were known to exist.[36] To eliminate their influence, the Communists placed these labor organizations under state-owned companies established in this region.[37] Wheelbarrow and

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35. Ibid., April 12, 1951, p. 2.
36. Ibid., Sept. 19, 1951, p. 2.
37. Directive on the East China Military and Political Committee, ibid., Aug. 30, 1951, p. 1.

687 rickshaw pullers, stevedores, longshoremen,
575 and garbage carriers were organized into
467 unions under strict Communist control. The organization of these service-men was a business transaction between the private owner and the state, similar to that of the "democratic reform movement" in all labor organizations. Three distinct steps were taken: working teams were organized and mass sentiment was arcused for the destruction of "feudal" systems and reactionary elements; preparations were made for the organization of moving companies; and finally the organization and consolidation of all moving companies was completed. During the first stage, the old trade union leaders and the "feudal" bosses were tried, and the activists were encouraged. The qualifications of the workers were checked; "undesirables" were either forced to change their occupations or were evacuated to the rural areas. And finally, qualified workers were organized under new leadership into companies and battalions similar to that of the army.

687 Despite the various measures taken by
575 the Communists, secret societies continued to flourish. Recent reports indicate that their activities are spreading to other parts of China. In the county of Ho-tse, Shantung Province, seven self-styled "emperors" of secret societies were reported active during 1954. Although secret societies base their philosophy on superstition and have often incorporated into their rituals many harmful practices,

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687 in today's world, when the individual feels his
575 identity threatened, the appeal of ritual to a depressed people cannot be underestimated.

II. CORRUPTION, WASTE AND THEFT

A. Corruption

661 In large cities and business centers in
687 the East China Region corruption flourishes. Immediately after the seizure of power in urban areas, the Communists launched a series of campaigns against corruption, involving bribery, embezzlement, and misappropriation of funds. Jao Shu-shih, chairman of the East China Military and Political Committee, in his speech at the launching of the Three-Anti Campaign in December 1951, revealed how seriously corruption threatened the East China Region.[38] From January to November 1951, some 179 corruption cases, involving a total of 288 billion yuan (US$ 14,400,000) were brought before the People's courts and the People's procuratorates in the East China Region. Other charges of corruption, involving 1,242 billion yuan (US$ 62,100,000) were tried from June 1950 to November 1951 by the People's Control Commission of the East China Military

38. Full text, ibid., Dec. 30, 1951, p. 1.

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661 and Political Committee. Among the 615
687 members of the East China Military and Political Committee involved in these cases, 470 were from government financial and economic agencies, 90 were from the political and legal departments, 29 from the educational and cultural departments, and 26 were from mass organizations. Jao also warned of the appearance of "bourgeois concepts" among governmental personnel, particularly among the Communist cadres. These people were said to regard the bourgeois tradition as "liberal" and "dignified" and thought the Communist ideology "conservative and narrow-minded." Hence, to entertain friends and to pay for gifts with official funds were defended as acts of "revolutionary love."

Many cases of corruption, waste, bureaucracy were exposed during the Three-Anti Campaign. In the factories under the management of the Department of Industry of the East China Military and Political Committee, 157 persons were found guilty of corruption (involving 45 billion yuan, US$ 2,250,000) in 1951.[39] In the Department of Trade, 186 corruption cases, involving 10 billion yuan, were discovered. In other provinces, corruption cases were no

39. Ibid., Dec. 28, 1951, p. 1.

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661 less serious. A single case uncovered in the
687 Shantung Construction Building Company, a state-owned company, involved 42 people and over 7 billion yuan.[40] In both the departments of Forestry and Finance under the Shantung Provincial Government, bribery, embezzlement, and misappropriation of funds involved large sums. The Department of Forestry was guilty of "banking" almost one and a half billion yuan, and the Department of Finance was accused of large-scale misuse of funds. In Fukien Province, corruption in the Bureau of Highways involved 60 billion yuan.[41] Misuse of state funds was also reported. The monthly rent for dormitories for the personnel in the Bureau of Public Security of Shanghai amounted to one billion yuan.[42] Likewise, the Shanghai branch of the People's Bank reported fifty instances of misuse of funds during the first half of 1951.[43]

In the Shanghai Railway Administration Bureau, 7,600 people confessed to acts of corruption.[44] Two groups of high officials,[45]

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40. Ibid., Jan. 17, 1952, p. 1.
41. Ibid., Jan. 18, 1952, p. 1.
42. Ibid., Dec. 14, 1951, p. 1.
43. Ibid., Dec. 18, 1951, p. 2.
44. Ibid., Jan. 19, 1952, p. 1.
45. Ibid., March 2, 1952, p. 1; March 10, 1952, p. 1.

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661 687 members of the Party, were exposed. Li Yü, the secretary-general of the Shanghai Municipal Government, Ts'ao Man-chih, secretary of the Party Committee of the Shanghai Municipal Government, and five others were accused of obstructing the Three-Anti and Five-Anti campaigns. Yün I-ch'ün, a Party member since 1926 and head of the East China Bureau of Information and Publication, was found guilty of conducting public business for private profit. Wen Yang-ch'un, the vice president of the Party school under the East China Party Bureau, was found guilty of a similar offense. Yeh Chien-ming, the chief of the Shanghai Public Utilities Bureau, Shih Chen, the deputy-mayor of Tsinan, Shantung, and Chi Ming, the deputy-chief of the Department of Public Security of Shantung Province, were found guilty of accepting bribes, embezzlement, and misappropriation of funds.[46]

During the Five-Anti Campaign, cases of tax evasion and theft of state property were exposed.[47] Wang K'ang-nien,[48] owner of a pharmacy, was found guilty of cheating the Chinese Communist forces in Korea by

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46. Ibid., Jan. 10, 1952, p. 1.

47. Both Three-Anti and Five-Anti campaigns were launched at about the same time. Although they lasted only six months, they were ruthlessly carried out and their impact upon the region was great.

48. Liberation Daily, Feb. 7, 1952, p. 1.

661 supplying them with medical supplies of poor
687 quality. Pan Pao-ts'ai[49] was found guilty of bribing officials in order to steal property from state-owned factories and firms. The loss was placed at 50 billion yuan (US$ 2,500,000). Many firms were accused of cheating the People's Liberation Army. The Mei Ling Canning Company[50] was accused of profiting from the sale of unedible fish. A firm in Tsingtao,[51] Shantung Province, in conjuction with firms in Tientsin and Peiping, made a profit of 199 billion yuan from a contract to supply raincoats for the Army. These cases will serve to suggest the extent to which corruption and inefficiency exist in Communist organizations. Reports indicate that corruption continues, and the Communists may be impelled at any time to tighten controls and to launch drives similar to the Three-Anti and Five-Anti campaigns.[52]

B. Waste and Theft

687 Theft and waste are two of the "poisons" singled out for prosecution in the Three-Anti and Five-Anti campaigns. "Waste" can include any act resulting in the loss or destruction of state property. Cases of industrial

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49. Ibid., Feb. 20, 1952, p. 1.
50. Ibid., April 2, 1952, p. 1.
51. Ibid., Dec. 13, 1951, p. 1.
52. Ibid., Nov. 22, 1951, p. 1.

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687 waste reported in 1951 show the loss of large amounts of money and the inefficiency of Communist industrial organizations. The East China Bureau of Textiles reported[53] a loss of 1,500 billion yuan (US$ 75,000,000) as the result of wasteful acts over a period of two years. The No. 1 Warehouse of the Shanghai Branch of the Committee on Inventory and Distribution of Supplies wasted materials worth 110 billion yuan as the result of improper storage.[54] Similar cases were cited elsewhere in this region. In Hangchow, for example, the Hangchow Railway Administration Sub-Bureau accumulated un-needed materials worth more than 300 billion yuan.[55] With the increase in industrialization, acts of waste were also on the upswing. Within a period of a few months in 1954 and early 1955, industrial organizations accumulated excess materials valued at 350,000,000 new yuan.[56] Other wastes, including food spoilage, mismanagement, and wasteful purchasing, are widely reported in all financial and trade organizations.

An accusation of theft is directed at those who are guilty of falsifying or defaulting upon contracts. During the Three-Anti and Five-Anti campaigns, businessmen were accused of

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53. Ibid., Nov. 22, 1951, p. 1.
54. Ibid., Dec. 17, 1951, p. 1.
55. Ibid., Dec. 17, 1951, p. 1.
56. People's China, June 13, 1955, p. 1.

687 stealing from the government and were severely punished. Large-scale theft was on the increase after the expansion of industrialization and the conversion of private-owned enterprises in 1953. Crime syndicates were discovered in major Chinese cities. One of these syndicates,[57] composed of more than 200 men, stole 120 tons of ship-building materials another syndicate, with 290 members, stole 4,000 airplane parts. The most serious activity of these syndicates is their collaboration with "underground factories" reportedly existing in Shanghai. Electrical supplies worth 80,000 yuan (new currency) have been stolen to supply these "underground factories," which sell their products on the black market.

III. TENSION AND PUBLIC DISCONTENT

578 668 656 The tight control and centralization of government economic and social activities lead to tension and public discontent. Discontent results from government restrictions, high taxation, and public obligations. The controls exercised by the Communists over all the Party, state, and mass organizations generate tension within these groups. Despite Communist attempts to seek popular support and to implant belief in a brighter future,

57. Ibid., May 18, 1955, p. 1.

578 discontent and tension have not been eradicated.
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656 A. Public Discontent

1. Regimentation and Restriction.

517 The Communist attempt to organize the people
656 and regiment their activities meets the
668 greatest resistance. The forced establishment of agricultural producers' co-operatives in the rural districts and the organization of all urban workers into unions are Communist efforts of note.

The imposition upon the peasants of spare-time activities and duties is perhaps the most objectionable feature. The peasant is required to attend meetings, to attend winter schools, to be advised on all farm activities, and to perform various duties according to his age and sex. Even how he is to spend his money is decided by Party counseling. Such advice is, in fact, a series of propaganda bombardments, which may include interviews, meetings, and classes. This process is both time-consuming and vastly irritating.

Similar restrictions are imposed upon the workers in the city. During working hours, workers are required to observe labor discipline. They are severly punished if they are late to work or leave early. Loafing and belligerence are crimes subject to punishment. During their "leisure time,"

517 workers are required to participate in
656 organizational and cultural activities and to
668 attend technical and cultural classes. Since most workers hold membership in a number of Communist organizations, no time is left for private affairs.

2. High Taxation and Public Obligation.

668 High taxation and business restrictions are
656 other unpopular Communist policies. In the
[651] rural districts, the Communist San Ting policy, formulated at the end of 1953, fixes a quota for farm production and for purchasing and marketing. Other measures which regulate the sale of farm surplus products -- mainly rice and cotton -- only to the centralized market, meet resistance. Businessmen are required to pay high taxes, pubchase bonds, and make "voluntary contributions." Other measures taken by the Communists to eliminate private business doubtlessly create great dissatisfaction among the people.

Public obligations imposed upon the people are also a cause for discontent. The peasant, for example, is called upon whenever his services are needed. For major irrigation projects, peasants are enlisted for work in distant areas. The service of the militia is necessary on many occasions, and so the young peasant is required to accept military training in his spare time. When he becomes a member of the militia, he must patrol the

656 key centers in the village area, guard and help
668 to ship government grain, assist in the extermination of "bandits," and attend militia "cultural" and organizational activities. A parallel scheme is instituted in the city. Urban residents are generally expected to render certain services in the areas where they live. In addition to attending regular meetings, they are expected to serve as patrols whenever patrols become necessary.

668 Controls imposed by security agencies
208 and other organizations, including large-scale rationing programs and constant investigations, contribute to public discontent. However, the Communists recognize the limits of public inconvenience and growing dissatisfaction. They stress the employment of a mass-line policy, which, to some extent, will absorb mass complaints, and they mobilize their propaganda machine for better effect.

B. Tension within Organizations

668 Although the various control agencies
578 employed by the Party to supervise and to ensure the execution of Party directives within a government organization help to maintain Party supremacy, their functions and responsibilities often overlap, resulting in confusion

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668 578 and tension among the employees.[58]

Because these control agencies have the same jurisdiction in all organizations, any one department or factory may have four different controls at the same time -- the control committee of the Party, the supervisory offices of the administration, the people's procuratorates, and the public security agencies. Under this multi-control system, each agency of control exerts pressure upon all members of the organization and extends to every part of the organization.

Over-centralization results in tension. In the sphere of politics, for example, transmission of directives from the central government, allocation of work, and the choice of objectives are made at the provincial level. When making government allocations, each level of government has an assigned target in mind; hence, the demand on the subordinate units increases. The result is an accumulation of pressure which creates tension within the system. This is particularly true in the sphere of economic activity. For example, each factory is given a production quota,

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58. Studies on the Soviet Union can be helpful in an understanding of the subject. Merle Fainsod, How Russia is Ruled, Cambridge Harvard University Press, 1953; Barrington Moore, Jr., Terror and Progress USSR, Cambridge, Harvard University Press, 1954.

668 assigned as if it were a political decision.
578 Managers and workers in a factory are concerned with the attainment of the assigned quota, since a failure to meet the quota may bring severe punishment. To fulfill this quota, every means of control and competitive methods are used. This in turn creates additional tension among the workers. Although some factories have issued false achivement reports in order to reduce government demands for ever-increasing production schedules, the regime is making an effort to stamp out this practice.

665 Pressure and tension are most harmful
578 to the morale of the Party. The Party apparatus is the center of power and activity, and all Party directives and government policies are supervised by the Party. Therefore, a Party member is subject to at least two systems of pressure -- the Party and the state. A Party member is subject to an endless program of Party indoctrination and rectification, which results in the high loss of Party members either through expulsion or forced resignation. Indeed, the demands on a Party member are so great that many Chinese are reluctant to join the Party. The fate of the expelled Party members is unknown, but it is presumed that they are generally tried by a People's Court and sentenced to forced labor. Expelled Party members, if still at large, may form a counterrevolutionary group and join with other elements in subversive activities.

668 578 Tension also exists in the mass organizations as the result of pressure imposed upon them by the Party and by higher organizations themselves. The most active mass organizations, such as the New Democratic Youth Corps and the Federation of Democratic Women, are also the most unstable. The key to the maintenance of a safe margin of tension within an organization seems to lie in a balanced approach to the problem, reinforced by constant vigilance and propaganda.

IV. CONCLUSION

578 656 668 No matter how tight a rein the Communists in the East China Region hold upon the populace, there are always three forces in opposition to the Communist rule of terror: the victims of Communism, the traditional resistance groups, and discontented members of the Communist Party.

Among the victims of Communist power are the landlords, former Kuomintang officials, and those who are named by the Communists as counterrevolutionaries. Although most of these elements are confined to forced labor camps or are placed under the surveillance of the police, they continue to offer some resistance. With the increase in peasant opposition to the Communist policies of gradual collectivism in the rural districts, the "new-rich" peasants may appear in renewed strength. However, in view of the Communist policy of

578 terrorism and violence, a show of open
656 resistance is infrequent.
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The traditional resistance group, represented by the rebirth of secret societies, is another force which will not be easy to crush. Because secret societies are attractive to illiterate peasants and laborers, they may create added discontent. The last group of potential subversives is composed of discontented and/or expelled Party members. Party purges in the East China Region were particularly severe during 1955.

Public discontent and tension within all organizations in East China are by no means an indication of the impending collapse of the Communist regime. They are, rather, the counteraction to be expected under a dictatorship in a controlled society. However, evidences of tension and public discontent should be investigated because they may lead to the weakening of Communist power. The loss of morale and Party unity can mean the disruption of the entire system.

Annex "A," Subparagraph 2g,
Political Background

PROPAGANDA AND PUBLIC INFORMATION

I. INTRODUCTION

208 In Communist China, agencies for the dissemination of public information places stress on propaganda and education. As it is true of all Communist countries, the Chinese People's Republic is guided by the inviolable principle that all facts and issues must be selected and interpreted in the light of Marxist theories and the current Party line. Limited by source materials of a regional character, the following discussion on public information and propaganda in East China will attempt to cover only the basic facts about the formal structure, operation, and government control of the principal media of mass communication in the region. Wherever possible, exemplary cases in each medium will be included.

II. PRESS

A. News Services

204 Before the Communists occupied the East China Region in 1949, the Nationalist government-operated Central News Agency played the leading role in supplying the newspapers in this area with material. Services of foreign press associations were available; dispatches by such major institutions as the Associated Press, United Press,

204 International News Service, Reuters of England, Agence France, and Tass (the Soviet News Agency) frequently appeared in local newspapers. The Chinese Communist official outlet, the New China News Agency, also had branches in such large cities as Shanghai and Nanking. During the Nationalist-Communist conflict, the New China News Agency was subjected to varying degrees of government suppression in Nationalist areas. In Communist areas, the New China News Agency was the only active news service because the Central News Agency had been forced to close.

Upon the occupation of East China, the Communists moved to drive out the foreign news services and expand the New China News Agency. Under the direct control of the Information Administration of the State Council in Peking, this Communist news agency soon established its branches in both military and civil subdivisions, as shown in Table 1.

Table 1. Hierarchy of the New China News Agency */

	Branch HQ	Branch Office	Section	Corr. Cntr.	Liason Office
Civil....	Region	Province	Muni.	Hsien	Hsiang
Military..	Field Army Corps	Army	Regiment	Battalion	Company

*/ Jen Chung "Lun Chung-kung Ti Hsin-wen Kung-tso" ["On the Chinese Communist Press"] Tsu-kuo Chou-k'an [China Weekly] , Hong Kong, March 29, 1954, pp. 7-9.

204 In addition to the permanent branches, the New China News Agency also sends out teams of correspondents to news centers. At the site of the Hwai River project in Anhwei Province, or on the construction groun of the Tzu-po industrial area in Shantung Province, temporary offices of the New China News Agency are established to keep the nation informed of the progress of these projects.

The organization of the New China News Agency is highly centralized. Through the chain of command shown in Table 1, every staff member is placed under rigid government and Party control. Careful selection of correspondents is the first step adopted by the agency to insure the allegiance of its employees to the government and the Party. According to some anti-Communist sources, the correspondent must submit his ideas and outlines for approval before he writes them; the finished articles go through another thorough screening before they are released.[1]

Another news agency, the China News Service, established branches in East China in October 1952. The head of this agency, Chin Chung-hua, was a member of the East China Military and Politica Committee (supreme authority in East China until 1954) and vice-chairman of the cultural department under the committee. The agency

1. Jen Chung, "Chung-kung Pao-chih Ti Nei-yung Chi Pien-p'ai" [The Contents and Layouts of Chinese Communist Newspapers"], Tsu-kuo Chou-k'an [China Weekly], No. 71, May 10, 1954, pp. 14-15.

204 serves mainly as an interpreter of news events in China for foreign consumption.

B. Newspapers

1. Development and Control The Communist press in the East China Region had its origin in late 1946 in such newspapers as the Ta-chung Jih-pao [Masses Daily] , published for the "old liberated area in Shantung Province, " and at least two other dailies of the same name published at Chiao-tung and Lin-i. These newspapers were designed to glorify the "achievements" in the Communist-liberated areas and contained a large percentage of reports on the Land Reform Movement. As the Communist Army advanced southward from Shantung Province, an organized effort was exerted to Sovietize the existing newspapers and to quash those which failed to reflect the Communist line. By early 1950, when the Communists had already consolidated their position in East China, the official press policy was to "readjust the relations between the government and independent newspapers, carry out criticism and self-criticism in the press, and further promote the close tie between the press and the masses."[2] Translated, the foregoing Communist jargon means that strict observation of the Party line on the part of the existing non-government organs was yet to be achieved.

2. Report by Shu T'ung, Commissioner of Culture and Education, East China Military and Political Commitee. Cheng-fu Kung-tso Pao-kao Hui-pien [Compendium of Government Reports], Peking, Jen min ch'u-pan-she, 1951, p. 564.

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208 What is the official Communist Party line concerning the press? This question has been answered by Lenin himself in his much-quoted statement: "A newspaper is not only a collective propagandist and a collective agitator; it is also a collective organizer."[3] Later Mao Tse-tung echo his ideological master by saying: "The duty of a Party newspaper is not only to propagandize and agitate, but more specifically it must serve as the messenger transmitting the Party's policies."[4] Chairman Shu T'ung of the Cultural and Educational Commission, East China Military and Political Committee, was translating this press policy into action when he said in 1950 that the relations between government and "independent" newspapers needed readjustment.

The Communists in East China have followed this press policy. In March 1952, the Chieh-fang Jih-pao [Liberation Daily], this region's leading newspaper, tonge-lashed the Su-nan Jih-pao [South Kiangsu Daily] for having failed to take the cue from the Party. As a result the latter published a lengthy "self-criticism" as a gesture of repentance.[5] In 1953, Chairman Shu T'ung again reiterated that the cardinal mission of the press was

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3. Alex Inkeles, Public Opinion in Soviet Russia, Cambridge, Harvard University Press, 1950, p. 135.

4. The Communist Propaganda Work, Ta-lu Fei-ch'ing Nien-pao [Annual Reports on Communist China], Taipei, Chung-kuo hsin-wen ch'u-pan-ssu, 1954, p. 148.

5. Chieh-fang Jih-pao [Liberation Daily], Shanghai, March 20, 1952.

204 to "strengthen and uphold the practice of criticism
208 and self-criticism and set up a clear propaganda line."[6] In January 1954, Communist authorities in this region sent Chang Ch'un-ch'iao, president of the Liberation Daily, to Moscow for two months to study the operation of Pravda. This was the latest action in the Communist effort to run East China newspapers in absolute conformity with the orthodox Party line.

To implement this policy the Communists had, until June 1954, a Cultural and Educational Commission under the East China Military and Political Committee. Shu T'ung, chairman of the commission, is a veteran Communist authority on cultural and educational affairs. His experience dates back to 1939 when he served as head of the political department of the Shansi-Chahar-Hopei Border Region Government. Since 1949 he has been in charge of the propaganda department for the Communist Party's East China branch. Under this commission and directly responsible for the press administration in this region was the Information and Publications Bureau, with Chang Ch'un-ch'iao as its chief. Within the region, each province had an information and publications department. These were the tools which the Communist Party and the Peking regime used to control the regiona press. Since the dissolution of the East China Military and Political Committee in 1954, the provincial information and publications departments have become directly responsible to their superiors in Peking and to the propaganda

6. Ibid., Feb. 22, 1953.

204 departments at the corresponding levels of the
208 Communist Party hierarchy.

These government and Party agencies work closely with the leading newspapers, and the lesser newspapers closely watch the metropolitan ones for cues. The information and publications department relays Peking's instructions, passes on the issues to be emphasized or suppressed, and generally supervises the entire press operation.

The Communists began tightening their control on export of newspapers in the winter of 1951. By the spring of 1953, all except a few official and national newspapers were placed on the contraband list. Since then it has been extremely difficult to secure accurate data on the number of newspapers and their circulation in any region of the Mainland. Earlier statistics show that in 1950 at least nineteen "government" newspapers in this region had been merged into other larger government organs.[7] At present, scattered reports show that at least one major newspaper is published in each province in East China.

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7. Shu T'ung, loc. cit.

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Table 2. Major Newspapers in East China */

Name of Newspaper		Place of Publication
Che'chiang Jih-pao	[Chekiang Daily]	Hankow, Chekiang Province
An-hui Jih-pao	[Anhwei Daily]	Hofei, Anhwei Province
Hsin-hua Jih-pao	[New China Daily]	Nanking, Kiangsu Province
Ta-chung Jih-pao	[Masses Daily]	Tsinan, Shantung Province
Fu-chien Jih-pao	[Fukien Daily]	Foochow, Fukien Province
Chieh-fang Jih-pao	[Liberation Daily]	Shanghai, Kiangsu Province
Shang-hai Hsin-wen Jih-pao	[Shanghai Daily News]	Shanghai, Kiangsu Province
Wen hui Pao	[Wen-hui Daily]	Shanghai, Kiangsu Province
Hsin-min-pao Wen-k'an	[New People Evening News]	Shanghai, Kiangsu Province

*/ Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung pao 1955, p. 553.

204 All the newspapers listed in Table 2 went through a thorough reorganization of personnel and management in 1952. The former leading paper in Shanghai, the Ta-kung Pao [Ta-kung Daily] , was ordered to move to Tientsin and was merged with the Chin-pu Jih-pao [Progress Daily] . The English-language Shanghai News went out of business at the end of December 1952. But the reorganization and merger still left Shanghai with the largest newspaper concentration in East China. Subsequently the Communists in Shanghai carried out their principle of "specialization and centralization" in the publishing industry; each of the major papers in Shanghai began to specialize in one field of news. The Shanghai Daily News was to focus its attention on local news, aiming at the commercial and industrial life of Shanghai. The Wen-hui Daily was assigned to report on education, catering to the students. The New People's Evening News would cover recreation, physical education, and other social activities in Shanghai.[8]

Many local papers on the levels of the administrative district and hsien have been established or reorganized, but it is doubtful if there are many newspapers published below the hsien level. Lack of facilities is one reason, and the Communist policy on expansion of the press is

8. Chin Ta-k'ai, "Chung-kung Ti Ch'u-pan K'ung-chih" ["The Chinese Communist Control on Publications"] , Tsu-kuo Chou-k'an [China Weekly] , Hong Kong, No. 56, Jan. 25, 1954.

204 another. Communist authorities have repeatedly said that they want no "blind expansion." Chairman Shu T'ung has warned the newspapermen in East China against "preoccupation with quantity."[9] It is very clear that for the time being the Communists prefer fewer but well-manipulated large newspapers to many smaller ones which might complicate the problem of control. Wherever the regular daily press cannot serve directly, the Communists are using wall newspapers, mimeographed bulletins, and a number of other forms of news dissemination operating in conjunction with the radio.

According to the Communist plan, the calculated expansion of the press has as its ultimate goal a newspaper for each level of political subdivisions from the provincial down to the village. Cutting across these levels there are also some trade journals which, while emphasizing the technical aspects of respective trades, are by no means less intense in their political coloring. In July 1950, the labor unions in this region were publishing a total of sixteen periodicals, ranging from dailies to monthlies.[10]

2. Contents and Readership

Besides using the New China News Agency hand-outs to fill the national, international, and regional news columns, newspapers in this region also observe the official policy of "cultivating" their own correspondents. These correspondents, often unpaid, are students, members of labor union staffs, secretaries of

9. Liberation Daily Feb 22, 1953.

10. Chung-kuo Kung-jen [Chinese Worker's Monthly], No. 6, Peking, July 15, 1950, p. 6-65.

204 peasants' associations, and Party cadres assigned to various quarters of the community. A comparison of several newspapers in this region shows that there is some variation in the display of national and regional news items, but this variation tends to diminish when any one of the Peking high officials makes a speech or when issues like the Three-Anti and Five-Anti campaigns are the order of the day.

What do the newspapers contain? To give a clearer answer to this question, issues of a typical daily have been analyzed, with the results shown in Table 3.[11]

11. For discussion on the format of newspapers, see the chapter on Language.

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Table 3. Contents of the Liberation Daily (June 1952) */

Type of Material	Percentage of Total Space
Editorials	4.5
International news	13.2
National news	8.9
Regional news	10.7
Local news	9.7
Features	18.6
"Letters to the editor"	7.6
Graphic materials	6.9
Advertising	13.3
Reader's reference	3.9
Market reports	2.7

*/ Because the layout of the Chinese newspaper is different from that of the English-language newspaper, the percentage figures are here arrived at by measuring each item in square inches instead of column-inches.

204 Because it is the leading newspaper in this region, the Liberation Daily should carry more regional news than other newspapers. However because Shanghai is the economic center of East China and the current central theme of the press is economic reconstruction, many regional reports on economic activities actually have a local setting. For instance, one item on the reduction of loan interest at the Shanghai People's Bank is undoubtedly of regional significance and, judging by its repercussions, may even be of national concern.[12] The peculiar situation of Shanghai, therefore, gives much of the local news in this newspaper a greater-than-local appeal. Another difficulty encountered in the foregoing survey is the fact that news items often resemble feature stories. The reports are usually lengthy and contain a good deal of editorializing. Even the headlines are long-winded and "loaded," such as the one on page 2 of the June 20th issue -- "The Mutual-Aid-Team Delegates from Ch'u-hsien upon Visiting the Mechanical Harvester in Operation Realize the Greatness of the Laboring Class."

There is no "society column" in any of the major newspapers, unless the commencement speech at the local party cadre school or the report on the proceedings at the local factory

12. Liberation Daily, June 25, 1952, p. 2.

204 mass meeting can be so considered. There is no sports page; news items having any bearing on physical education are either speeches by the director of the Physical Education Department or brief statistical summaries of athletic events without any "color material." Crime and murder news is suppressed. Fire and other disasters appear in the press only when there is a possible "sabotage" angle to be exploited for propaganda effect. Unlike leading newspapers in many other areas, the Liberation Daily carries more advertisements. This is again on account of Shanghai's position as an economic and manufacturing center.

In June 1952, the Korean peace talks were under way at Kaesong, and in the Liberation Daily, almost all the international news items concerned Korea. At about the same time the Three-Anti and Five-Anti campaigns were still going on, hence the frequent appearance in the advertising column of warrants seeking the apprehension of corrupt officials.

The "Letters to the editor" column is a common feature for many newspapers in this region. The Liberation Daily prints a few such letters in every issue. Sometimes the newspaper carries a digest of several letters on the same subject; at other times the paper prefaces several letters on the same subject with a critical analysis or reply; at still other times the paper merely prints its editorial reply without reproducing the letters. The letters are presented as "unaltered originals." Among these appearing in the June 1952 issues,

204 many were highly critical of certain government agencies or personnel, but none touched upon the over-all Communist policy. As a rule, if the criticisms are substantial, they could constitute a basis for action on a high level to correct the condition criticized. One of the letters involving what amounts to a miscarriage of justice at the local court was published on the front page with a two-column headline, instead of being put in the usual column provided for such letters on one of the inner pages.[13] Because the victim who paid for the court's mistake with his life was a worker and Shanghai was heralded as a citadel for the workers, the Liberation Daily supported the plaintiff in its editorial column. Consequently, the local court was penalized.

The "Readers' Reference" column is a unique feature of the Liberation Daily. The column contains a few highlights of the day's news, usually summarized items of significant propaganda and "mass education" value. There are also questions, querying the reader on his understanding of the news report. It is to be noted that the word "reader" in this column does not mean the ordinary reader, but rather the leader of a newspaper reading group who has the job of interpreting the news for his group. The column provides him guidance.

Most of the schools include newspaper-reading in their curricula. Factories and government offices organize newspaper-reading and discussion groups which are co-ordinated by the "social service department" of the newspaper. This department offers guidance and aid to the newspaper-reading groups by sending news andysts to preside

13. Liberation Daily, June 20, 1952, p. 1.

204 over the reading sessions. The analyst interprets the news for the group and cultivates the enthusiasts in the group to become leaders of new reading groups. In May 1950, the Hsin-hua Jih-pao [New China Daily] in Nanking increased its "social service department" staff by 116, each in charge of scores of reading groups.[14]

3. Circulation and Sales

Subscriptions to the newspaper in East China are handled through either the local post offices or the China Publications Distribution Company, a government-supervised organization which has branches throughout Mainland China. This, however, does not rule out the possibility of allowing smaller local papers to manage their own subscriptions and sales. If subscribed through the post office, the paper is delivered with the mail. Street sales, handled by bookstores and sidewalk stands, constitute a part of the distribution. There is no evidence of news-vendors or delivery boys, who, before 1949, roamed the streets of East China.

The street-sale price of the Liberation Daily in 1953 was JMP$ 600 per copy. This was the price for about six ounces of rice or one and one-half ounces of pork at that time in Shanghai. Students and members of the armed forces are entitled to reduced group subscription rates The Communists in East China are following the national practice of making the newspapers financially self-supporting, not only for purposes of economy, but because they believe that if the

14. Jen Chung, "Lun Chung-kung Ti Hsin-wen Kung-tao ["On The Chinese Communist Press"], Tsu-kuo Chou-k'an [China Weekly], Hong Kong, Mar 29, 1954, p. 7.

204 the papers are sufficiently "popularized" they will have the support of the masses, and government subsidy will become unnecessary. There are reports on the Communists' success in this endeavor, but none of these reports bear specifically on any particular paper in this region.

With the help of postal delivery, the distribution and sale of newspapers in East China have been facilitated. In September 1951, at least one newspaper was available in each of the 700 villages of one (unnamed) county in Kiangsu Province. An average of 4.5 copies were bought by each village every day in another (unnamed) county in Shantung Province.[15] This degree of achievement, however, was not satisfactory to the Communists, for in January 1952 they reiterated the call for an increase of newspaper circulation in East China. In bringing out the facts shown in Table 4, the Communists were placing emphasis on national newspapers rather than those exclusively serving this region.

15. New China News Agency dispatch from Peking, Sept. 15, 1951, quoted in Survey of China Mainland Press, No. 176, Hong Kong, American Consulate-General, Sept. 17-18, 1951.

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Table 4. Circulation of East China Periodicals */

Name of Publication	Proposed Circulation	Circulation in November 1951
For a Lasting Peace, For a People's Democracy.....	17,845	2,864
People's Daily [Peking]	63,919	46,100
Liberation Daily	143,500	105,200

*/ Liberation Daily, December 28, 1951. p. 1.

The first two publications listed in Table 4 are national. Explanations given by East China Communist Party cadres indicate that in 1951 the personnel in charge of cultural works erred in stressing promotion of local newspapers while neglecting national Party newspapers. For the total circulation figure of all the newspapers in East China, the 1951 proposed target was 1,420,000; and for the magazines, 560,000. This[16] circulation was 30 per cent short of the proposed figures at the end of 1951.

16. SCMP, No. 107, May 24-25, 1951, pp. 26-27; Liberation Daily, Dec. 28, 1951, p. 1.

204 Three newspapers, all published in Shanghai, and all of a regional nature, had circulation records[17] of over 110,000 each in June 1952. At that time the total circulation of all dailies[18] in Shanghai stood at 1,099,000. By February 1953, success claimed by the Communists in East China in their newspaper-promotion campaign necessitated an official order to "suspend subscriptions to periodicals because of exhaustion of quota."[19] The suspension order specifically mentioned such national periodicals as Shih-chieh Chih-shih [World Knowledge], also known as [World Culture], Jen-min Chiao-yü [People's Education], Hsin-hua Yüeh-pao [New China Monthly], and Chung-kuo Chin-yung [Chinese Finance]. This again indicates that the Communist emphasis was on national publications, and the promotion campaigns in East China were possibly more successful with national periodicals.

C. Magazines, Pamphlets, and Books

214 While the daily press is the most orthodox means of mass communication the world over,

17. These dailies are: Liberation Daily, Wen-hui Daily, Lao-tung Daily. See Liberation Daily, June 2, 1952, p. 3; and Hua-ch'iao Jih-pao [China Daily News], New York, Sept. 7 1955, p. 2.

18. Ibid.

19. Liberation Daily, Feb. 26, 1953, p. 4.

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214 in Communist China today it is a wasteful operation in view of material stringency. Fitted into the current program of the literacy movement and mass education, magazines, books, and pamphlets, produced in the least expensive way and in the large volume, are among the most important public information purveyors on the Mainland. They can be had even by people with very low income. They are more permanent than the daily press for the slow-reading, semi-literate populace. They are easily controlled because their production can be easily centralized. Some of the most significant developments pertaining to this subject in East China are discussed here.

1. Reorganization of Publishers The Commercial Press and the Chung-hua Book Company both having been in operation for over forty years and having printed the great majority of the books in modern China, were the first to receive a Communist "house-cleaning." In the summer of 1950, the Communists ordered the Commercial Press to destroy 7,000 "undesirable" books. Of the 13,000 works carried by the Chung-hua Book Company, 11,000 were removed. From January to December 1951, the Shanghai office in charge of examining pro-Communist publications ordered the destruction of 237 tons of books.[20] This was during the first thorough "house-cleaning" of the publishing industry in East China ordered by the Communists. Subsequently, old books were gathered from all parts of East China and turned over to pulp factories until a drive started in Peking to "save China's cultural

20. Ta-kung Daily, Jan. 6, 1952.

214 inheritance" halted the book-destroying craze. The total number of books thus lost is unknown, but scattered statistics seem to show that East China was not the worst and that Central-South China was responsible for the greatest number of book burnings.

At the same time the Communists in East China began a publishing program which aimed at the total control of book publishing. Communist publishing houses were established and expanded to flood the market with their products; most of these houses were branches of national, government-operated enterprises. Large and small independent publishers, mostly bankrupt in 1949 50, were reorganized, subsidized, and thus brought under government control. In the city of Shanghai alone, two-hundred such "independent" publishers resumed operation[21] with government aid in 1950. The process of merging and reorganizing continued. By early 1951, most of the small independent publishers in Shanghai had given up printing books and were engaged in selling government-approved books; only about fifty government and independent publishers remained.[22] As the center of such activities, Shanghai exemplified the development of book publishing in East China.

The Communist policy for book publishing in East China has included consolidation of

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21. Compendium of Government Reports, p. 564.

22. Hsin Shanghai Pien-lan [New Guide to Shanghai], Shanghai, Ta-kung pao, 1951, pp. 192-93.

214 facilities, division of labor, and specialization in subject matter. Again to use Shanghai as an example, the book publishers and bookstores in 1950 were as shown in Table 5. [See next page.]

About forty lesser bookstores in Shanghai were assigned to specialized fields. Of the major stores listed in Table 5, some were branch stores with their headquarters in Peking; others had branch stores outside this region; none were serving East China exclusively. By the end of 1950, the New China, Popular, and Consolidated bookstores had printed 2,785,000 volumes.

2. Reorganization of Distribution The Cultural and Educational Commission of East China, acting under orders of the Publications Administration in Peking, established regional, provincial, and hsien branches of the official New China Bookstore to distribute books printed by government publishing houses, and other items not objectionable to the Communists. These branches[23] numbered 337 in July 1950 and rapidly increased to 377 by November of the same year. At a conference held in November 1950, it was reported that 18,499,012 copies of publications were sold by the branch stores of the New China Bookstore in East China during the period May-November 1950. In addition to regular bookstores the New China Bookstore also operates sidewalk booths, book centers for each armed forces unit,

23. Compendium of Government Reports, p. 564.

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Table 5. Book Publishers in Shanghai (1950) */

Name		Specialization
Hsin-hua Shu-tien	[New China Bookstore]	All subjects
Lien-ho Ch'u-pan-she	[United Publishing Co.] #/	Textbooks
San-lien Shu-tien	[Trio Associated Bookstore]	All subjects
K'ai-ming Shu-tien	[K'ai-ming Bookstore]	Youth, history, literature
Shang-wu Ying-shu-kuan	[Commercial Press]	Science, technical subjects
Chung-hua Shu-chü	[Chung-hua Bookstore]	Agriculture, medicine
Lien-ying Shu-tien	[Associated Bookstore]	All subjects
T'ung-lien Shu-tien	[Children's Books Association]	Children's books, primers
T'ung-lien Shu-tien	[Popular Bookstore]	Popular science, literature
Lien-lien Shu-tien	[Consolidated Bookstore]	Cartoons, pictorials
Shih-tai Ch'u-pan-she	[Time Publishing Co.]	Translations from the Russian
Lung-men Shu-tien	[Dragon Gate Bookstore]	Engineering, science

*/ Compiled from New Guide to Shanghai, pp. 177-93.

#/ Later renamed Jen-min Chiao-yü ch'u-pan-she [People's Education Publishing Co.].

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and in villages and industrial areas as well as mobile book-vending teams to reach the outlying communities. From April to November 1950, these bookshops on wheels sold 440,600 volumes in Shanghai alone. During the same period the New China Bookstore branches attached to armed forces units sold 332,876 volumes.[24]

In July 1951 Shanghai saw the establishment of another book distributor, a branch of the New China Book Distributors' Corporation, which combined the distribution departments of five leading national publishers-- the Commercial Press, and the Chung-hua, K'ai-ming, San-lien, and Lien-ying book companies. So far this corporation seems to have restricted its operation within cities and has not branched out to include mobile teams or sidewalk stands.

The Communist policy for book distribution and the result of its application are well summed up in a comment printed in the Shanghai News on July 20, 1951. The commentary says, in effect, that before "liberation," blind competition for profit had been the only principle in the book-distribution business. Now the booksellers are co-operating with each other to "serve the cultural construction of the New Democracy." Although the charges of mismanagement have been occasionally leveled against certain branches of these national distributors, the weakness here again is a general characteristic of any bureaucracy. The Communists appear to be aware of the danger although they may not be able to eradicate it. Other than this weakness, the book-distribution

24. Survey of China Mainland Press, #20, Hong Kong Amer. Consulate-Gen'l, Nov. 30, 1950, p. 7. (All statistics in this passage are from this source.)

214 system in East China is well-organized and the current trend is toward further expansion of this centralized system.

204 3. Contents and Readership The most popular publications are light literature, cartoons, periodicals and pamphlets.[25] Two popular booklets, Continuous Production in Capitalism and China's Highways are 5" x 7" in size and contain less than one-hundred pages each.[26] The former is one of a series on political and economic sciences; the latter appears in a group of such pamphlets on popular science and engineering. In these pamphlets, political and technical matters are interpreted in the simplest possible terms. Illustrations are used but they include no elaborate color plates to increase the cost of printing; thus the pamphlets can be made available to people of lower income. Although not periodicals, these series are published at regular intervals.

The number of major magazines available in 1954 in Shanghai, which has remained the center of periodical publications in East China, are shown in Table 6.

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25. National survey in early 1950 showed that popular literature, with 43 titles, topped list of periodicals then in circulation. See Hsin-hua Yüeh-pao [New China Monthly], Vol. I, no. 5, Peking, Mar. 1950, pp. 1255-58. Another national survey in Feb. 1951 showed that popular literature with 1673 titles ranked first in all book categories published from Nov. 1949 to Dec. 1950.

26. [See following page.]

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Table 6 Major Magazines Available in Shanghai (1954)*/

Subject Matter	Number
General	3
World Affairs	3
Economics	3
Agriculture	1
Industrial and engineering	19
Communications	4
Education	5
Children	5
Women	2
Popular science	7
Medical science, health	11
Linguistics	5
Literature	11
Pictorial	2
Total	81

*/ Ch'ün-mo Luan-wu Ti Shang-hai-shih [Shanghai Where the Demons Dance in Confusion], Taipei the Sixth Section Central Committee, Nationalist Party, 1954, pp. 20-21.

26. Sun Huai-jen, Tzu-pen-chu-i Ti Tsai-sheng-ch'an [The Continuous Production in Capitalism], Shanghai, Hua-tung jen-min ch'u-pan-she, 1954; Mao Shou-chin and others, Kung-lu Ch'ang-shih [Common Knowledge about Highways], Shanghai, Hua-tung jen-min ch'u-pan-she, 1951.

214 Are the people in East China reading these books and pamphlets? According to the aforementioned reported by the official New China Bookstore on the average, every eighth person in China bought an item from this bookstore between April and November 1950. This was better than the average scored in Central-South China at about the same tim (In Central-South China, every tenth person bought item during the twelve months from September 1949 to August 1950.) While the Communists might have exaggerated the statistics for propaganda effect, it must be noted that the above figure quoted did not include books sold by the other fifty bookstores in Shanghai. Anti-Communist press reports have given accounts of how people on the Mainland were forced to buy books. Some of these reports may have a factual basis; the Communist cadres, intent on carrying out Peking's orders, demanded popular response to the book-promotion program. Similar cases have been reported in the Communist press with regard to the promotion campaigns to enlarge the circulation of newspapers. When the third volume of Mao Tse-tung's Selected Works cam off the press on April 10, 1953, the Communist press said that "many people braved the rain to go to the bookstores in Shanghai to buy that item." An old reader, the report related, dug deep into his pocket and unwrapped layer after layer of paper to get out his "book purchasing certificate," saying "I have waited a long time for this!"[27] Such expressions of exuberant enthusiasm on the part of book buyers may not be a common occurrence in East China as the Communists would like the world to believe, but undoubtedly books are read.

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27. Kuang-ming Jih pao [Enlightenment Daily], Peking, April 11, 1953 p. 1.

217 4. Libraries and Cultural Centers Small libraries have been established throughout this region to cater to the workers, farmers, and shopkeepers. In November 1950, 216 libraries were open to the public in northern Kiangsu Province, and there were some eighty small libraries in the city of Shanghai. The plan for 1951 was to add 2,500 similar libraries in the farm areas, 1,000 in factories, government offices and schools, and 3,000 in units of the armed forces within the region.[28] By July 1951, rural libraries in East China[29] numbered 1,400 and those in factories totaled 400.

The cultural center is a version of the Communist cultural "palace" on a smaller scale. Both are provided for Communist-conducted cultural activities such as discussion group meetings, political rallies, and reading classes. The larger centers have facilities for showing motion pictures. Most reserve some space for reading rooms.

In conjunction with the libraries and cultural centers, there are also popular science education centers. Through exhibits, movies, lectures, and other available means, these centers strive to furnish the public with a basic knowledge of the natural sciences.

208 D. Application and Effectiveness of the Press
204 As a Propaganda Medium

28. SCMP, No. 20, Nov. 30, 1950, p. 7.
29. Ibid., No. 136, July 17, 1951, p. 15.

208 Communist cultural and educational work-
204 ers are ready to claim success in bringing the press closer to the masses. There is evidence to support the conclusion that Communist press control in East China is thorough, in spite of the fact that Shanghai before 1949 had the largest number of independent newspapers of all the cities in East China. Under a rigid system of control, the effectiveness of the press as a medium of public information and propaganda is restricted or aided by certain characteristics.

1. Thought reform. The remolding of a newspaperman's thought is not a new subject in East China. One of the recent official expressions on this subject was pronounced at the Shanghai Branch of the East China Study Committee. The committee was organized by leaders of the cultural circles in this region to study Marxist, Leninist, and Maoist theories. The occasion was a meeting held by the committee to discuss thought reform among newspapermen. At the end of the meeting, the following conclusions were reached: (a) freedom of the press was wavering objectivism without a definite viewpoint; (b) effort to improve the appearance of the newspaper such as the format and graphic beauty was but trifling formalism; (c) the belief that a journalist was "a king without a crown" was anarchism that defied government organization and discipline.[30] The last reference to the professional freedom of

30. Chin Ta-k'ai, "Chung-kung Ti Ch'u-pan K'ung-chih" ["The Communist Control on Publications,"] China Weekly, No. 56 Jan. 25, 1954, pp. 7-9.

208 a newspaperman as a "king without a crown"
204 was an expression popular in Chinese press circle
By reaching the conclusion the Communist have fired a salvo at all the traditional standards and principles held by the newspapermen. A new professional standard is established for Chinese journalists -- to report the facts selected for them in order to educate the readers to support government policy.

2. Easy to read and believe. The Communists are always keenly aware of the importance of making newspapers easy to read. Early in their underground days they used as a motto O. A. Piatnitskii's remark that "revolutionary newspapers must be written in plain and popular language so that they can be understood by the masses."[31] Especially in Shanghai, where a concentration of workers presented the first challenge to Communist propaganda agents, the newspapers and other publications catering to uneducated and semi-educated readers are carrying out the long-established Communist policy of "explaining the political problems in the simplest possible terms."[32] Local expressions and trade jargons are freely adopted. To a person trained in classical Chinese and accustomed to

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31. Translation appears in Hung-chi [Red Flag], Jan. 15, 1932. Osip Aronovich Piatnitskii, author of such standard treatises on Communist propaganda and agitation as World Economic Crisis: the Revolutionary Upsurge and Tasks of the Communist Parties, and World Communists in Action, was idolized by Chinese Bolsheviks in early 1930's.

32. Red Flag, March 10, 1932.

208 reading the serious writings of pre-Communist
204 days, the new language of the Communist press would sound strange if not silly. But the new style does increase the popular appeal of the publications.

3. Opportunity to learn through propaganda. The Communists also bring to the public a good quantity of much-needed rudimentary knowledge on the natural sciences and public health, and sanitation. The unskilled laborer, who had no opportunity to learn anything except what he acquired in his daily routine, now can gain something from the special columns and feature stories in the newspapers. The Liberation Daily prints regular columns on literature, health, and science. Smaller newspapers in East China have their columns tailored to suit the literacy level and specific need of their respective reader groups. In addition, there is at least one magazine catering to each of the professional strata in East China, and for each periodical on a certain subject, there are dozens of pamphlets published every year to reach readers of varying degrees of education. The propaganda angle in most of these publications is obvious. Even in the most technical treatises, the general slant is to contrast the present with the past. The evils of the past are blamed on the "reactionary Kuomintang" or "American imperialism." The present is praised and the credit goes to Mao Tse-tung or to Communism. Take the case of an article on tractors, for example. The articles does not openly attack the technical excellence of American

208 tractors; but it insists that America gave guns to
204 the Nationalists, not tractors to the peasants. Having described Russian-made tractors, the article concludes with the assertion that Mao Tse-tung and the Russians are working to bring tractors to the peasants. The technical aspects of the subject are not neglected, but the propaganda line is skilfully underscored throughout the text. Readers who need the technical information contained in articles of this sort are continually exposed to a propaganda bombardment.

4. Cultivation of News Reading. It would be greatly misleading to compare the Chinese Communist press with the American press and to judge the former's effectiveness thereby. The Chinese press has never permeated community life to the degree that the American press has. Except for small sections of China's urban population, no Chinese would feel at a loss if he had no morning paper to read at the breakfast table. By and large the Chinese Communists are cultivating the newspaper-reading habit The entirely new experience of reading the newspapers or of having them explained is exciting to the average man on a lower Yangtze River farm or in the southern Fukien hills. It is believable that Li Ch'un-yü, a 52-year-old worker at a P'eng-lai factory in Shantung Province, pasted the day's newspaper above his head and read it every morning and every night; or the woman worker Shen Mei-li of the Shanghai Textile Factory felt that her day's work was not done until she had finished reading the newspaper.[33] Li and Shen

33. Liberation Daily, June 2, 1952, p. 3.

have no previous experience with which to contrast the present one; therefore, they do not know what might be expected of a newspaper. To people like Li and Shen, the press in East China obviously has a great appeal. As to the section of the urban population which has had some experience in reading non-Communist newspapers, some people have embraced Communism and therefore welcome the Communist press, and others are forced to accept the Communist press, because there is no alternative. The only section of the population which probably does not want to read the Communist press at all is the storekeepers and some of the middle-class readers in larger cities. Having been among the supporters of what might be described as China's yellow journalism, which had a limited popularity in the larger cities in pre-Communist days, these people have no incentive to read the dull and drab Communist newspapers.

5. Delayed reporting. Another general criticism against the Chinese Communist press is that it contains no news and that it is history. With the unwieldy system of checking and double-checking, news dispatches are often delayed. The report on Malenkov's downfall, for instance, did not reach this region until announced by Tass three days later. But lack of promptness in reporting certain political events apparently does not impair the effectiveness of the controlled East China press, and certainly will not reduce its appeal to the unsophisticated masses.

6. Limited circulation. Quantity may not be a reliable criterion to gauge the effectiveness of the press in East China. According to Commu-

208 nist statistics in 1951 there was one copy of a
204 daily newspaper to every 150 persons, and one copy of a magazine to every 280 persons. While this may appear to be limited circulation, other methods of news dissemination supplement the regular press.

7. Slanting the news and restricting coverage. Two developments may fatally damage the effectiveness of the press in East China. The newspapers in this region, like those in many other areas, slant the news for propaganda purposes. No gross inaccuracies have been reported, but as the readers become more sophisticated, inaccuracy of news reports will destroy confidence in the press.[34] The Communists have also attempted to restrict the circulation of local newspapers to their respective districts.[35] This was done under the pretext of avoiding duplication and waste in the distribution of newspapers. While the move may be necessary in view of East China's planned economy at the present stage, the effectiveness of the press as a medium of mass communication is curtailed when the newspapers cannot freely purvey news from one locality to another. Magazines, pamphlets, and books in this region are as yet free from this restriction.

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34. Jen-min Jih-pao [People's Daily], Peking, Sept. 26, 1951.

35. Central News Agency dispatch, quoted in Review of Hong Kong Chinese Press, No. 174 Hong Kong American Consulate-General, Sept. 19-20, 1953.

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III. RADIO

A. Facilities and Control

207 The development of radio networks in East China followed a series of official directives. Upon the establishment of the Peking regime in 1949, the Common Program, which formed the basis of Communist China's Constitution, specified that "People's radio and publication work shall be developed."[36] A central agency in charge of radio administration was established in Peking. In April 1950 the information administration at Peking issued a directive on the "establishment of a radio broadcast receiving network." The provincial and special administrative district authorities in East China issued in the same year their instructions on the establishment of broadcast receiving networks. According to these announcements, the radio networks (broadcasting as well as receiving) were to come under the joint jurisdiction of the local People's government, the Communist Party's local branch, and the regional radio station which directly received instructions from the Central People's Radio Station in Peking. After the "regional" administrations were abolished in 1954, it is presumed, provincial and municipal radio stations receive direct instructions from Peking, but they are still

36. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Language Press, 1949, p. 18.

207 subject to control by local People's governments and the Communist Party's branch offices.

The mutiple system of control is necessary in the eyes of the Communists, because the Peking regime has made it amply clear that radio is one of the most effective instruments of mass education to prepare the masses for the "socialist construction of China."

One characteristic of radio control in China and in other Communist countries is its extent, covering not only the broadcasting network but receiving stations as well. Organizing "receiving stations" may serve two purposes: one is to ameliorate the shortage of facilities, the other is to insure that available facilities are used in a manner approved by the government. The services of private owners of radios are enlisted by the government to expand the radio network. These owners are called "friends of radio." They receive free program announcements from the government and some free maintenance services. In turn they are expected to reciprocate by reporting the listener's reactions to the government. Each of these privately owned radios may serve as a receiving station, or as a base for a listeners group, if the owner is willing. In addition, the Communist authorities have been trying to place enough sets in the hands of trained cadres who will man the official receiving stations.

The receiving stations are established on the hsien (county), city, hsiang (group of villages) and, at certain places, down to the individual

207 village level. Within a larger city, more than one station may be maintained on the public square, at the public library, in schools, government offices, factories, and other industrial institutions. Outlying industrial and mining districts also have them. The Communists assign high priority to the development of receiving stations in industrial centers as an essential measure dovetailed with the over-all propaganda system. Each complete receiving station is equipped with a radio set and manned by a monitor (called a "receiving officer") who records news and other important broadcasts, and a technician who is responsible for the maintenance of the set.

As a supplement to the receiving stations, whose audiences are limited in number, there are public address systems either directly hooked up to the radio receivers or operated separately. The Communists call these systems "wire broadcast" (one type of radio diffusion exchange) in contradistinction to "wireless." When a "wire broadcasting" station is operated separately, the receiving officer organizes a separate program based on the news and important broadcasts he has monitored. To these materials he adds whatever answers to local needs. In a large factory, the public address system may have a number of loud speakers distributed among the departments on the premises.

The receiving officer at a station without supplementary public address systems is usually required to run a news bulletin. The frequency of issuing the bulletin may range from daily to semi-weekly, and the method of publication also varies

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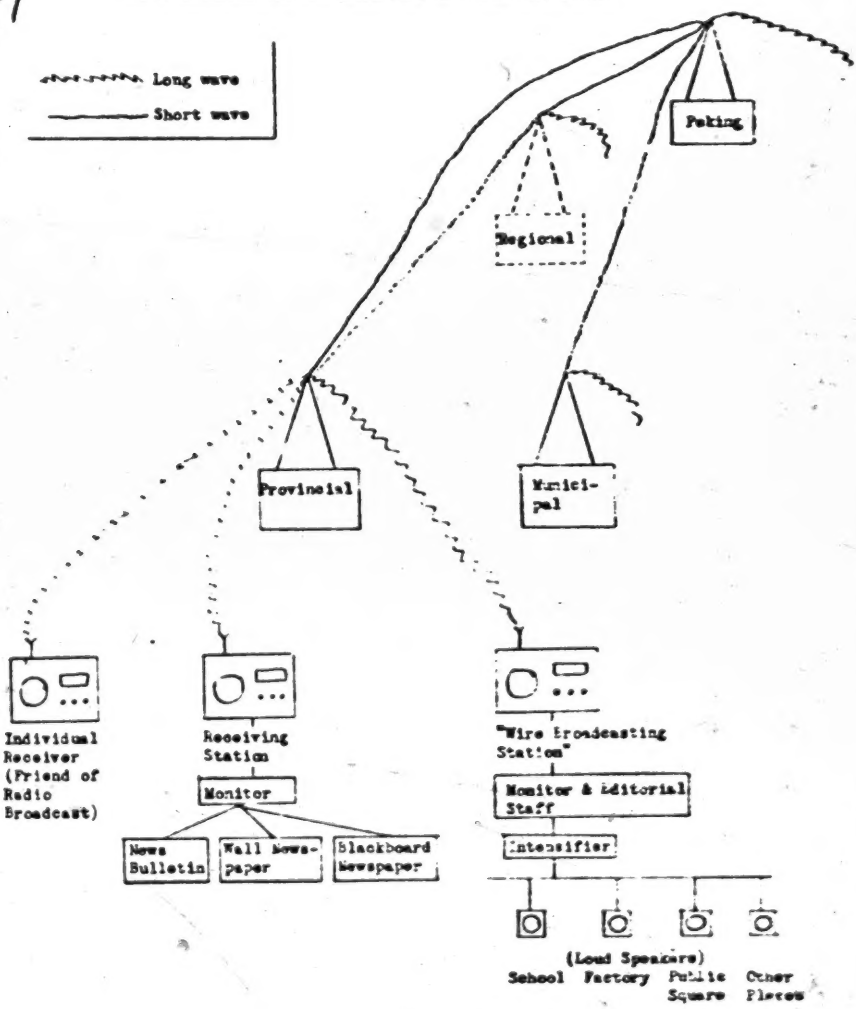
RADIO BROADCASTING AND RECEIVING IN COMMUNIST CHINA



Similar receiving arrangements are repeated at all levels.

(Chart faces p. 647)

207 according to the location of the station and the audience it serves. Whatever limitation of supplies dictates, the radio receiving officer may also be required to run a "blackboard newspaper" which is nothing more than a conspicuously placed blackboard on which are summarized the news items he has monitored.

A few terms in connection with the Communist radio work may be somwhat puzzling to the Western observer. Lieh-ch'e Kuang-po [broadcast on the train] is a "wire broadcasting" system installed on a train for the benefit of the passengers. T'u Kuang-po [native broadcast] and Wu-ting Kuang-po [rooftop broadcast] are Communist cadres shouting through megaphones (trumpet funnels) the monitored news items. When they do so at a street corner, they are performing "native broadcasting." If they appear on the rooftops they constitute a "rooftop broadcast." These cadres are identified with "propaganda officers," about whom more will be said later. All these forms of broadcasting are in use in East China

The relationship between these broadcasting stations and receivers and the chain of control can best be demonstrated in the chart following:

207 Recent statistics on radio facilities in East China are not available. Earlier reports, however, show that this region had the largest concentration of radio stations and receiving equipment among all the areas in China. In the city of Shanghai alone, there were two government stations and 22 private station[37] in 1951. A year later, as the government stations expanded their operation and radio control began to assert itself, three private stations went off the air and three others were merged with their competitors; thus only 16 stations were still maintained by private interest in Shanghai in 1952.[38]

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37. Hsia Yen (chief of the Cultural Bureau of the Shanghai Municipal Government), "Shanghai Wen-chiao Kung-tso Kai-k'uang Yü Chin-hou Jen-wu" ["Cultural and Educational Work and Its Future Mission in Shanghai"], Compendium of Government Reports, p. 612.

38. Jen-min Shou-ts'e, 1952 [People's Handbook, 1952], Shanghai, Ta-kung pao, 1952, p. 436.

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Table 7. Independent Radio Broadcasting Stations in Shanghai (1952) */

Name	Kilocycles
Ya-mei, Lin-chi	670
Yuan-ch'ang	750
Ho-chung	750
Ta-lu, Ta-chung-hua	930 and 92,332
Hu-cheng	[illegible],070
Ta-hu	[illegible],070
Tung-fang, Hua-mei	[illegible],310 and 65,490
Min-sheng	1,340
Chung-hua-tzu-yu	1,340
Ta-chung	1,370
Chiu-chiu	1,370
Chin-tu	1,400
Chien-ch'eng	1,430
Hsin-sheng	1,430
Ta-chung-kuo	1,460
Ya-chou	1,490

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207 By late 1953 government interests had invaded more than ten of the private broadcasting companies in Shanghai, and it is doubtful if there are any totally independent stations left in that East China metropolis.[39] Among the government stations the East China Regional People's Broadcasting Station, operating on 800, 5,985, and 9,730 kilocycles, presumably has been relegated to a provincial status to serve Kiangsu Province upon the abolishment of the Greater Administrative Region political subdivisions in China in 1954. Although caution has been voiced by Communist officials against "blind expansion of radio networks" there are indications that more government stations, possibly at least one major station to each province, have been established since 1952. But, instead of continuing with the construction of more broadcasting stations, the emphasis has been rather on the development of receiving stations in the industrial cities in East China. In October 1951 Communist China had altogether 2,254 such stations in the cities.[40] This number increased to 3,519 by March 1954.[41] In East China even the smallest hsien in the most inaccessible area has at least one receiving station, and there is frequent mention in the East China press of reactions to these stations by worker-audiences.

B. Operation and Audience

The programs of these broadcasting stations

39. Chin Ta-k'ai, loc. cit.

40. Jen-min Hua-pao (People's Pictorial), Peking, Oct. 1951.

41. Jen Chung, loc. cit.

207 are organized to deliver and explain a political message to the audience. The pattern is fixed and changes in content occur only at the command of the central authority. If the current issue is "Resist-America-Aid-Korea," then the programs are permeated with anti-American propaganda. If it is "Production Emulation to Greet Labor Day," then every speech or news item has something to do with labor models and labor "heroes." The following is a survey of the features described as "important" by the East China Regional People's Broadcasting Station and the Shanghai Municipal People's Broadcasting Station:

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Table 8. Percentage of Important in East China Radio Programs */

Subject Matter	Regional Station	Municipal Station
	(in per cent)	
Popular Science..	48.6	20.0
International situation	24.3	6.8
Political and Economic affairs	2.8	5.1
Life of peasants and workers....	2.5	13.1
Industrial and comm'l progress	10.8	22.8
Thought reform.....	2.9	5.8
Children's programs	0	13.8
Three-Anti Campaign	2.7	5.2
Program broadcast in local dialects	0	5.7
Water conservation	5.4	1.7

*/ Based on program announcements in the June 1952 issues of the Liberation Daily.

Popular science programs include lectures on public health and sanitation designed to give the audience a basic knowledge of common diseases and their prevention. Both stations in Shanghai in June 1952 were engaged in propaganda, their main subject being the so-called "germ-warfare" supposedly waged by American troops in Korea. Items bearing on the international

207 situation stressed the Soviet peace movement, with frequent reference to the "Resist-America-Aid Korea" Movement. The talks on political and economic affairs voiced Communist theories and policies, rendered in terms understood by the average citizen of East China. Because the Communists at this stage prefer not to explain ideology in the abstract, this part of the programs is comparatively light. At the hours assigned to telling stories about the life of the peasants and workers living under a Communist regime, program directors interview workers from farms and factories who relate their own experiences. The farmer tells of how happy he was when he received a tractor. The lathe operator gives an account of the recreational facilities in his factory, made available by the generosity of Mao Tse-tung. The shopkeeper explains how he learned to read at one of the public night schools. The Municipal Station which serves the immediate vicinity of Shanghai features more programs of this sort than does the Regional Station which serves a larger and more varied audience.

The extensive coverage of industrial and economic progress includes items on production records, "heroic feats" by labor models, and the development of co-operative stores. The thought-reform program is generally aimed at the youth; at least, it was so in June 1952. College and occasionally high-school students appear on this program to explain how they freed themselves from "bourgeois and feudalistic" ideas. The Regional Station refrains from presenting children's programs and leaves them to the municipal and

207 and other stations of local nature. Music and songs eulogizing the country and Mao Tse-tung constitute the bulk of children's programs; the remainder consist of stories exhorting the young listeners to behave themselves like "good children of the Communist Party." Adapted fair tales, of both Chinese and Western origin, are offered to the young audience.

The Three-Anti Campaign was not the central issue in June 1952; the emphasis was placed on increasing production. Programs having direct bearing on the Movement, therefore, did not consume too much radio time. Like children's programs, features in dialect for minority nationalities are the concern of local stations. The programs devoted to the publicizing of water conservation projects on the Municipal Station is apparently limited by the fact that Shanghai continually bristles with industrial activities, and stories on industrial developments crowd out the by-now familiar accounts of the Hwai River and lower Yellow River projects.

In addition to regularly scheduled features, the usual pattern of the programs also includes music, drama and Chinese traditional opera, all tailored to support the central theme of the day. News briefs are given the same treatment as they are in the press. It is worth noting that European classical music has not been completely barred from the programs. The Shanghai Municipal Station, for instance, featured the works of Beetho A special program to teach Russian was inaugurate by the East China Regional Station in 1952. According to the announcement, the action was taken by

207 popular request after more than 14,000 listeners registered a wish to learn the language.[42] This program was designed to serve audiences of three language levels -- beginner, intermediate, advanced -- three times each day for each level, totaling three and a half hours.

Other provincial and municipal stations rebroadcast verbatim important regional programs. Announcers normally use Mandarin. No commercials or dramatic serials are broadcast; calisthenics lessons are usually presented every morning and musical programs are broadcast at convenient hours so that audiences may gather to sing songs. Literacy hours are also featured on some stations; small groups are organized to follow these programs in order to gain facility in reading.

C. Application and Effectiveness of Radio as a Propaganda Medium

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The Communists in East China claim that their radio networks, with the minor shortcomings noted, have been a success. To examine this claim critically, it is necessary to take into consideration the observations outlined below.

1. Station Control. The control of broadcasting stations has been thorough, even in a place like Shanghai where private interests may still maintain a toehold in radio operation. However, since every aspect of radio is closely supervised by the government and the Party, the

42. Liberation Daily, June 15, 1952, p. 3.

207 entire system soon showed signs of the weaknesses
208 that generally bedevil an unwieldy bureaucracy. Every move originates from Peking and meticulously follows the orthodox Party line. No station manager is allowed to use his own initiative; if he tries, he will be accused of deviation and subject to extreme penalties.

207 2. Expansion of radio. Lack of facilities remains a stumbling block to radio expansion. In addition to such measures as "wire broadcasting stations," radio news bulletins, blackboard and wall newspapers, the Communists in East China are sending radio teams to the countryside. These mobile teams carry radio sets with them and, upon reaching a village, organize listening groups to hear some of the special programs. This measure has proven effective when the Communists have a special campaign to carry out.

While impressive results may have been achieved during such campaigns, lack of facilities makes success necessarily sporadic. The Communists admit that: (a) the listening groups are not very well-organized, for they die out as soon as they are formed. (b) The programs are not closely related to the issues foremost in the minds of the audience in the various localities. (c) There is an acute shortage of radio personnel to carry out successfully the mission assigned by the Regional Station. (d) Local radio personnel fail to keep close contact with their superiors, and the blame for this lack of co-ordination must be shar by both parties. (e) Local governments, particularly those of outlying hsien, are not sufficiently aware of the importance of radio work, and much

207 that could be accomplished has therefore been neglected.

3. Need of trained personnel. The Communists in this region assign only trusted Party members to key positions in the radio network, but there are apparently not enough well-trained personnel (technical and otherwise) to meet the need. As a result, each provincial broadcasting station has been conducting a personnel training program. While much may have been done to improve them, these training programs were begun in 1950-51 with a great deal of unsound expediency. Many of the radio receiving officers are given only two months' training. During this short period, these candidates were supposed to "elevate the level of their political understanding and formulate a new revolutionary outlook on life." Actually, some of these trained receiving officers failed even to acquaint themselves with Mandarin, resulting in complaints against their inability to understand the messages broadcast from Peking or from provincial stations. Radio technicians are, in most cases, given a six-month training course. Their doubtful competence, plus the shortage of radio parts, has caused many receiving stations to operate sporadically.

4. Student broadcasters. One impressive success of the Communist radio program is to be found among the students. Radio listening has been made a part of the regular school curriculum. With Communist Youth Corps member

207 acting as leaders, daily news items are discussed and debated until the students are found to be in favor of the Communist regime. When the news that Seoul had fallen into Allied hands was broadcast in 1951, receiving officers were directed to explain the development as a strategic necessity, not as a sign of defeat, lest the students become skeptical about the Communist slogan that "the United States is but a paper tiger." There are evidences that most of the students were convinced by this line of argument.

207 208 5. Propaganda. A national hookup used to support propaganda campaigns is probably the most effective means of dissemination. Co-ordinated with the press, these radio programs receive advance attention and the masses are psychological prepared for the scheduled programs. In the Communist Land Reform Movement, this technique was employed to increase agitation against the landlords. In the "Aid-Korea" Movement and the subsequent "Germ Warfare" campaigns, students and soldiers were encouraged to broadcast their hatred of "American warmongers." One skillful propaganda twist was employed during the campaign to "oppose America's effort to revive Japanese militarism" in 1951. The Communists in East China mobilized those who had lived under Japanese occupation or had encountered Japanese troops during World War II. Japanese atrocities were publicized. Atrocities were presented as eye-witness accounts. In conclusion, all these broadcasts ended with the warning that "the United States must not be allowed to support the Japanese militarists in re-enactment of the

207 tragedies visited upon the Chinese people in
208 1937-45." Such propaganda stirred up national resentment against both the Americans and the Japanese. During this particular propaganda campaign, the Communist claimed that over three-fourths of Nanking's population were reached by national-hookup "live" broadcasts.[43] Similar technique was used in the Three-Anti and Five-Anti campaigns, when citizens were urged to report on "corrupt officials" and inefficiency in government agencies. A national survey showed that from March 1 to May 31, 1951, the forty-nine people's broadcasting stations throughout Mainland China organized 380 such nation or regional hookup broadcasts. Over 36,000,000 people were said to have listened to the programs, and the stations received 186,000 letters, telegrams, and telephone calls as evidence of the people's respone.[44] Photographs are available in Communist publications showing old peasant women crying under a loudspeaker which is supposedly relaying a live broadcast of the mass trials; or a youth shouting in response to the call for suppression of counterrevolutionaries; or a young country girl beaming broadly upon hearing the news of the promulgation of the Marriage Law. These pictures, of course, may be the opposite of what the captions claim. But there is no denying that the Communists have succeeded in a large measure in mastering the art of mass persuasion and that radio is being fully exploited in Communist China.

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43. People's Pictorial, October 1951.

44. Ibid.

IV. STAGE AND SCREEN

208 536 The stage and screen are effective media for bringing messages to the illiterate and semi-iterate. The Communists realize this and have been fully exploiting the possibilities of both forms of mass communication. A summary of the developments in this region follows:

A. Stage

1. Control. The key directive in the Communist policy for development of the stage as a medium of mass communication is the consolidation and reform of the available facilities and personnel before expansion is begun. This approach was adopted by officials concerned with dramatics in East China immediately upon the establishment of new local governments in 1949. The system of control includes both professional and amateur dramatic groups. Professional actors, playwrights, and stage workers have their respective associations led by a provincial federation of such associations. In larger cities, artists also have their organizations belonging to the same pyramid. Amateur dramatic groups are encouraged and aided by these associations. Before abolishment of the Greater Regional governments, the provincial federation received orders from regional authorities. Now the provincial federations work hand in hand with provincial governments and Communist Party branches, receiving direction from the Cultural and Information administrations under the State Council in Peking. The Drama Reform Bureau

208 under the Cultural Administration is directly
536 and exclusively responsible for interpreting broad policies laid down by the Communist Party. In East China, Ch'en Wang-tao, as chief of the Cultural Bureau for this region, remained the highest authority in charge of development of drama until June 1954 when regional agencies were abolished. Ch'en Wang-tao, a noted leftist writer in East China, has had a long literary career.

The control system in this region was organized rapidly; by April 1950, most of the provincial federations had had at least one conference of delegates from local associations.[45]

2. Development. The development of the new-type stage plays in this region dates from the May 4th Movement of 1919. New dramatic troupes have gone a long way in expanding their activities to reach throughout the countryside. In 1950, over 300 plays new and old scripts revised, had successful runs in Shanghai. Most of these plays were widely circulated in this region. In the spring of the same year, a dramatic contest was held. Over ninety theaters and 4,000 actors participated in the contest; ninety-two plays were judged successful by popular acclaim. Professional actors and actresses were registered for indoctrination classes. In July 1950 the second class in Shanghai graduated over 1,000 trainees from all parts of East China Together with the training program in Nanking, about 3,000 actors and actresses had received political indoctrination by the middle of 1950.[46] At the same time, 2,572

45. Compendium of Government Reports, p. 648
46. Ibid.. pp. 563, 611.

208 village dramatic troupes were performing in
536 Shantung Province.

Although recent statistics on the development of the stage in East China are not available, national figures found in the Communist press indicate that many new plays have been published and staged and the number of trained professionals has been on the increase. Many of the new plays were written by local amateurs among whom were workers and students. Being adaptations of stories of local origin, most of the plays have a distinct local flavor; but their central themes show very little variation: they praise the new regime and glorify those who support government policy.

The conversion of old operas and stories, substituting Communist ideas for traditional ideas of filial piety and loyalty to friends is a more delicate job. One of these pieces is Liang Shan-po yü Chu Ying-tai, a one-act opera with thirteen scenes. The story originated in Chekiang Province many years ago and has been [illegible] opera. The East China Drama Academy revised it as a modern Chinese opera in August 1951.[47] Since then the script has been printed in many national literary magazines and staged in various partsof China, and it was made into a motion picture in 1953. Although technical adjustments have been made, the plot

47, Hua-tung Ti-fang Hsi-chü Ts'ung-k'an [East China Drama], No. 1, Shanghai, Hsin-wen i ch'u-pan-she, 1954, p. 3.

208 and the theme remain unaltered. The original
536 story tells of the experience of a girl who, failing to marry the man she loves prefers death to marrying the man chosen for her by her parents This is one of the few revised pieces that have survived waves of criticism and attacks by orthodox Communist cultural workers Many others did not fare so well. Playwrights in East China have been ordered to revise old operas and stories. The Communists realize that since the old stories have been accepted and symbolize certain concepts in the minds of the audience, the job of remolding them without damaging their effectiveness and classic content is a difficult one.

Song and dance are used extensively both on and off stage. Their versatility as media of information and propaganda has long been recognized by the Communists. As early as 1950, the Communist-organized Association of Musicians in Shanghai had already turned out 1,405 new songs, of which 155 received official blessing and were given wide circulation.[48] Musical and dance numbers arranged to depict a political theme are frequently presented at the cultural centers and by propaganda teams traveling in the countryside. (For more discussion on song and dance, see the chapter on Literature and Artistic Expressions in this handbook.)

3. Recent Trends. Chairman Shu T'ung of the Cultural and Educational Commissions of East China at a conference in Peking in January 1953 was told to pay closer attention to the choice of plays and actors. He was to devise a system for a rigid screening of the players and closer supervision of the plays. Now the Regional Government

48. Compendium of Gov't Reports. p. 563.

208 is no longer in existence, but this official policy
536 will be expected of responsible officials at the provincial level.

B. Motion Pictures

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208 1. Control. The Communist consolidation of control of the motion picture industry and its activities followed a pattern of similar design to that of the control of the stage. The seizure of existing facilities and the indoctrination of personnel preceded a planned expansion. Motion picture production in this region is but a part of the nationally centralized undertaking. At this writing, there seems to be no independent film-production company in East China to complicate the problem of control. The regional, or -- after June 1954 -- provincial Cultural and Educational Commission is responsible for executing Peking's orders on control of the movie industry and is subject to supervision by Communist Party propaganda agencies at appropriate levels. To handle administrative details, there are branches of the Motion Picture Association of China in all provinces and major municipalities. The association co-ordinates film production and distribution, again under the supervision of the government control system. Movie actors and workers are organized and are supervised by the Motion Picture Association of China. It would be a fine network of co-ordination for business promotion, if the industry were independent. But as it is in East China, the system amounts to a complicated machine in which every part of the movie industry is hamstrung by government orders and none can function individually.

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208 To bar "undesirable" European and American films, censorship has been established on the regional and provincial levels.

2. Development. The Shanghai Motion Picture Producing Company is among the three government concerns established immediately after the founding of the Peking regime in late 1949. The company combines the former first and second Central Motion Picture Production companies of the Kuomintang, the former China Motion Picture Production Company, and the Experimental Movie Factory.[49] Its establishment concentrates all of the major movie-producing facilities in the East China Region. Seven small private companies were still in operation in East China in late 1950. However, the fact that these firms were "helped by the East China People's Government to resume operation"[50] indicates they could no longer have a voice in supervision of production.

The first motion pictures made by the Communist-controlled companies in East China were documentaries and newsreels. No significant film was made in 1949 or in the spring of 1950. By summer of 1950, the first new film with an integral plot was made in this region. Entitled "The Thought Problem," the film deals with the ideological transition from traditional Chinese concepts, and Westernized "bourgeoisie" Chinese attitudes popular among the metropolitan Chinese to the Marxian mode of thinking. It was hailed in East China as a turning point in Chinese motion

49. Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow Ch'ang-chiang jih-pao she, 1950, p. 252.

50. Compendium of Gov't Reports, p. 563

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pictures. Since 1951, much progress has been claimed by the Communists, but there are evidences of continuing deficiency. The literary purges that have been going on in East China exert restrictive influence on script-writers. Scarcity of suitable scripts is the constant complaint of those in charge of motion picture production. The theaters are forced to supplement their meager supply with newsreels depicting the progress of China's economic reconstruction and a steady flow of Russian films. A Japanese journalist reported upon his return from a visit to Red China in 1953 that the average theater in a large Chinese city needed about eight films a month, that the government could only supply one or two; the rest were Russian films.[51]

To handle distribution, the East China Region had as early as 1949 a branch of the national China Motion Picture Distribution Company, another government-directed agency. The company itself also functions as a clearinghouse and a censor while doling out the films on a planned quota. Apparently no theater is permitted to have direct dealings with any producer, domestic or foreign. In 1950, the distribution company was already serving about one hundred theaters in Shanghai, Nanking, and the provinces of Kiangsu, Chekiang, and Anhwei. So far there has been no report on any large-scale construction

51. Chao Ts'ung, "I-nien-lai Chung'kung Ti Wen-hua Kung-tso" ["The Chinese Communist Cultural Work during the Past Year"], China Weekly, Jan. 4, 1954, p. 36.

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of theaters in this region. However, a program for building "cultural palaces" with facilities for showing films is under way. Eventually the government aims at having one such "palace" in every city, large village, and industrial and mining center. Meanwhile mobile motion picture projection teams keep their regular routes to serve the countryside. Early in 1950, a total of over one hundred such mobile teams were traveling throughout Mainland China. In East China, Chairman Shu T'ung of the Cultural and Educational Commission for this region said in July 1950 that more personnel were being trained to expand the mobile teams. By October 1951 there were 60 mobile projection teams serving this region.[52]

3. Recent Trends. For movie production in East China, the recent trend is either to translate or copy "progressive films" of foreign vintage. The Shanghai Motion Picture Producing Company planned to copy, in collaboration with the Northeast Motion Picture Producing Company, over forty foreign films in 1954. Most of these films were Russian. A few East German, Czechoslovakian, North Korean, Japanese, and Italian products were also included. "Bicycle Thief" was among the Italian movies slated for translation.[53] For one thing, translation and copying of foreign films already approved by Communist theoreticians must be a relief to the purge-haunted East China script-writers. Moreover,

52. Liberation Daily, Oct. 1, 1951, p. 10.
53. Enlightenment Daily, Peking, April 6, 1954, p. 2.

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546 the Chinese movie-goers, especially those in
208 such metropolises as Shanghai and Nanking, are accustomed to foreign films, especially American products. Russian films are equally attractive. In Shanghai, often more than a dozen theaters show the same film simultaneously.[54] Anti-Communist writers tend to attribute this fact to the short supply of films, and the popularity of theaters to the boredom of life in a Communist state. Chinese films such as "Liang Shan-po yü Chu Ying-t'ai" and the "White-Haired Girl" have extensive showings in East China. American films were not immediately banned in East China, but Communist authorities in 1950 discouraged people from patronizing theaters showing American films. In April 1950 American films in Shanghai were drawing some 570,000 patrons a month.[55] This figure represented a drop in attendance of approximately 50 per cent as compared with the record in pre-Communist days. Attendance continued to decline until today no American film is advertised in the newspapers of this region.

C. Lantern Slides

In April 1950, the Peking government established an agency in charge of the manufacture

54. Liberation Daily, June 27, 1952, p.3.

55. Compendium of Government Reports, p. 563.

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546 of lantern slides and projectors. At the government-operated Nanking Scientific Apparatus Factory, production of slides and projectors was also assigned top priority. By 1952, there were 31 units in China producing such equipment to supply "cultural centers" and libraries. Among the slides produced, the most popular series bore such titles as "100 Years of American Aggression in China," "The Angry Fire of the Resist-America-Aid-Korea Movement," and "Oppose the Re-arming of Japan by American Imperialism." Almost 200,000,000 people were said to have seen these and other slides[56] in 1951. In East China by the end of September 1951, there was at least one projector in use in each hsien.[57] According to Wang Yü, deputh director of the Social Cultural Affairs Department for East China, these projectors were to be used to inform the public on current affairs, government policies, and the popular sciences. Mobile motion picture teams and propaganda units frequently make use of slides to aid their operation. Slides are prized because they can be easily adapted to local conditions. Each propaganda unit may suggest ideas to the manufacturers, who tailor the materials to suit specific needs.

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56. People's Handbook, 1952, p. 444.

57. Liberation Daily, Shanghai, October 1, 1951, p. 10.

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V. MASS ORGANIZATIONS AS MEDIA OF PUBLIC INFORMATION AND PROPAGANDA

203 208 575 The Communists are fond of using the word "network" for all activities pertaining to public information and propaganda. Already discussed in this study are the news-gathering network, radio network, library and book-distribution network, the motion-picture-showing and cultural center network. Included in the Communist term of "cultural network," however, are many mass organizations, all contributing to the over-all public information, education, and propaganda scheme.[58]

One of these organizational networks is the Sino-Russian Friendship Association. Established on October 5, 1949, in Peking, this organization expanded rapidly and by February 1952 had 64,200 large and small branches with a total membership[59] of 23,000,000. Under the over-all direction of Liu Shao-chi, whose position in the Party hierarchy is said to be second only to that of Mao Tse-tung, this association through its omnipresent branches organizes, indoctrinates, and propagandizes people of all professional strata. The daily contribution to public information and propaganda takes the form of group discussions and meetings.

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58. A list of 96 such national mass organizations is found in People's Handbook, 1955, pp. 7-8.

59. People's Handbook, 1952, p. 258.

203 208 575 At these small group gatherings, Soviet theories and practices are discussed. When there is a national propaganda campaign, the association mobilizes all its branches to give concerted support to the government. These mass organizations have their own "cultural departments," which in reality are information and propaganda units. Altogether the "cultural network" of an average size hsien may easily contain 4,000 units, with over 30,000 people actively participating.[60] When applied to cities like Shanghai and Nanking in East China, these figures are but moderate estimates.

V. PERSONAL CONTACT

203 208 Any study of public information and propaganda in Communist China would be greatly amiss if it discounted the importance of personal contact. This particular medium of communication is essential to the Communist public information and propaganda scheme, and it works most effectively in a country like China where 80 per cent of the population is illiterate.

The Central Committee of the Chinese Communist Party, on January 1, 1951, issued a directive on the "Establishment of a Propaganda Network Aimed at the Masses." The directive points out that" (a) in the past propaganda work has been neglected; no permanent

60. Chao Ts'ung, op. cit., p. 36.

203 208 personnel had been assigned to conduct person-to-person propaganda, counteracting rumors and clarifying government policies; (b) all Party branches henceforth will assign propaganda officers; all guiding agencies in the Party will appoint reporting officers; enthusiastic activists, although non-Party members, may also be enlisted as propaganda officers; (c) under the direction of the Party, propaganda officers will conduct propaganda through personal contact, and will report on the people's reaction and response; (d) the reporting officers, all responsible Party members serving at the various Party and government agencies, will make political reports to mass assemblies at least once every two months. Their reports are subject to clearance by Party authorities.[61]

Execution of the foregoing directive in East China resulted in the registration of 650,000 propaganda officers by the end of 1951. The reporting officers during the same period gave political talks to some 19,790,000 people.[62] It was admitted by the same Communist source, however, that "some of these propaganda officers were not sufficiently effective."

In the summer of 1953, Communist authorities moved to strengthen the system of

61. Chien-li Hsüan-ch'uan-wang [Establishing a Propaganda Network], Shanghai, Hua-tung jen-min ch'u-pan-she, 1951, pp. 1-6.

62. People's Handbook, 1952, p. 437.

203 208 personal propaganda by establishing what might be described as "coaching stations" for propaganda officers. At these stations propaganda officers met twice a month, each session lasting about two hours. With the help of well-seasoned agitators acting as coaches, the propaganda officers received on-the-spot instructions on how to operate most effectively. In June 1953 over 50 per cent of the sub-districts and hsiang in East China had such stations in operation.[63]

Anti-Communist sources conclude that the establishment of such "coaching stations" is a testimony to the collapse of the Communist person-to-person propaganda system.[64] Communist reports, on the other hand, claim that propaganda and reporting officers have come to be regarded by the people as "information bureaus," "thought doctors," and "messengers of Chairman Mao Tse-tung." If these titles reflect the popular conception of these propaganda officers, then there is reason to believe the claim that personal contact has exerted decisive influence on the masses in the movements to suppress counterrevolutionaries, carry out land reform, "Resist-America-Aid-Korea," and increase industrial and agricultural production.[65]

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63. Chin Ta-k'ai "Chung-kung Hsüan-ch'uan-wang Ti Fa-chan Chi Ch'i P'o-ch'an" ["The Development and Collapse of the Chinese Communist Propaganda Network"], in China Weekly, No. 70, May 3, 1954, p. 12.

64. Ibid.

65. People's Handbook, 1952, pp. 436-37.

203 The significance of the part played by
208 personal contact in the Communist propaganda scheme is well described in a People's Daily editorial. The Party had been relying on separate propaganda campaigns to achieve its goals, the editorial said, and Party members had thought constant personal contact not essential to the success of propaganda. Now everyone admits that "propaganda officers are trail-blazers without whom no work can be undertaken."[66]

VII. CONCLUSION

A. The Extent of the System

208 The Communist propaganda machine, which uses all types of public-information media, is co-ordinated with mechanical precision. The highest policy-making body in the Party hierarchy decides on the issues to be propagandized; an order from this body is enough to start a chain reaction. Take the 1951 movement to "suppress counterrevolutionaries," for example: the decision was made in Peking in February 1951. To borrow a cliche from the Communists, the movement "spread like a forest fire," and by October of the same year, all the tools of propaganda had been brought into play. Major newspapers, radio stations,

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66. People's Daily, Peking, January 1, 1, 1952, p. 3,

208 group discussions, special rallies with lantern slides and skits were concentrated upon the suppression of counterrevolutionaries. During the same period, 800 exhibits pertaining to the campaign were opened in Shanghai. One of the pamphlets, Penal Code for Counterrevolutionaries, sold 2,400,000 copies, or enough to supply half the population of Shanghai. In response, 33,000 letters were received from residents of Shanghai, reporting "counterrevolutionary activities" to the government; and 29,000 of those accused were brought to court. The campaign was reported to have been carried out with equal intensity throughout East China.[67] The figures themselves may be exaggerated. But saturation campaigns of this sort had been effective in this area even before the Communist occupation of East China. During the war against Japan, the Nationalists organized propaganda teams which succeeded in arousing the villagers of western Fukien to the support of Chiang Kai-shek as the nation's leader and to participation in the war that was threatening the very life of the country.

B. The Thoroughness of Operation

Western journalists visiting the Communist area during a lull in the Nationalist-Communist struggle were surprised at the assimilation of Communist political jargon shown by grade-school children. This achievement of Communist indoctrination and propaganda suggests how thoroughly the Communist propaganda

67. Statistics from People's Handbook, 1952, pp. 41-42.

208 system operates. From his first years, a child is subject to persistent Communist indoctrination. The first word he learns in grade school is Communism, and from then on he lives and breathes Communism. He would be a rare person if he did not become a devout Communist as an adult. To be sure, the distrust of the old and wise and the cynicism of the urbane will work against Communist propaganda, but in Communist China the old and wise are dying and the urbane are only a small fraction of the population. In twenty years, the Communist-trained youth of today will control the country.

C. Prospects of Success or Failure of Communist Public Information and Propaganda

Lacking evidence to the contrary, it seems correct to say that the majority of the population in East China are willing to accept the Communist regime or, for that matter, any leadership which promises to bring a measure of order and stability to their community after so many years of chaos. For them, freedom of expression is not of vital importance to their way of life. The reaction of the remainder of the population is difficult to discover, since only a few people from East China has escaped. Even if the testimonies of the refugees were coherent and comprehensive, it would be ill-advised to accept their stories as accurate measurements of popular reaction to Communist propaganda in East China.

208 It is impossible to say what kind of counterpropaganda will be needed to offset Communist propaganda. However, there is at least one weakness innate in the Communist propaganda system. After the masses have been taught to read and write, these people may become curious about the outside world and demand to know more facts concerning it. Russian people maintain their curiosity about the West in spite of nearly forty years of Communist indoctrination.[68]

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68. See, for example, "Mr. Kleiner's Russian," Newsweek, Sept. 5, 1955, p. 17.

Annex "A," Subparagraph 2h,
Political Background

BIOGRAPHICAL SKETCHES OF KEY PERSONALITIES

I

647 In studying the distribution of power among key personalities in East China, we are concerned with 61 men who occupy a total of 150 positions. Through an analysis of the distribution of the administrative positions which these men hold, we can add to our knowledge of Chinese Communist techniques for channeling authority from Peking throughout the provincial administrations. To begin with, we find an overlapping of personnel in regional and national positions, and a concentration of key jobs in the hands of a relatively small group of senior leaders.

Beyond this, the concurrent political functions of the various administrators tell us much about the extent of Communist Party control at key points throughout the provincial units. The men who represent the central government in the provincial administration also carry out the theoretically distinct functions of directing Party instruments of control on local levels, and of directing non-Party organizations which are, in fact, fronts, or devices for mass control and for presenting

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an appearance of wide democratic participation in the affairs of the nation.

I. JOB CLASSIFICATIONS

The positions which the 61 incumbents hold can be divided into three general classifications: national posts, administrative jobs on provincial levels, and functions in political parties or in organizations which are instruments for political control.

On the national level we find 42 positions held by men from this group. These positions, at the time of writing, include delegate to the First National People's Congress (NPC), member of the Standing Committee of the First NPC, member of the Standing Committee and the Second National Committee of the Chinese People's Political Consultative Conference (Chinese People's P.C.C.), member of the National Defence Council, Deputy-Premier of the State Council, Chief of Staff of the People's Liberation Army, Minister of Commerce, Ambassador to the USSR, and Procurator-General of the People's Republic of China.

Sixty-four regional, provincial and municipal jobs are held by these 61 men. Their jobs include commander of military districts, director of the Department of Political Affairs, and political commissar of military districts; member, deputy-governor, and governor of

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647 provincial People's governments; deputy-mayor and mayor of Shanghai; member of Provincial Committees of the Chinese P.C.C.; president of People's higher courts; and Army commanders of various echelons.

At the same time, these 61 incumbents hold 44 positions of a political nature. Included in these are membership in the Communist Party, membership in other political groups such as the Democratic League and the Kuomintang Revolutionary Committee, high ranking positions in mass organizations such as the New Democratic Youth Corps (NDYC) and the Sino-Soviet Friendship Association, and the presidency of institutions of higher learning.

After examining the distribution pattern of administrative positions, we shall appraise the significance of the concurrent political functions and note the background of the men who hold these positions. Finally we shall look at the characteristics of the incumbents -- as a group -- in each post.

II. INCUMBENTS HOLDING ONE POSITION

Twenty-two of the 61 men studied hold only one administrative position. In every case the position is a provincial one: one governor, eleven deputy-governors, three deputy-mayors of Shanghai, five presidents

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647 of People's higher courts, one chairman of a provincial committee of the Chinese People's P.C.C., and one commander of a provincial military district. We have very little information about the careers of most of these incumbents. In the recent past, nine held lesser administrative posts (member and vice-chairman of provincial People's governments, director of departments of public safety, and member of the East China Military and Political Committee and of the East China Administrative Committee). The only knowledge we have of seven is their present position.

The remaining four incubents are exceptions to this general picture. Chac Chien-min, the governor of the Shantung Provincial People's Government, has, according to our data, no other official function. We know that he is a former deputy-minister of Railways of the Central People's Government and a former member of the Southwest China Military and Political Committee, but other than this we have no information about him.

The other three men with only one position are distinguished from the rest by their membership in the Communist Party. Wang Cho-ju, deputy-governor of Shantung, is a former member of the Central Committee of the CPC. During World War II he was director of the Po-hai Area People's Government and secretary of the Hopei-Shantung Border

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47 District Committee of the Shantung Sub-bureau of the Central Committee of the CPC; his present Party position is now known, but it is safe to assume that Wang probably has more prestige than other deputy-governors who hold only one position.

Li Shih-nung, deputy-governor of the Anhwei Provincial People's Government, is a former member of the North Anhwei Regional Committee of the CPC and a former director of the Department of Organization of the same committee. Hsu Chien-kuo, deputy-mayor of Shanghai, was director of the Department of Social Affairs of the Shansi-Chahar-Hopei Sub-bureau of the North China Bureau of the Central Committee of the CPC and also, from 1948 to 1954, director of the Department of Public Safety of Tientsin, the East China M.P.C., and Shanghai. As in the case of Wang Cho-ju, we do not know the exact present Party status of either Li Shih-nung or Hsu Chien-kuo, but we may assume that in terms of real authority it gives them more weight than their counterparts in the provincial administration.

A summary of this data, then, reveals that among the men who hold only one administrative position, four incumbents -- 18 per cent of this category -- have rank either in the administrative hierarchy or in the Party,

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647 a circumstance which indicates the probability of greater prestige than among the other incumbents in this single-job group.

III. INCUMBENTS HOLDING TWO POSITIONS

Twenty-three of the 61 men who constitute the official leadership of East China hold two administrative posts. Twelve of these fall into the same general patterns as the group with only one position. We know very little about their backgrounds, and their positons are lesser ones in the hierarchy of both provincial and national administration. The regional posts include commander of military districts, commander of Army corps, Provincial Committee member of the Chinese People's P.C.C., president of People's higher courts, deputy-governor, and deputy-mayor of Shanghai. The only national position held by men in this group is delegate to the First NPC.

Three men who hold national positions on a higher level are former Kuomintang officials. Their positions include membership on the Standing Committee of the First NPC, membership on the Second National Committee of the Chinese People's P.C.C., and membership on the National Defence Council.

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647 Three other exceptions to the general pattern are the governors of the Kiangsu, Anhwei, and Chekiang provincial People's governments. These three men are also delegates to the First NPC and no other administrative position is attributed to them. Huang Yen, the governor of Anhwei, is probably a ranking member of the CPC; he is a former deputy-secretary of the North Anhwei Regional Committee of the CPC and his Communist career goes back at least as far as 1941, when he was defence director of the area west of the Tientsin-Pukow Railway. Hui Yü-yü, the governor of Kiangsu, is a former director of the North Kiangsu People's Government, and Sha Wen-han, the governor of Chekiang, was formerly president of the Chekiang National University. We have no other data on these two men.

The remaining five men in this group are senior Communist Party members: T'an Cheng-lin, Shu T'ung, Chang Ting-ch'eng, Liu Hsiao, and Tseng Shan. All hold key positions on the national level and all are veteran Communist leaders.

In the group of men with two positions, therefore, we find an almost equal division between two types of incumbents: men with two provincial or relatively less important positions, and men who hold top rank regionally or nationally or both. The latter group includes

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-647 Party members, former Kuomintang officials, and governors.

IV. INCUMBENTS HOLDING THREE POSITIONS

Eight men hold three jobs each. Only one of them -- Tseng Hsi-sheng -- is known to be a Party official. He is secretary of the Anhwei Provincial Committee of the CPC, and holds the positions of chairman of the Anhwei Provincial Committee of the Chinese People's P.C.C., political commissar of the Anhwei Provincial Military District, and delegate to the First NPC.

Two non-Party men who supported the Communists from the early 1950s also hold three positions. Sheng P'i-hua, a prominent Shanghai industrialist who took part in the "Anti-Civil War" and "Resist-America" campaigns, is a member of the committee on the budget of the First NPC, a member of the Standing Committee of the Second National Committee of the Chinese People's P.C.C., and deputy-mayor of Shanghai. Ch'en Chia-keng, a famous educator and humanitarian, has held key positions in the Communist administration since 1949 and is now a delegate to the First NPC, a member of the Standing Committee of the First NPC and vice-chairman of the Second National Committee of the Chinese People's P.C.C.

647 Two former Kuomintang officials each hold three positions: Ma Ying-ch'u, whose KMT affiliation may not have been strong, and Ch'en Shao-k'uan. Both are delegates to the First NPC; Ma is also a member of the Standing Committee of the First NPC and a member of the Second National Committee of the Chinese People's P.C.C., and Ch'en is a member of the Second National Committee of the Chinese People's P.C.C. and deputy-governor of the Fukien Provincial People's Government.

Three men, Li Ch'eng-chih, Yang Shih-i, and Chao Che-fu, hold positions as deputy governors, delegates to the First NPC, and members of a provincial committee of the Chinese People's P.C.C.

To summarize, men with three positions can also be divided into two general classifications. One group includes administrators who would logically be expected to have senior status: one Communist Party official, two prominent leaders with records of Communist sympathies, and two ex-Kuomintang leaders with long experience. The other group is comprised of three officials on whom we have little information beyond their present positions, but who, on the basis of their triple jobs, may well be among those next in line for key positions.

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V. YEH FEI, SU YÜ, AND CH'EN I

647 The remaining three administrators -- Yeh Fei, Su Yü, and Ch'en I -- hold four, five and seven jobs respectively. All are veteran Communist military leaders and all hold key positions. Yeh Fei is governor of the Fukien Provincial People's Government, member of the National Defence Council, Commander of the 10th Army Corps of the People's Liberation Army, and commander of the Fukien Provincial Military District. Su Yü is Chief of Staff, member of the National Defence Council, delegate to the First NPC, commander of the 3rd Field Army, and commander of the East China Military District. Ch'en I is Deputy-Premier of the State Council, vice chairman of the National Defence Council, member of the Second National Committee of the Chinese People's P.C.C., delegate to the First NPC, mayor of Shanghai, commander of the 3rd Field Army, and commander of the East China Military District.

This survey of the allocation of administrative positions among the 61 men under study reveals that despite a certain obvious amount of overlapping and concentration of key personnel in top posts, a large number of key jobs are held by non-Party members or by Party members who hold only one or two

647 positions, and at the same time there are a number of Communist officials who do not hold jobs equal in number or cumulative rank to those held by non-Communists. This can undoubtedly be explained by the shortage of Party men qualified for top positions, by the fact that East China was so thoroughly overwhelmed by Communist forces as to make close spacing of Party men less necessary than in an area like Central-South China, and by the ready availability of highly-trained or prominent non-Party personnel in this region.

Except for the three men in the very top category -- Yeh Fei, Su Yü, and Ch'en I -- we do not find a direct correlation between Party membership and the number of jobs held simultaneously. The largest number of Party members is found in the group of men who holds two jobs, and the next largest number among the men who hold only one job.

On the other hand, except for Chekiang Province, we find a significant distribution of Party members throughout the provincial administrations. Both the governor and one deputy-governor of the Anhwei Provincial People's Government are Communists; the governor and the chairman of the Provincial Committee of the Chinese People's P.C.C. in Fukien Province are also members of the Fukien Provincial Committee of the CPC.

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647 In both Kiangsu and Shantung we find one Communist deputy-governor, and in Shanghai both the mayor and one deputy-mayor are Party members.

VI. OFFICIALS OF MASS ORGANIZATIONS

Of key importance to the Communist system of control is the existence of mass organizations -- the New Democratic Youth Corps, the Sino-Soviet Friendship Association, and so on -- which have been devised for almost every possible social and economic grouping. Under the leadership and direction of the Party, and disciplined through democratic centralism, these organizations serve to regiment a wide variety of activities which in a non-Communist state would be considered non-political. In addition to such organizations, there exist a number of political groups which serve, at least theoretically, to give an appearance of wide non-Party participation in political movements.

It is significant that among the men under investigation we find 23 officials of such organizations: the Sino-Soviet Friendship Association (8); the New Democratic Youth Corps (7); the Democratic League (3); the Kuomintang Revolutionary Committee (2); the China Democratic Construction Association (2); and the China Association for the Promotion of Democracy (1).

647 Furthermore, three men are university presidents -- a circumstance which assumes significance against the well-known background of Communist reorganization and supervision of schools as instruments for the reshaping of society.

VIII. BACKGROUNDS OF EAST CHINA LEADERS

The backgrounds of the men who constitute the leadership in East China reveal both a variety in political experience and a pattern of long and successful participation in Party and governmental activities, in military service, and in private business and professions.

There are seven veteran Communist leaders whose careers date from the 1920s: Ch'en I, Chang Ting-ch'eng, T'an Cheng-lin, Yeh Fei, Su Jü, and Tseng Shan. The careers of these men include participation in revolutionary uprisings and guerrilla warfare, top rank in the New 4th Army, and membership on the Central Executive Committee of the All-China Congress of Soviets.

Five other men are Party members whose careers can be traced back to the Sino-Japanese War and World War II. Kuan Wen-wei and Tseng Hsi-sheng were division commanders in the New 4th Army, and Wang Cho-ju, Hsü Chien-kuo and Huang Yen were Communist

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647 Party officials in Border Districts during World War II.

Among the non-Party men in the upper echelons of the Communist administration, we find three officials who took part in the revolutionary movement under Sun Yat-sen: Liu Ya-tzu, a famous poet, went on to become a member of the Central Executive Committee of the Kuomintang, from which he was expelled in 1940 because of his criticism of Chiang Kai-shek; Pao Ta-san abandoned active politics in 1927 and pursued a successful business career until 1946, when he participated in the "Shanghai All-Circles' Petition Committee" and consequently was arrested by Kuomintang authorities; Ting Ch'ao-wu, one-time counsellor to Sun Yat-sen, was an active Kuomintang leader until 1949.

Two administrators in addition to Pao Ta-san had successful business careers prior to joining the government. Sheng P'i-hua, a prominent Shanghai industrialist, supported the Communists from the 1930s, and has been deputy-mayor of Shanghai since 1949; Leng Yü, also a Shanghai businessman, was formerly a member of the People's Political Council established by the Kuomintang regime during the Sino-Japanese war, but since 1949 has been active in Communist administration.

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647 Two men were well-known educators. Ma Ying-ch'u taught economics for over twenty years between 1914 and 1928; from 1928 until 1944 he was a member of the Legislative Yuan of the Nationalist Government in Nanking. In 1944 he was put under surveillance for criticism of the financial and economic policies of the Nationalist Government, and in 1949 he joined the Communist administration. Ch'en Chia-keng, leader of the Chinese community in Singapore, founded the Chi-mei School in Amoy and the Amoy University. In 1940 he made an extensive inspection tour of the territories controlled by both the Kuomintang and the Communists, and he subsequently became very critical of the Kuomintang regime. He came out openly in favor of the Communists in 1946.

Two men whose careers are of unusual interest are Chi Fang, who is at present deputy-governor of the Kiangsu Provincial People's Government, delegate to the First NPC and a member of the Central Executive Committee of the Democratic League, and Ch'en Shao-k'uan, now deputy-governor of the Fukien Provincial People's Government, member of the National Defence Council, and member of the Committee on the Budget of the First NPC.

647 Chi Fang began his career as an instructor at the Whampoa Military Academy, and later became an official in the Department of Political Affairs of the headquarters of the Kuomintang's Northern Expeditionary Forces. After the Kuomintang purge of 1927, Chi went to Shanghai to edit leftist magazines and was subsequently co-founder of the Third Party and of the Fukien People's Government (in 1933). When that government fell, he continued anti-Nationalist underground activities in Shanghai, and from the time of the outbreak of the Sino-Japanese War he collaborated openly with the Communists.

Ch'en Shao-k'uan began his career in the Chinese Navy after graduating from the Foochow Naval Academy, and rose to the rank of Commander-in-Chief of the Navy. He was also a member of the Central Executive Committee of the Kuomintang until 1944.

The careers of two other men were cut short by Party purges in 1955. Jao Shu-shih had been a leader of the students' and workers' movements in Shanghai while a student at the Shanghai University in the early 1920s, and he took an active role in the "May 30th Incident" in 1925. After the failure of the Communist uprising in 1927, Jao went abroad and worked as a manual laborer in the United States and in Eastern European countries. On his return

647 to China, he entered the Soviet district in Kiangsi and became a prominent leader in the Land Reform Movement. He assisted in the organization of the New 4th Army, and, from 1941 on, was a member of the Central Committee of the CPC. Prior to being purged, he served as political commissar of the East China People's Liberation Army, the Third Field Army, and the East China Military District.

The second purged Communist is P'an Han-nien, the brother of another prominent Communist, P'an Tzu-nien. He played an active role in the leftist literary movement in Shanghai during the period of the Kuomintang's Northern Expedition, and after the failure of the Communist uprising in 1927 he entered the Soviet district in Kiangsi and joined the CPC. He made an inspection tour of the Soviet Union and European countries for the Party in 1933, and, after his return, participated in the Long March. He engaged in underground activities in Shanghai and Hong Kong during the early years of the Sino-Japanese War and in Chungking and Hong Kong during World War II. Before being purged in 1955, he was a member of the Shanghai Municipal Committee of the CPC and deputy-mayor of Shanghai.

647 The career patterns of these men reveal, then, both the variety of backgrounds from which the Communists have drawn their leaders in East China and the outstanding careers not only of the Party men in these key positions, but even more particularly, the non-Party office-holders -- the Kuomintang administrators, the military men, the educators and the literary figures, the industrialists and businessmen -- upon whom Peking has depended. Undoubtedly the prestige value of these men has been at least as important to the Communist regime as their administrative services.

VIII. PROVINCIAL POSITIONS

A survey of East China incumbents according to their provincial positions fails to reveal any significant patterns or trends.

Among the five governors, we find two veteran Communists: Yeh Fei of Fukien Province and Huang Yen of Anhwei Province. Sha Wen-han, of Chekiang Province, is first known as a delegate to the Chinese People's P.C.C. in 1949, vice-chairman of the Chekiang Provincial People's Government (1949-1952) and a member of the Committee on Cultural and Educational Affairs of the East China M.P.C. (1949-1952). Nothing else is known of his career. The two other governors --

647 Chao Chien-min of Shantung and Hui Yü-yü of Kiangsu -- are known only since 1950: Hui was director of the North Kiangsu People's Government and Chao was an official in the Southwest China M.P.C. and Deputy Minister of Railways of the Central People's Government (1953-1954).

Among the deputy-governors we find three Party officials, three former Kuomintang leaders, ten men with previous administrative experience in the Communist administration, and four about whom nothing is known except their present positions. Their previous administrative experience includes the following: membership on the Government Administration Council (only one deputy-governor, Leng Yü, had this positoon); president of the East China Branch of the People's Supreme Court (Liu Min-sheng, deputy-governor of the Shantung Provincial People's Government held this position); director of People's governments (3); vice-chairman of provincial People's governments (11); member of provincial People's governments (5); delegate to the First Chinese P.C.C.(6); director of the Department of Public Safety (1); member of the East China M.P.C. and of the East China A.C. (10).

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647 The five deputy-mayors of Shanghai have all had previous administrative experience. In their backgrounds we find two directors of People's governments, two delegates to the first Chinese People's P.C.C., and one Party official with a career dating back to the Border Region period.

Among the seven members of the Provincial Committees of the Chinese People's P.C.C., we find two known Communist Party members -- one whose career goes back to the Border Region period and one who is known only since 1949. According to our data, only three others have had administrative experience; these are all deputy-governors also, and are men who have held administrative positions on provincial levels since 1949.

We have background information on only two of the remaining incumbents: Wei Ming, president of the Shanghai People's Higher Court, was director of the South Anhwei People's Government from 1949 to 1952 and president of the East China Branch of the People's Supreme Court from 1952 to 1954; Wang Pi-ch'eng, commander of the Chekiang Provincial Military District and of the 7th Army Corps of the People's Liberation Army, was commander of the 2nd Brigade of the 1st Division of the New 4th Army and concurrently commander of the 2nd military sub-district of the Central Kiangsu Military District during World War II.

647 All nine of the incumbents holding key positions on a national level have had long and outstanding experience -- seven with the Communist Party, one in the Kuomintang, and one as a businessman in Shanghai.

To summarize our data on the other incumbents, we find that 23 have careers dating from the 1940s, the available records on 15 begin with the 1950s, and we have no information on the others beyond their present positions.

One of the more persistent facts emerging from this study of key personalities in East China is the lack of adequate biographical data from which to draw meaningful conclusions. This is particularly true in connection with the incumbents of the lower echelons. It is clear, however, that the structure of controls in East China is essentially what one would expect to find in a Communist state. The high proportion of non-Party senior leaders does not alter the basic pattern of centralized Party control.

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000 For the sake of brevity, certain abbreviations have been used in the biographical sketches which follow.

A-C FL -- All-China Federation of Literature
A-C FDY -- All-China Federation of Democratic Youth
A-C FDW -- All-China Federation of Democratic Women
Centr. Com. of CPC -- Central Committee of the Communist Party of China
C.A.P.C. -- China Association for Promotion of Democracy
CPC -- Communist Party of China
Chinese People's P.C.C. -- Chinese People's Political Consultative Conference
D.L. -- Democratic League
East China A.C. -- East China Administrative Committee
Exec. Com. -- Executive Committee
East China M.P.C. -- East China Military and Political Committee
JCRR -- Joint Commission on Rural Reconstruction
KMT -- Kuomintang
NPC -- National People's Congress
NCNA -- New China News Agency
NDYC -- New Democratic Youth Corps
P. A. -- Peasants' Association

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000 R.C. of KMT -- Revolutionary Committee of Kuomintang

WDP -- Workers' Democratic Party

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CHANG PEN

Current Career: Sec. of Shanghai Municipal Com. of the NDYC (1953-).

CHAO CHE-FU

Origin: b. 1894, Honan Province.

Background: Dir. of the Dept. of Education of Shansi-Hopei-Shantung-Honan Border Region Govt. (during World War II); mem. of the North China People's Govt. (1948-49); Chm. of the P'ingyüan Provincial People's Govt. (1949-52); del. to the Chinese People's Pol. Cons. Conf. (1949-54); V-C. of Shantung Province People's Govt. (Nov. 1952-Jan. 1955); mem. of the East China A.C. (Jan. 1953-54).

Current Career: del. to 1st NPC (Sept. 1954-); Dep.-Gov. of Shantung Provincial People's Govt. (1955-); V-C. of Shantung Provincial Com. of the Chinese People's P.C.C (1954-).

CHAO CHIEN-MIN

Background: Dir. of Dept. of Communications of the Southwest China M.P.C. (1950-53); mem. of Com. on Financial and

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000 Economic Affairs of Southwest China M.P.C. (1950-53); Dep.-Minister of Railways of Central People's Govt. (1953-54).

Current Career: Gov. of Shantung Provincial People's Govt. (1955-).

CHANG K'AI-FAN

Background: V-C. of Anhwei Provincial People's Govt. (1952-54); mem. of Com. on Cultural and Educational Affairs of same (1952-54).

Current Career: Sec. of Anhwei Provincial Com. of NDYC (1952-); Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

CHANG TING-CH'ENG

Origin: b., 1897, Yung-an Hsien, Fukien Province, son of a poor peasant.

Background: attended Peasant Movement Institute at Canton when Mao Tse-tung was lecturing at the institute (1922); after purge of Communist elements by the KMT in 1927, Chang began guerrilla warfare with Teng Tzu-hui in Western Fukien and became Chm. of the Western Fukien Soviet Govt.; Comdr. of 5th Red Army (1931); mem. of the Central Exec.

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of All-China Congress of Soviets (1934-?); after main forces of Red Army withdrew to Northwest China, Chang remained active in guerrilla warfare in Fukien-Kiangsi border region; after outbreak of Sino-Japanese War in 1937, Chang's guerrilla forces were incorporated into New 4th Army; Comdr. of 7th Div. of New 4th Army (1941-?); mem. of Centr. Com. of CPC (1945-); mem. of 1st Natl. Com. of Chinese People's P.C.C. (1949-54); mem. of East China M.P.C. (1949-52); Sec. of Fukien Provincial Com. of YPC (1950-?); Chm. of Fukien Provincial People's Govt. (1950-54); Pol. Commissar of Fukien Provincial Milit. Dist. (1950-54); mem. of Commission of Overseas Chinese Affairs of the Govt. Adm. Council (1949-54); V-C. of the East China A.C. (Jan., 1953-54)

Current Career: 1st NPC (Sept., 1954-); Procurator-General of the People's Republic of China (Sept., 1954-). For more information, see the handbook on China as a whole.

CHAO K'O-MING

Background: mem. of the People's Control Com. of Chekiang Provincial People's Govt. (1949-54).

Current Career: Sec. of Chekiang Provincial Com. of the NDYC (1949-).

000 CH'EN CHIA-KENG

Origin: b., 1874, T'ung-an, Fukien Province.

Background: famous leader of Chinese Community in Singapore; founder of Chi-mei School in Amoy (1913); founder of Amoy Univ. (1922); active in humanitarian activities throughout the years;in 1940 returned to China and made an extensive inspection tour in territories controlled by both the KMT and the Communists; following tour, became very critical of the KMT regime and sympathetic to the Communists; in 1946 he published his memoir, calling for a pro-Communist movement; del. to Chinese People's P.C.C. and mem. of standing com. of 1st Natl. Com. of Chinese People's P.C.C. (1949-54); mem. of Central People's Govt. Council (1949-54); mem. of Commission of Overseas Chinese Affairs of the Govt. Adm. Council (1949-54)' mem. of the East China M.P.C. (1940-52); V-C. of the East ChinaA.C.(Jan., 1953-54); del. to NPC and mem. of the Standing Com. of 1st NPC (Sept., 1954-); mem. and V-C. of 2d Natl. Com. of the Chinese People's P.C.C.; del. to the 2d Natl. Congress of the Sino-Soviet Friendship Assoc. (1954-).

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000 CH'EN I

Origin: b., 1905, Lo-chih, Szechwan Province.

Background: studied at the Univ. of Communications (Shanghai); went to France in 1920 as student and worker; joined the Socialist Youth Corps in France; returned to Chungking in 1921 and served on the editorial staff of Hsin-shu Pao, (New Szhechwan Daily) for two years; went to Peking in 1923 and joined the CPC; Comdr. of 1st Column of the New 4th Army (1938-40); acting Comdr. of the New 4th Army after its comdr. was captured by KMT forces in South Anhwei; mem. of the Milit. Com. of the Centr. Com. of CPC (1942-4?); gained fame after repeated victories over the KMT forces in North Kiangsu during the last years of World War II; Comdr. of East China People's Liberation Army (1946-49); led the Communist forces in North Kiangsu and South Shantung in winning battles against KMT forces (1946-47); annihilated famous 74th Division of KMT in Meng-liang Ku (May, 1947); captured K'ai-feng and annihilated approximately 60,000 of KMT forces in eastern Honan Province (June, 1948); captured Chi-nan, making definite gain for Communist cause in Chinese civil war (Sept., 1948); captured Shanghai (April, 1949); chm. of the Shanghai Milit. Control. Com. (1949-?); Mayor of Shanghai (1949-54); mem. of East China M.P.C.

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000 (1949-52); del. to Chinese People's P.C.C. (1949-54); mem. of the Central People's Govt. Council (1949-54); V-C. of the People's Revolutionary Milit. Council (1949-54); mem. of Exec. Com. of Sino-Soviet Friendship Assoc. (1949-54); mem. of East China A.C. (Jan., 1953-54); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954).

Current Career: Comdr. of 3d Field Army (1949-); Comdr. of East China Milit. Dist. (1949-); Second Sec. of East China Bureau of Central Com. of CPC (1949-); del. to the 1st NPC (Sept., 1954-); Dep.-Premier of State Council (1954-); V-C. of Natl. Defence Council (1954-); mem. of 2d Natl. Com. of the Chinese People's P.C.C. (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954). For more information about Ch'en, see handbook on China as a whole.

CH'EN SHAO-K'UAN

Origin: b., 1888, Ming-hou, Fukien Province.

Background: graduate of Foochow Naval Acad.; naval attache at Chinese Legation in London (1916); Vice-Admiral of the Chinese Navy (1925); Comdr. of the 2d Fleet (1926); mem. of Milit. Council of the Natl. Govt. (1927); Minister of the Navy (1931-38); mem.

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of Central Executive Com. of the KMT (1935-44); Commander-in-Chief of the Navy (1938-46); retired from Chinese Navy after V-J Day; mem. of the East China M.P.C. (1950-52); mem. of 1st Natl. Com. of the Chinese People's P.C.C. (1951-54); V-C. of Fukien Provincial People's Govt. (1952-54); mem. of the East China A.C. (Jan., 1953-54).

Current Career: del. to 1st NPC (Sept., 1954-); mem. of Com. on the Budget of 1st NPC (1954-); mem. of the Natl. Defense Council (1954-); Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

CH'EN YÜAN-LIANG

Current Career: Pres. of Anhwei People's High Court (1955-).

CHI FANG

Origin: b., 1894, Hai-men, Kiangsu Province.

Background: graduate of Pao-ting Milit. Acad.; instructor at the Whampoa Milit. Acad. (1925); Section Chief of the Dept. of Political Affairs of the KMT's Northern Expeditionary Forces headquarters (1926); close friend of Gen. Teng Yen-ta, then Dir.

000 of Dept. of Pol. Affairs of above-mentioned forces; following the purge of Communist and leftist elements by the KMT in 1927, went to Shanghai to edit leftist magazines; later founded Third Party in co-operation with Gen. Huang Ch'i-hsiang; helped found Fukien People's Govt. (1933) and after its fall continued anti-Chiang Kai-shek underground activities in Shanghai; in early years of Sino-Japanese War, appointed special commissioner by Gen. Li Chi-shen to engage in guerrilla warfare in Chekiang Province, and openly collaborated with New 4th Army; incurred animosity of the KMT authorities on account of Communist collaboration; followed the remnants of New 4th Army in their flight to the northern bank of Yangtze River later in 1940 after the so-called South Anhwei Incident; engaged in administrative affairs in Communist territory in North Kiangsu during later years of Sino-Japanese War when the Communist forces were winning against KMT; after V-J Day, was charged by Communists with the responsibility of indoctrinating the surrendered generals of KMT who were mostly Chi's former students at Whampao Milit. Acad.; del. to the Chinese People's P.C.C. (1949-54).

Current Career: mem. of the Central Com. of Democratic League (1945-); Dep.-Min. of Communications (1949-54); del. to 1st NPC (Sept. 1954-); Dep.-Gov. of Kiangsu Province People's Govt. (1955-).

000 CHIA CHIU-MIN

Current Career: Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

CHIANG HUA

Current Career: Chm. of the Chekiang Provincial Com. of the Chinese People's P.C.C. (1955-).

CHIANG I-CHEN

Current Career: Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

CHIN CHUNG-HUA

Origin: b., Chia-hsing, Chekiang Province.

Background: commentator on international affairs; editor-in-chief of the K'ai-ming Book Co. (Shanghai) (prior to World War II); founder and editor of the Shih-chiai Chih-shih (World Affairs); editor of Hsin-tao Jih-Pao (Singapore Daily News) (1938-41); del. to the Chinese People's P.C.C. and mem. of the 1st Natl. Com. (1949-54); mem. of East China M.P.C. (1949-52); Dep. Dir. of the

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000 Dept. of Cultural Affairs (1949-52); mem. of East China A.C. (Jan., 1953-54); Dep.-Mayor of Shanghai (1954-55);

Current Career: editor-in-chief of Hsin-wen Jih-pao (News Daily), Shanghai (1949-); Dir. and mem. of the executive council of the Chung-kuo Hsin-wen She (China News Agency) (Oct. 1952-); del. to the 1st NPC (Sept. 1954-).

CHOU K'O

Background: mem. of the People's Control Com. of Kiangsu Province People's Govt. (1952-54).

Current Career: Sec. of Kiangsu Provincial Com. of the NDYC (?-); mem. of the Central Com. of NDYC (1953-).

HSIANG NAN

Current Career: Sec. of East China Com. of NYDC (1949-); mem. of the Standing Com. of the Central Com. of NDYC (1953-).

HSÜ CHIEN-KUO

Background: Dir. of Dept. of Social Affairs of Shansi-Chahar-Hopei Sub-bureau

000 of the North China Bureau of the Centr. Com. of CPC (1938-?); Dir. of the Dept. of Public Security of the North China People's Govt. (1948-49); Dir. of the Dept. of Public Security of the Tientsin Municipal People's Govt. (1949); mem. of the Tientsin Municipal People's Govt. (1949); mem. of the Supreme People's Procuratorate (1950-54); Dir. of the Dept. of Public Security of the East China M.P.C. (1950-53); Dep.-Mayor and Dir. of Dept. of Public Security of Shanghai Municipal People's Govt. (1954).

Current Career: elected Dep.-Mayor of same govt. (1955-).

HSU SHIH-YU

Origin: b., Honan Province.

Background: Comdr. of the East Shantung Milit. Sub-District (World War II); mem. of the East China M.P.C. (1949-52); mem. of the East China A.C. (Jan., 1953-54).

Current Career: Comdr. of the 11th Army Corps of the People's Liberation Army and Comdr. of Shantung Provincial Milit. Dist. (1949-); del. to the 1st NPC (Sept. 1954-).

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000 HUANG YEN

Background: Defense Dir. of the area west of Tientsin-Pu-k'ou Railway (1941-?); Sec. of the North-Anhwei-North-Kiangsu Border Region Com. of CPC (last years of World War II); Dep.-Sec. of North Anhwei Regional Com. of CPC (1949-?); Political Dep. Commissar of the North Anhwei Milit. Dist. (1949-?); del. to the Chinese People's P.C.C. (1949-54); Dir. of North Anhwei People's Govt. (1950-52); mem. of the Com. on Land Reform on the East China M.P.C. (1949-52); V-C. of the Anhwei Provincial People's Govt. (Aug. 1952-54).

Current Career: del. to 1st NPC (Sept., 1954-); Gov. of Anhwei Provincial People's Govt. (1955-).

HUO SHIH-LIEN

Background: Dir. of the Dept. of Civil Affairs of the Chekiang Provincial People's Govt. (194-54); V-C. of Chekiang Provincial People's Govt. (1952-54).

Current Career: Dep.-Gov. of Chekiang Provincial People's Govt.

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000 HUI YÜ-YÜ

Background: Dir. of North Kiangsu People's Govt. (1950-52).

Current Career: del. to the 1st NPC (Sept., 1954-); Gov. of Kiangsu Provincial People's Govt. (1955-).

JAO SHU-SHIH

Origin: b., 1901, Lin-ch'uan, Kiangsi Province.

Background: graduate of Kiangsi First Middle School; enrolled at Shanghai Univ. and while studying there became leader of students' and workers' movements in Shanghai; took active role in "May 30th Incident" (1925); after failure of Communist uprising in 1927, worked as manual laborer in United States and in some eastern European countries, subsequently, returned to China and entered Soviet district in Kiangsi and soon became an able leader in Agrarian Reform Movement: after outbreak of the Sino-Japanese War in 1937, helped Gen. Yeh T'ing and Gen. Ch'en I organize New 4th Army; called to Yenan, later returned to the base of New 4th Army in South Anhwei (1939); captured by KMT forces during so-called "South Anhwei Incident" (1940) but escaped to northern bank of Yangtze

000 River because KMT soldiers failed to recognize him; appointed Dep.-Sec. of East China Bureau of Central China's CPC and dir. of Dept. of Propaganda (1941) succeeded Liu Shao-ch'i as Sec. of East China Bureau upon Liu's return to Yenan (1943); elected mem. of Central China's CPC (1945); pol. adviser to Gen. Yeh Chien-ying, who was Communist representative at Mil. Mediation Com. at Peking (1946); Communist representative on Northeast Milit. Mediation Team (1946) and upon disbandment of commission, appointed Pol. Commissar of the Northeast China People's Liberation Army (1947); in 1948 transferred to East China and served as Pol. Commissar of East China People's Liberation Army as Pol. Commissar of 3d Field Army (1949-55); Pol. Commissar of East China Milit. Dist. (1949-55); Sec. of Shanghai Municipal Com. of CPC (1949-55); Chm. of East China M.P.C. (1949-52); mem. of Preparatory Com. of NDYC (1949); mem. of Central People's Govt. Council (1949-54); Chm. of East China A.C. (Jan., 1953-54); dir. of Dept. of Organization of the Centr. Com. of CPC (summer, 1953-?); purged by central authorities of the CPC for "anti-Party" activities (1955).

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000 KUAN WEN-WEI

Origin: b., Tan-yang, Kiangsu Province, son of a middle-class peasant family.

Background: graduate of normal school; joined New 4th Army with two brothers at beginning of Sino-Japanese War; Comdr. of 1st Col. of 1st Div. of the New 4th Army (1941-?); Chm. of North Kiangsu Adm. Com. (World War II); Dir. of Central Kiangsu People's Govt. and Dir. of Dept. of Political Affairs of Central Kiangsu Com. of the CPC (during later years of World War II); mem. of East China M.P.C. (1949-52); chm. of Wu-hsi Milit. Control Com (1950-?); Dir. of South Kiangsu People's Govt. (1950-52); V-C. of Kiangsu Provincial People's Govt. (1952-54); mem. of East China A.C. (Jan., 1953-54).

Current Career: del. to the 1st NPC (Sept., 1954-); Dep.-Gov. of Kiangsu Provincial People's Govt. (1955-).

KUEI LIN-HSI

Current Career: Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

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000 LAN JUNG-YU

Current Career: Pres. of Fukien People's High Court (1955-); V-C. of Fukien Provincial Com. of Chinese People's P.C.C. (1955-).

LENG YU

Origin: b. Kiangsu Province.

Background Chm. of board of directors of Ssu-i Seed Improvement Farm; a prominent citizen of Shanghai; sometime member of People's Political Council (established by KMT regime during Sino-Japanese War) and served on a seven-member com. of same council sent to Yenan in 1941 to mediate the dispute between KMT and the Communists over the "New 4th Army Incident" late in 1940; del. to Chinese People's P.C.C. and mem. of the 1st Natl. Com. of same (1949-54); mem. of the Commission on Financial and Economic Affairs of Govt. Adm. Council (1949-54); mem. of East China M.P.C. (1949-52); dir. of Dept. of Water Conservation of the East China M.P.C. (1949-52); V-C. of Kiangsu Provincial People's Govt. (Nov., 1952-54); mem. of the East China .A.C.(Jan., 1953-54).

Current Career: mem. of standing com. of the China Democratic Construction Assoc.

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000 (1949-); del. to 1st NPC (Sept., 1954-); Dep.-Gov. of Kiangsu Provincial People's Govt. (1955-).

LI CH'ENG-CHIH

Background: Dir. of the Dept. of Education of Chi-nan Municipal People's Govt. (1949-54); mem. of Com. on Cultural and Educational Affairs of East China M.P.C. (1949-52).

Current Career: del. to 1st NPC (Sept., 1954-); Dep.-Gov. of the Shantung Provincial People's Govt. (1955-); mem. of Shantung Provincial Com. of Chinese People's P.C.C. (1955-).

LI FENG-NIEN

Background: Dir. of Dept. of Public Security of Chekiang Provincial People's Govt. (1949-54); V-C. of same (1954).

Current Career: Dep.-Gov. of Chekiang People's Govt.

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000 LI SHIH-NUNG

Background: mem. of North Anhwei Regional Com. of the CPC and Dir. of the Dept. of Organization of same (1949-52); mem. of People's Control Com. of East China M.P.C. (1949-52).

Current Career: Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

LIU CHI-P'ING

Background: Dep.-Dir. of the South Kiangsu Peopel's Govt. and Dir. of the Dept. of Cultural and Educational Affairs of same govt. (1949-?); mem. of the Commission on Cultural and Educational Affairs of East China M.P.C. (1949-52).

Current Career: Dep.-Mayor of Shanghai (1954-).

LIU FEI

Current Career: Comdr. of Anhwei Provincial Milit. Dist. (1952-).

LIU HSIAO

Origin: b., Hunan Province.

000 Background: mem. of Central Exec. Com. of All-China Congress of Soviets (1934-?); Sec. of Kiangsu Provincial Com. of CPC (1924-?); Second Sec. of Shanghai Municipal Com. of CPC (1949-54); del. to the Chinese People's P.C.C. and mem. of the First Natl. Com. of same (1949-54); Chm. of People's Control Com. of East China M.P.C. and mem. of East China M.P.C. (1949-52); mem. of East China A.C. (Jan., 1953-54).

Current Career: mem. of Exec. Com. of Shanghai Municipal Federation of Trade Unions (1949-); ambassador to USSR (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. and mem. of the 2d Exec. Council of same (1954-); mem. of 2d Natl. Com. of the Chinese People's P.C.C. and mem. of standing com. of 2d Natl. Com. of same (1954-); and reserve mem. of Central Com. of the CPC (1945-).

LIU HSIEN-SHENG

Background: Dep.-Dir. of North Kiangsu People's Govt. (1949-52).

Current Career: Comdr. of Kiangsu Provincial Milit. Dist. (1952-); mem. of the Kiangsu Provincial People's Govt. (1952-).

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LIU MIN-SHENG

Origin: b., Shantung Province.

Background: V-C. of Shantung Provincial People's Assembly (1949); mem. of East China M.P.C. (1949-52); reserve del. to the Chinese People's P.C.C. (1949-54); Pres. of East China Branch Court of the Supreme People's Court (1949-52); V-C. of Shantung Provincial People's Court (1952-54); mem. of East China A.C. (Jan., 1953-54).

Current Career: del. to 1st NPC (Sept. 1954-); Dep.-Gov. of Shantung Provincial People's Govt. (1955-).

LIU SHAO-TANG

Current Career: Pres. of Kiangsu People's High Court (1955-).

LIU SHUN-YÜAN

Background: Dep.-Dir. of the Dept. of Personnel of the East China M.P.C. (Sept., 1952-?); Dep.-Dir. of the Bureau of Planning of East China M.P.C. (Sept., 1952-?); Sec.-General of East China A.C. (1952-54).

Current Career: Dep.-Gov. of the Kiangsu Provincial People's Govt. (1955-).

000 LIU YA-TZU

Origin: b., 1886, Wu-hsien, Kiangsu Province.

Background: famous poet and mem. of Nan-she (the Southern Society of Poetry); joined T'ung-meng Hui in Japan and took part in revolutionary movement of Dr. Sun Yat-sen; long-time mem. of Central Control Com. of KMT; expelled from KMT in 1940 for criticism of Chiang Kai-shek; del. to Chinese People's P.C.C. (1949-54); mem. of Central People's Govt. (1949-54); V-C. of East China A.C. (Jan., 1953-54).

Current Career: mem. of Central Exec. Com. of Democratic League (1945-); mem. of standing com. of Central Com. of KMT Revolutionary Com. (1949-); del. to 1st NPC and mem. of the standing com. of 1st NPC (Sept., 1954-); del. to 2d Natl. Congress of the Sino-Soviet Friendship Assoc. (1954-).

MA YIN CH'U

Origin: b., 1882, Cheng-hsien, Chekiang Province.

Background: graduate of Pei-yang Univ.; received his Ph.D. in economics from Columbia Univ. (1914); taught economics at various universities (including Peking Univ.) for

000 20-odd years following return to China from America; mem. of Legislative Yüan of Natl. Govt. in Nanking (1928-44); put under surveillance by Chiang Kai-shek in 1944 for criticizing financial and economic policies of Chiang; del. to Chinese People's P.C.C. and mem. of Natl. Com. of same. (1949-54); mem. of Central People's Govt. Council (1949-54); V-C. of Com. on Financial and Economic Affairs of the Govt. Adm. Council (1949-54); V-C. of East China M.P.C. (1949-52); V-C. of Chinese delegation to International Congress for the Preservation of World Peace (April, 1949); Pres. of Chekiang Univ. (1950); mem. of 1st Exec. Council of Sino-Soviet Friendship Assoc. (1951-54); Minister of Education (1951-53); V-C. of East China A.C. (Jan. 1953-54).

Current Career: mem. of standing com. of Natl. Com. of Chinese People's Committee for Preserving World Peace and Opposing American Agression (1950-); Pres. of the Natl. Peking Univ. (1951-); del. to 1st NPC and mem. of standing com. of 1st NPC (Sept., 1954-); mem. of 2d Natl. Com. of the Chinese People's P.C.C. (1954-); mem. of standing com. of 2d Natl. Com. of same (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954-); V-C. of the Sino-Soviet Friendship Assoc. (1954-).

Publications: Chung-hua Ying-hang Lun [On the Banking System of China] (1929);

000 Chung-kuo Kuan-shui Wen-t'i [China's Tariff Problems] (1932); Ma Ying-ch'u Ching-chi Lun-wen Chi [Ma Ying-ch'u's Essays on Economics] (1932); Chung-kuo Ching-chi Kai-tsao [On the Reform of China's Economy] (1935); Ching-chi-hsüeh Kai-lun [Introduction to Economics] (1941).

P'AN HAN-NIEN

Origin: b., 1904, I-hsing, Kiangsu Province; brother of P'an Tzu-nien, another prominent Communist.

Background: joined CPC in his thirties; played active role in the leftist literary movement in Shanghai during period of the KMT Northern Expedition; entered Soviet district in Kiangsi after failure of Communist uprising in 1927; made inspection tour in Soviet Union and some European countries on order of the CPC (1933); participated in Long March of Communist forces; engaged in secret activites in Shanghai and Hong Kong during early years of Sino-Japanese War; called back to Yenan for short period, then went to Chungking and Hong Kong (1943); Dep.-Mayor of Shanghai (1949-54); mem. of Shanghai Municipal Com. of CPC (1949-55); mem. of East China M.P.C. (1949-52); mem. of East China A.C. (Jan., 1953-54); elected Dep.-Mayor of Shanghai (1955); purged by CPC in July, 1955.

PAO TA-SAN

Origin: b., 1883 (?), Cheng-hai, Chekiang Province.

Background: studied in Japan prior to founding of Republic; took part in Revolution of 1911; active in politics (1911-29); turned to commercial pursuit in 1927 and founded the Lan-shih Chemical Factory; founder of North Kiangsu Salt Refining Company; general-manager of the Hsin-i Real Estate Co. of Shanghai; joined China Democratic Construction Assoc. in 1946; participated in "Shanghai All-Circles' Petition Com." and went to Nanking with Com. to petition Natl. Govt. for peaceful solution of disputes between the govt. and Communists (1946); del. to Chinese People's P.C.C. and mem. of 1st Natl. Com. of same (1949-54); V-C. of Chekiang Provincial People's Govt. (1949-54); mem. of East China M.P.C. (1949-52); mem. of People's Control Com. of East China M.P.C. (1949-52); mem. of the Executive Council of Sino-Soviet Friendship Assoc (1951-54); mem. of the East China A.C. (Jan., 1953-54).

Current Career: mem. of standing com. of China Democratic Construction Assoc. (1949-); Chm. of Shanghai Provisional Municipal Com. of the China Democratic Construction Assoc. (1949-); mem. of Exec. Com. of the All-China Assoc. of Industry and

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and Commerce (1953-); del. to 1st NPC (Sept., 1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954-); Dep.-Gov. of Chekiang Provincial People's Govt. (1955-).

SHA WEN-HAN

Background: del. to the Chinese People's P.C.C. (1949-54); V-C. of Chekiang Provincial People's Govt. (1949-52); mem. of Commission on Cultural and Educational Affairs of East China M.P.C. (1949-52).

Current Career: Pres. of Chekiang Natl. Univ. (1952-); del. to the 1st NPC (Sept., 1954-), Gov. of Chekiang Provincial People's Govt. (1955-).

SHEN TZU-HSIU

Origin: b., Anhwei Province.

Background: Dep.-Dir. of North Anhwei People's Govt. (1949-52); mem. of East China M.P.C. and mem. of Commission on Cultural and Educational Affairs of East China M.P.C. (1949-52); V-C. of the Anhwei Provincial People's Govt. (Aug., 1952-54); mem. of East China A.C. (Jan., 1953-54).

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000 Current Career: mem. of Central Com. of the Democratic League (1945-); chm. of Anhwei Provincial Com. of same (1949-); Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

SHENG P'I-HUA

Origin: b., Ning-po, Chekiang Province.

Background: lead a life of poverty during early years; first served as store clerk, then manager, and finally prominent industrialist in Shanghai; following the Mudken Incident, Sheng took lead in organizaing boycott movement against Japanese products; gave aid and assistence to 19th Route Army in its fight against Japanese forces in Shanghai (1932); gave support to guerrilla forces in Manchuria prior to outbreak of the Sino-Japanese War in 1937; general-manager of Shang-yüan Enterprise Company (Shanghai); took part in "Anti-Civil War" and "Anti-America" campaigns prior to fall of the KMT regime in 1949; Dep.-Mayor of Shanghai (1949-54); del. to Chinese People's P.C.C. (1949-54); mem. of 1st Natl. Com. of the Chinese People's P.C.C. (1949-54); mem. of the East China M.P.C. (1949-52); mem. of Commission on Financial and Economic Affairs of Govt. Adm. Council (1949-54); Chm. of prep. com. of Shanghai Municipal Assoc. of Industry and

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OOO Commerce (1949-?); V-C. of East China A.C. (Jan., 1953-54); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954).

Current Career: mem. of standing com. of executive council of China Assoc. for Promotion of Democracy (1949-); mem. of China Assoc. for Promotion of International Trade (1952-); V-C. of executive com. of All-China Assoc. of Industry and Commerce (1953-); V-C. of standing com. of the Executive Com. of All-China Assoc. of Industry and Commerce (1953-); del. to 1st NPC (Sept. 1954-); mem of 2d Natl. Com. of Chinese People's P.C.C. (1954-); mem. of standing com. of 2d Natl. Com. of Chinese People's P.C.C. (1954-); elected Dep.-Mayor of Shanghai (1955-).

SHU T'UNG

Origin: b., Tung-tu, Kiangsi Province.

Background: graduate of Kiangsi First Normal School (1927); took part in famous "Long March" of the Communists; Dir. of Dept. of Pol. Affairs of Shansi-Hopei-Chahar Border Region Milit. Dist. (1939-?); mem. of East China M.P.C. and Chm. of Com. on Cultural and Educational Affairs of East China M.P.C. (1949-52); mem. of East China A.C. (Jan. 1953-54).

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000 Current Career: Dir. of Dept. of Propaganda of East China Bureau of Central China CPC (1949-); Dir. of Dept. of Pol. Affairs of East China Milit. Dist. (1949-); Pres. of East China People's Revolutionary Univ. (1949-); del. to 1st NPC (Sept. 1954-).

SU YÜ

Origin: b., 1908, Hunan Province.

Background: first served under Yeh T'ing who was then a Regiment Comdr. of 4th Army of KMT's Northern Expeditionary Forces (1926); joined the CPC at age of 18; after main forces of Red Army withdrew to Northwest China, remained active in guerrilla warfare in Chekiang-Fukien-Kiangsi-Hunan border region; Su's forces were incorporat into New 4th Army after Sino-Japanese War broke out in 1937, appointed Comdr. of 1st Div. of New 4th Army in 1941 and concurrently Comdr. of Central Kiangsu Milit. Dist.; reserve mem. of Centr. Com. of CPC (1945-); Su fought KMT forces in North Kiangsu seven times and won seven battles; comdr. of an army corps of the 3 d Field Army (1949-?); captured Nanking and became its mayor in 1949; del. to Chinese People's P.C.C. and mem. of 1st Natl. Com. of the Chinese People's P.C.C. (1949-54); mem. of People's Revolutionary Milit. Council (1949-54); V-C. of East

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OVO China A.C. (Jan., 1953-54).

Current Career: Dep.-Comdr. of East China Milit. Dist. (1949-); del. to 1st NPC (Sept., 1954-); mem. of Natl. Defense Council (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954-); Chief-of-Staff (1954-). For additional information, see the handbook on China as a whole.

SUNG JIH-CH'ANG

Background: Dir. of Dept. of Food Supply of the New 4th Army (World War II); Dir. of North Anhwei People's Govt. (?-1949); dir. of the Dept. of Civil Affairs of East China M.P.C. (1949-52).

Current Career: Dep.-Mayor of Shanghai (1955-).

T'AN CHEN-LIN

Origin: b., 1903, Hunan Province.

Background: a laborer in Wuhan in early years of life; took part in "1927 Hunan Autumn Harvest Uprising"; Pol. Commissar of 12th Red Army; Comdr. and Pol. Commissar of Fukien-Kwangtung-Kiangsi Border Region

000 Milit. Dist.; after withdrawal of main forces of Red Army from Kiangsi to Northwest China, continued to direct guerrilla forces in Fukien-Kwangtung-Kiangsi border region under leadership of Chang Ting-ch'eng and Teng Tzu-hui; after outbreak of Sino-Japanese War in 1937, proclaimed himself "Comdr. of South China Volunteer Forces"; subsequently became Comdr. of 3d column of New 4th Army and Pol. Commissar Comdr. of 6th Div. of New 4th Army (1941-?); Sec. of North-Anhwei-North-Kiangsu Border Region Com. of CPC (1942-?); Pol. Commissar of 2d Div. of New 4th Army (1943-?); Dir. of Hanchow Milit. Control Com. (1949-?); Sec. of Chekiang Provincial Com. of CPC (1949-?); chm. of Chekiang Provincial People's Govt. (1949-52); mem. of East China M.P.C. (1949-52); V-C. of Common Agrarian Reform of East China M.P.C. (1949-52); Chm. of Kiangsu Provincial People's Govt. (1952-54).

Current Career: mem. of Centr. Com. of CPC (1945-); Dep. Pol. Commissar of 3d Field Army (1949-); V-C. of East China A.C. (Jan., 1953-); mem. of 2d Natl. Com. of Chinese People's P.C.C. and mem. of standing com. of 2d Natl. Com. of Chinese People's P.C.C. (1954-).

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000 TSENG CHING-PING

Current Career: Chm. of Fukien Provincial Com. of the Chinese People's P.C.C. (1955-); Dep.-Sec. of Fukien Provincial Com. of CPC (?-).

TSENG SHAN

Origin: b., 1904, Kiangsi Province.

Background: mem. of Central Executive Com. of All-China Congress of Soviets (1931-?); Chm. of Kiangsi Provincial Congress of Soviets (prior to the "Long March"); one-time Dir. of Dept. of Organization of Central China Bureau of CPC; Pres. of Central China Construction Univ. (1945); mem. of Commission on Financial and Economic Affairs of North China People's Govt. Adm. Council (1949-54); Minister of Textile Industry (1949-53); manager of the East China Branch Office of People's Bank of China (1949-?); V-C. of East China M.P.C. and Chm. of Commission on Financial and Economic Affairs of East China M.P.C. (1949-52); Chm. of the Hwai River Water Conservation Commission (1951-54); V-C. of the Commission on Financial and Economic Affairs of Govt. Adm. Council (1953-54); Minister of Commerce (1953-54); V-C. of East China A.C. (Jan., 1953-54).

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000 Current Career: mem. of 2d Natl. Com. of Chinese People's P.C.C. (1954-); Minister of Commerce (1954-).

TING CH'AO-WU

Origin: b., 1884, Shao-wu, Fukien Province.

Background: graduate of K'o-chih Acad.; teacher at Shao-wu Middle School; mem. of House of Representatives of Chinese Parliament (1912-23); joined T'ung-ment Hui and later China Revolutionary Party; counselor to Dr. Sun Yat-sen when latter proclaimed himself Generalissmo of Military Government of China at Canton (1917); Chm. of Fukien Branch of KMT (1921); withdrew from Pariliament in Peking protesting election of Gen. Ts'ao K'un as President of China (1923); del. to 1st Natl. Congress of KMT (1924); reserve mem. of 2d Central Exec. Com. of KMT (1926-29); reserve mem. of 3d Central Exec. Com. of KMT (1929-31); mem. of 4th Central Exec. Com. of KMT (1931-35); mem. of 5th Central Exec. Com. of KMT (1935-45); mem. of 6th Central Exec. Com. of KMT (1945-49); mem. of Fukien Provincial Govt. and Dir. of Dept. of Construction of same (1927-?); mem. of Legislative Yüan (1933-?); Special Inspector of Party Affairs in Kiangsi Province (1934); Control Commissione

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for Kiangsu Province (1935-?); Chm. of the Fukien Province Assembly (1946-?); chm. of preparatory com. of the Shanghai Municipal Com. of KMT Revolutionary Com. (1949-?); mem. of East China M.P.C. (1949-52); V-C. of Fukien Provincial People's Govt. (Nov., 1952-54).

Current Career: mem. of East China A.C. (Jan., 1953-); mem. of 2d Natl. Com. of Chinese People's P.C.C. (1954-); Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

TSENG HSI-SHENG

Origin: b., Hunan Province.

Background: graduate of Whampao Milit. Acad.; sometime staff of Central Revolutionary Milit. Com. of CPC; Comdr. of the 7th Div. of New 4th Army (1941-?); Sec. of North Anhwei Regional Com. of the CPC (1949-52); Comdr. of North Anhwei Milit. Dist. (1949-52); mem. of East China M.P.C. (1949-52); Chm. of Anhwei Provincial People's Govt. (Aug., 1952-54); mem. of East China A.C. (Jan., 1953-54).

Current Career: Sec. of Anhwei Provincial Com. of CPC (1941-); Pol. Commissar of Anhwei Provincial Milit. Dist.

000 (1952-); del. to 1st NPC (Sept., 1954-); Chm. of Anhwei Provincial Com. of Chinese People's P.C.C. (1955-).

WANG CH'I-HSIANG

Current Career: Sec. of Fukien Provincial Com. of the NDYC (1953-).

WANG CHO-JU

Origin: b., Honan Province.

Background: Sec. of Hopei-Shantung Border District Com. of Shantung Sub-bureau of Centr. Com. of CPC and Dir. of Po-hai Area People's Govt. (World War II); mem. of the Shantung Provincial People's Govt. (1949-54); V-C. of same govt. (Jan., 1953-54).

Current Career: elected Dep.-Gov. of Shantung Provincial People's Govt. (1955-).

WANG PI-CH'ENG

Origin: b., Hunan Province, son of a poor peasant.

Background: Comdr. of 2d Brigade of 1st Div. of New 4th Army and concurrently Comdr.

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000 of 2d milit. sub-district of Central Kiangsu Milit. Dist. (during World War II).

Current Career: Comdr. of Chekiang Provincial Milit. Dist. and concurrently of 7th Army Corps of People's Liberation ARmy (1949-).

WEI MING

Background: Dir. of South Anhwei People's Govt. (1949-52); mem. of East China M.P.C. (1952); Pres. of East China Branch Court of Supreme People's Court (1952-54).

Current Career: mem. of Exec. Council of Chinese Political Science and Law Association (1953-); Pres. of Shanghai People's High Court (1955-).

WU CHUNG-LIEN

Current Career: Pres. of Chekiang People's High Court (1955-).

YANG HSÜAN-WU

Current Career: Pres. of Shantung People's High Court (1955-).

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000 YANG SSU-

Current Career: del. to 1st NPC (Sept., 1954-); Dep.-Gov. of Chekiang Provincial People's Govt. (1955-); V-C. of Chekiang Provincial Com. of Chinese People's P.C.C. (1955-).

YANG TI-SHENG

Background: mem. of People's Control Com. of Shantung Provincial People's Govt. (?-54).

Current Career: Sec. of Shantung Provincial Com. of NDYC (1953-).

YEH FEI

Origin: b., 1909, Fu-an, Fukien Province.

Background: joined CPC in 1927 and received milit. training at Red Army Training Institute (Kiangsi) (1927); took part in guerrilla warfare in east Fukien (1939); regiment Comdr. of New 4th Army (1939-40); Comdr. of 1st Div. of New 4th Army (1941-45); V-C. of Fukien Provincial People's Govt. (1950-54); mem. of East China M.P.C.

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000 (1949-52); mem. of East China A.C. (Jan., 1953-54).

Current Career: Comdr. of Fukien Provincial Milit. Dist. (1950-); Comdr. of 10th Army Corps of People's Liberation Army (1950-); Sec. of Fukien Provincial Com. of CPC (1950-); mem. of Natl. Defense Council (1954-); Gov. of Fukien Provincial People's Govt. (1955-).

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A B
Reduce AB to BC
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[Face p. 738] (a)

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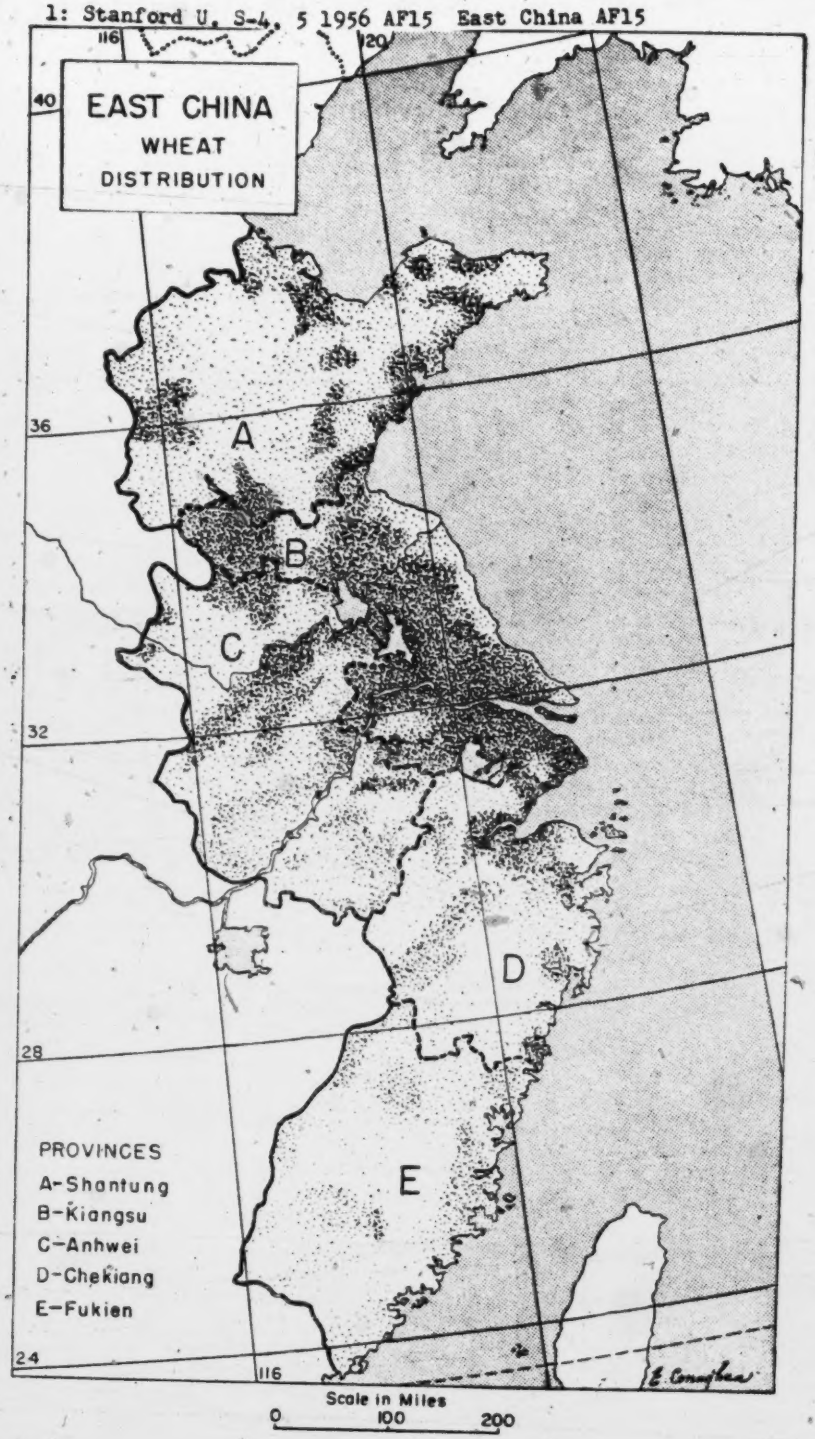

Reduce AB to CB

[Face p. 738 (b)]

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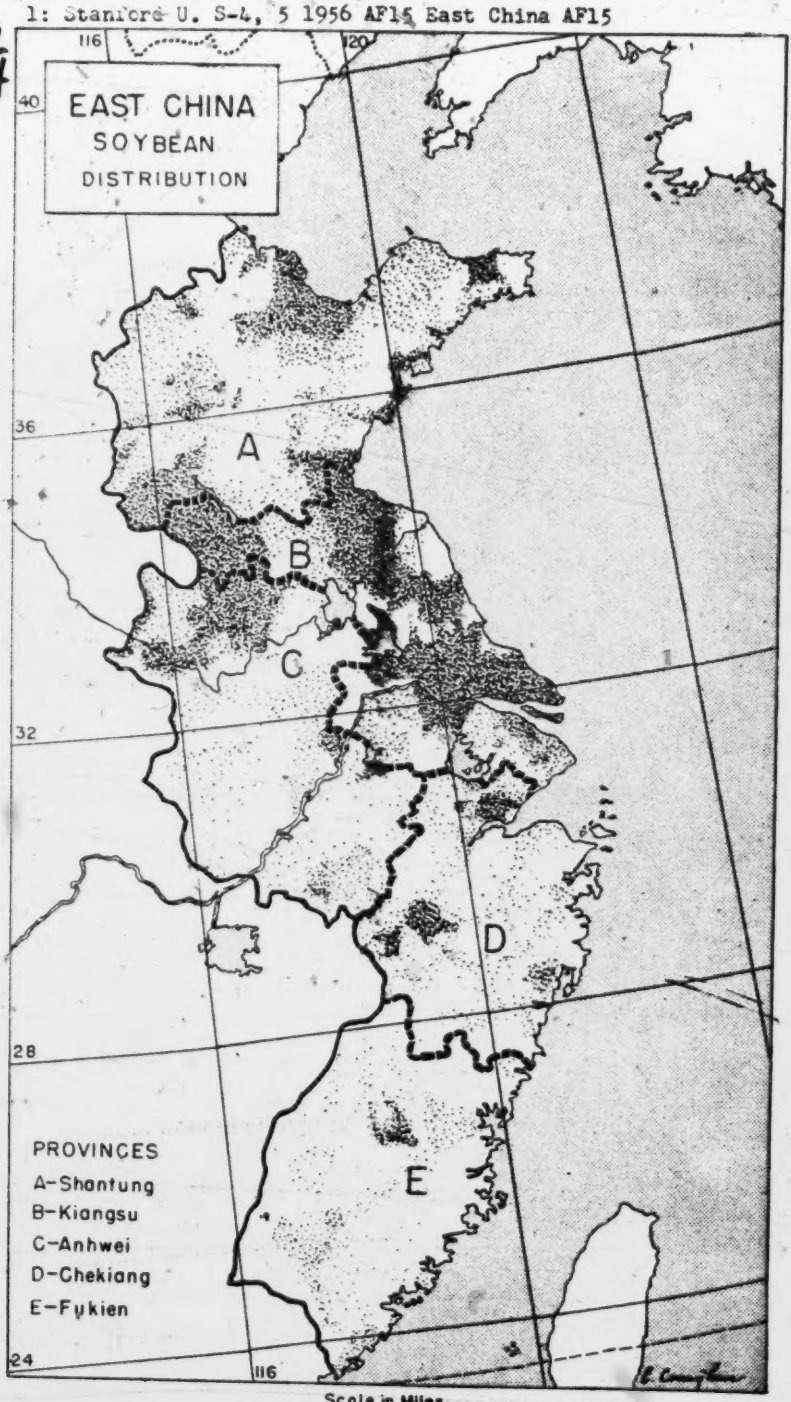

A
Reduce AB to AC
A
B
C

[Face p. 738 (c)]

1: Stanford U. S-4, 5 1956 AF15 East China AF15

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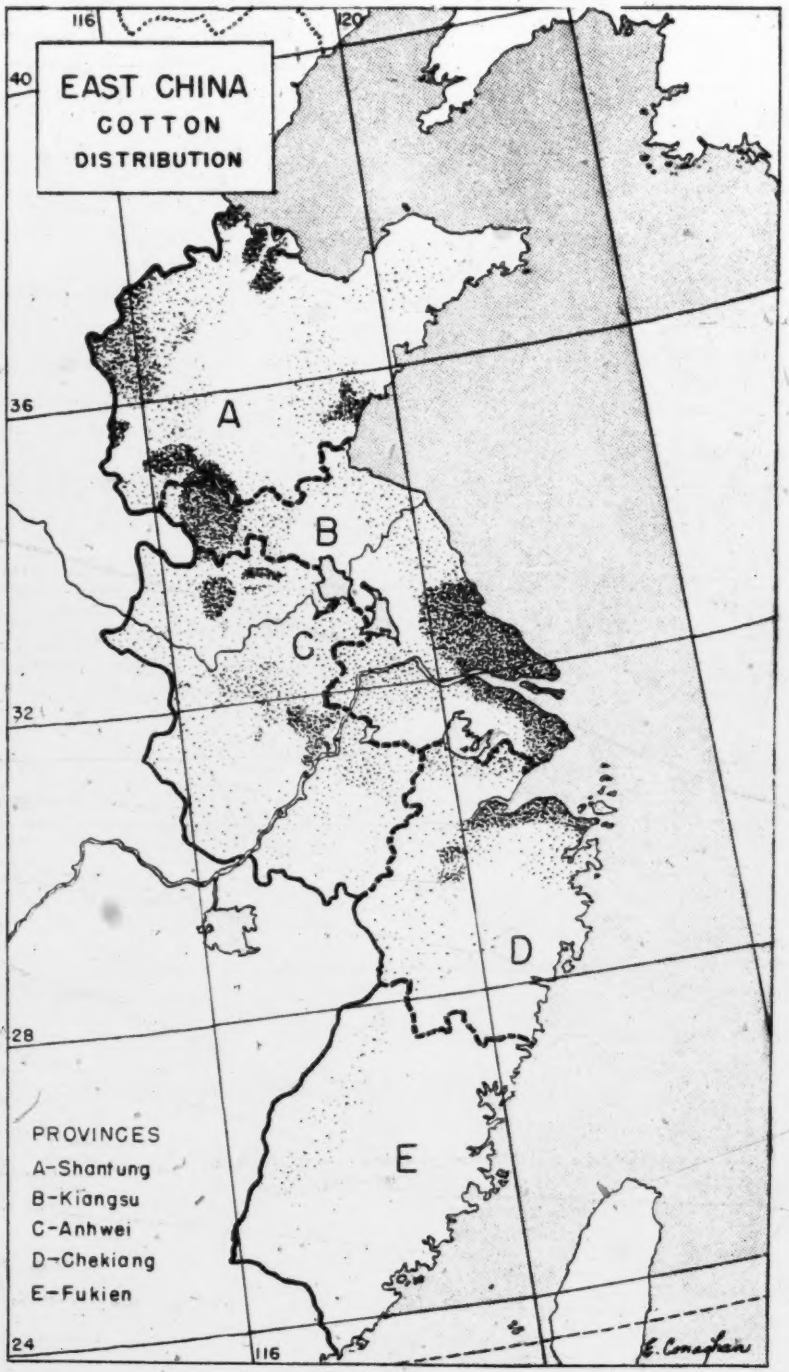
102



Scale in Miles
0 100 200

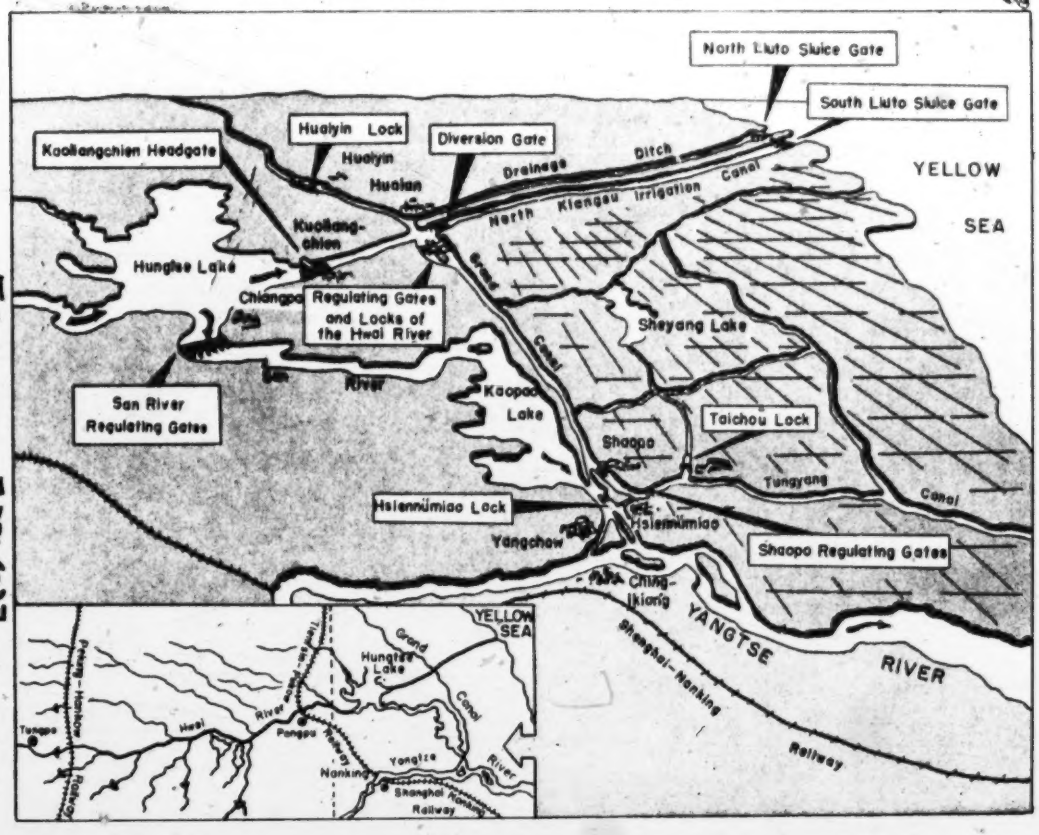
A C
B C

Reduce AC to BC

[Face p. 738(d)]

1:Stanford U. S-4,5 1956 AF15 East China AF15

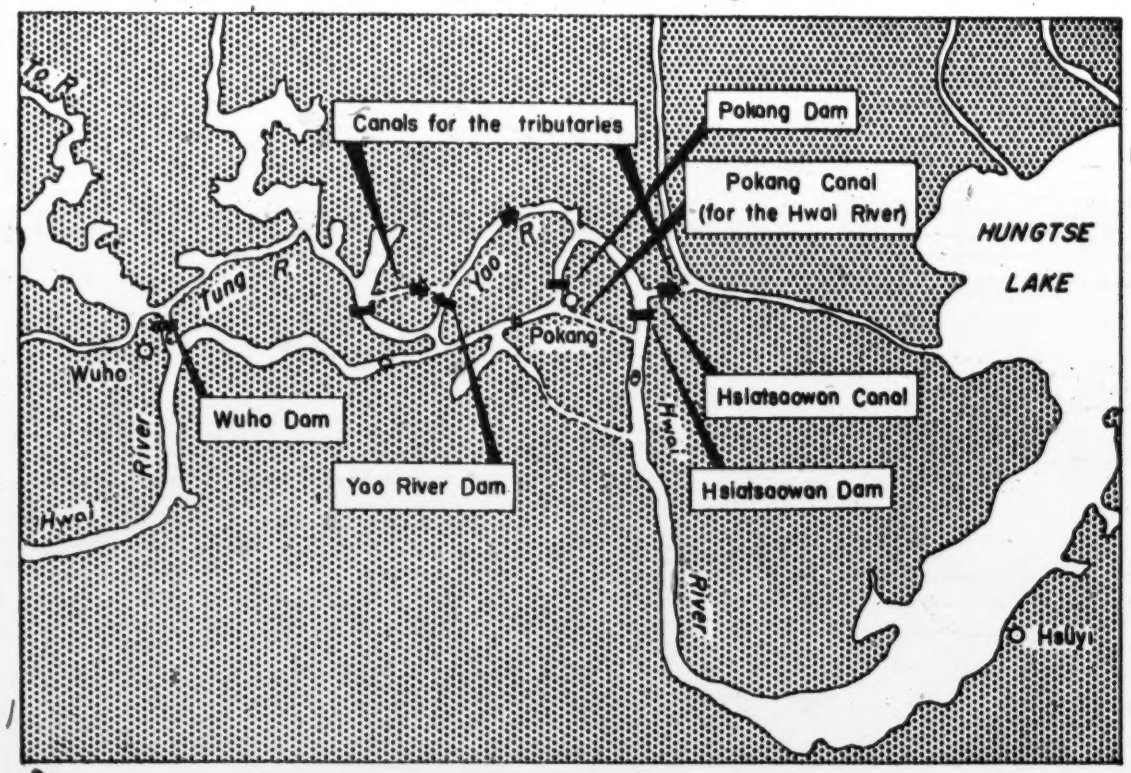
Hwai River Project East Of Hungtse Lake



[Face p. 738 (e)]

1:Stanford U. S-4,5 1956 AF15 East China AF15

Hwai River Project West of Hungtse Lake



[Face p. 738(F)]

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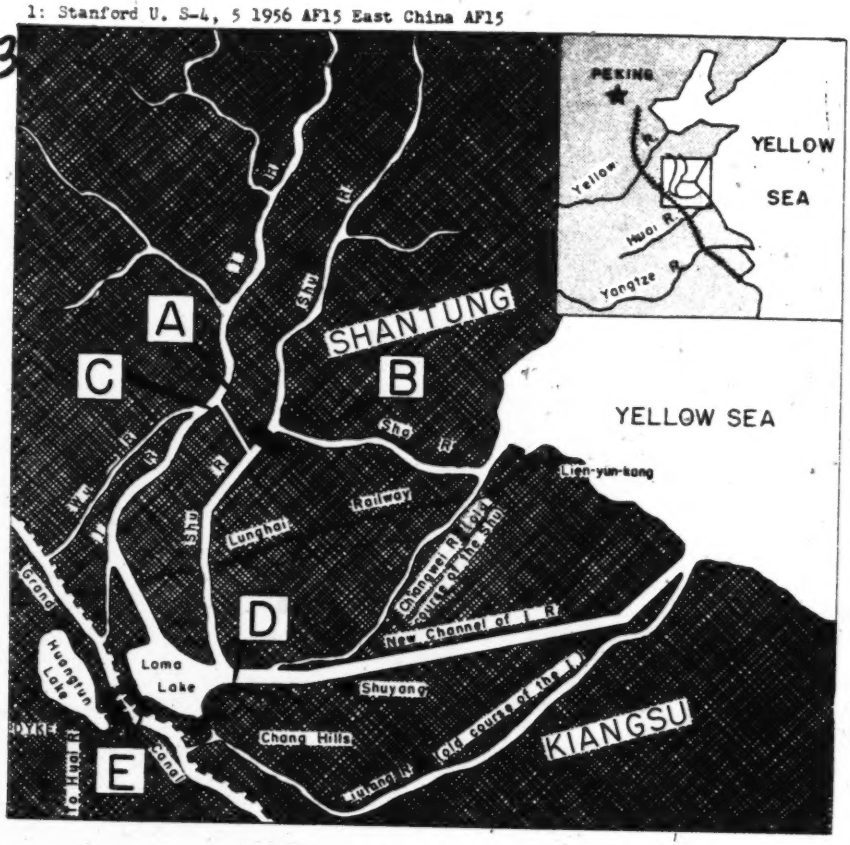

I AND SHU RIVERS PROJECT

A Dam which diverts the Shu into the Sha River

B Canal connecting the Shu with the Sha River

C Canal joining the I to the old course of the Shu

D Cutting for the new course of the I through the Chang Hills

E Sluice gates regulating flow of water between the Grand Canal and the Loma and Huangtun Lakes

[Face p. 738 (g)]

Annex "A," Subparagraph 3a,
Economic Background

AGRICULTURE

241 Because it has a mild climate and abundant rainfall, East China is able to produce a tremendous amount of grain each year. In terms of production, the region occupies second place in the country, next only to Central-South China. It also produces a considerable amount of cotton and ramie. The outstanding feature of East China's agriculture is its dominant position in the production of raw silk and tea. The raw silk of Chekiang and Kiangsu and the tea of Chekiang and Anhwei are not only famous in China but renowned throughout the world for 228 their quality. East China is rich in its fishery resources, because it possesses the longest coastline and plenty of inland streams, which are the sources for both salt-water and fresh-water fishing.

I. CULTIVATED LAND AND RURAL POPULATION

162 According to the recent census,[1] completed on June 30, 1953, by the Communist government, the total population of East China, including Shanghai Municipality, is 156 million. If we

1. Jen-min Jih-pao [People's Daily], Peking 1, 1954, p. 1.

1:Stanford U. S 4, 5 1956 AF15 East China AF15

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Table I. Cultivated Land and Rural Population of East China*

S = Shih-mou)
(Unit: 1,000 A = Acres)

Province	1946					1956				
	Cultivated Land	Rural Population	Farm Households	Shih-mou per Household	Shih-mou per Capita	Cultivated Land	Rural Population	Farm Households	Shih-mou per Household	Shih-mou per Capita
Kiangsu	85,2963 (13,616A)	25,080	5,057	16.87 (2.61A)	3.40 (0.57A)	110,2963 (18,383A)	35,477	7,095	15.54 (2.59A)	3.11 (0.52A)
Chekiang	41,6563 (6,9[illegible])	14,020	3,165	13.16 (2.19A)	2.97 (0.49A)	55,6563 (9,276A)	19,[illegible]5	3,933	14.15 (2.36A)	2.83 (0.47A)
Anhwei	73,1283 (12,1[illegible]A)	15,182	2,682	27.27 (4.54A)	4.82 (0.80A)	93,0283 (15,505A)	26,096	5,219	17.82 (2.97A)	3.56 (0.59A)
Shantung	100,4503 (16,7[illegible]A)	33,024	5,918	16.97 (2.83A)	3.04 (0.51A)	100,5553 (16,777A)	42,034	8,407	11.97 (2.00A)	2.39 (0.40A)
Fukien	21,0943 (3,51[illegible])	7,202	1,626	12.97 (2.16A)	2.93 (0.49A)	23,2043 (3,867A)	11,303	2,261	10.21 (1.70A)	2.04 (0.34A)
Total (or Average)	321,6263 (53,604A)	94,508	18,448	17.43 (2.91A)	3.43 (0.57A)	382,8513 (63,808A)	134,575	26,915	14.22 (2.37A)	2.84 (0.47A)

*1946 statistical figures are based on Chung-hua Min-kuo T'ung-chi Nien-chien 1948 [The Statistical Year Book of China], Nanking, Bureau of Statistics, 1948, pp. 70-71. For 1955 data: (1) the rural population figures are from the census of 1953, New China News Agency release of November 1, 1954; (2) the area figures are based on Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1955; (3) the farm household figures are based on a report made by Premier Chou En-lai, New China News Agency release of September 24, 1954.

(Table 1 faces p. 739.)

162 calculate the relation of the rural to the urban population by the ratio of 86 to 14, the figure of the rural population amounts to about 135 million, leaving 21 million city dwellers.[2] How the Communists arrived at this arbitrary ratio for rural and urban population had not been explained.

162 The average acreage per farm household and
311 per capita is even lower in 1955 than in 1946, because of the increase in rural population. The comparison of these marked changes is shown in shih-mou with equivalent acres given in parentheses in Table 1.

2. Ibid.

311 Note that the average farm in Fukien is only 10.21 shih-mou (1.7 acres), the smallest in this region; while that in Anhwei is 17.82 shih-mou (about 3 acres), the largest.

II. THE LAND-REFORM PROGRAM OF EAST CHINA

423 185 In February 1950, the provincial authorities of East China began preparations for the introduction of "Land Reform." In July 1950 work began on propaganda, the mobilization of the masses, the training of cadres, and the carrying out of exper ements in selected districts. In September 1950 and again in November, conferences were held to examine the result accomplished in the experimental areas.[3]

Since the middle of December 1950, the work of land reform had been developed extensively in the "new liberated areas," and the finishing touches had been put on the "old liberated areas." In April 1951, because of intensification of the "spring cultivation campaign," the Land Reform Movement was suspended for a time. After the summer harvest, the holiday period of the peasants was utilized for the resumption of the "reform" campaign. By the end of September 1951, in both new and old "liberated areas,"

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3. Chieh-fang Jih-pao [Liberation Daily] Shanghai, November 29, 1951.

423 comprising in all 37,865 hsiang villages, the
185 redistribution of land was carried out.[4] In 17,903 of these hsiang, according to the official report, new title deeds were issued by November 1951. In the remaining areas comprising 5,403 villages, land redistribution was carried out during the winter of 1951 and the spring of 1952.[5]

As a result of land reform in East China, membership in peasant associations throughout the region increased from a little over 10,000,000 before the "reform" to 33,900,000 members, including 2,900,000 members of the "people's militia" and 15,000,000 members of the Women's Federation.[6]

During the Land Reform Movement in Fukien, some degree of preferential treatment seemed to have been given to families which had members overseas. According to a report, "During the 'Land Reform' Movement, the Fukien People's Government carried out faithfully the policy relating to the disposal of land and other property belonging to Chinese overseas. As a result, land and other values, such as production materials, had been distributed to the majority of overseas Chinese families, so that their difficulties were solved and they were enabled to participate in active production. Rich peasants, industrialists, and merchants, and also 'landlords' among the overseas Chinese, had their interests taken care of, and all were satisfied."[7]

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4. Liu Jui-lung "Hua-tung Ch'ü T'u-kai Pao-kao" ["Report on Agrarian Reform of East China"] Shanghai, [Liberation Daily,] Nov. 29, 1951.

5. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung pao, 1953, p. 149.

6. Liberation Daily, Shanghai, Nov.29, 1951. [7 see next page.]

423 Of the total 196 farm families in Hsieh-t'ang
185 Ts'un of Fu-ch'ing Hsien, 70 households, or 35 per cent, were overseas Chinese families. The latter's population was 376, or 45.3 per cent of the total population 830. A comparison of their landholding after re-distribution with that held previous to Land Reform is shown in Table 2.

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7. Ta-kung Pao Ta-kung Daily, Hong Kong, December 29, 1951.

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Unit: S shih-mou
A = Acres

Table 2. Land Holdings of Overseas Chinese Families Before and After "Land Reform" in Hsieh-t'ang Ts'un, Fukien */

Peasants	No. of Farm Households	Farm Population	Total Land Holdings Before "Land Reform"	Total Land Holdings After "Land Reform"	Percentage of Increase in Land Holdings after "Land Reform"
"Farm Laborers"	5	17	1.4 S (0.23A)	20.6 S (3.43A)	1,371
"Poor Peasants"	11	83	40.5 S (6.75A)	97.2 S (16.20A)	115
"Middle Peasants"	49	255	217.4 S (36.23A)	308.2 S (51.37A)	42
"Rich Peasants"	5	21	21.75 S (3.62A)	21.7 S (3.62 A)	no change
Total	70	376	281.1 S (46.83A)	447.7 S (74.62A)	

*/ Ta-kung Daily, Hong Kong, December 29, 1951.

423 According to the above table, five of the over-
185 seas Chinese farm households belonging to the hired hand class were given a total of 20.6 shih mou owned before land reform, representing a thirteenfold increase. The eleven "poor peasants" and forty nine "middle peasants" households increased their land holdings by 115 and 42 per cent respectively as a result of land reform. Even the remaining five overseas Chinese households belonging to the "rich peasants" class were allowed to retain their original lands without requisition. It showed clearly that over 94.4 per cent of the overseas Chinese rural population in the village were benefit - by land reform directly, while the remaining 6 per cent were given special consideration to retain all their lands Similar conditions were reported in other areas of the provinces with large communities of overseas Chinese [8]

But the methods applied in other rural areas of the region without overseas Chinese elements were totally different In most cases violence and mob hysteria were engendered at the mass "accusation" and "anti despot" meetings and trials It was reported that thousands of land lords were killed or sentenced to prison terms. Others were detained to be "reformed through labor" over a period of five years. It has been estimated that in East China the Communist confiscated 1 6 million farm buildings, about 159 9 million shih mou (26.65 million acres) of land 3 2 million heads of draft-animals 319 8 million shih tan (17.59 million tons) of grain 15 99 million pieces of farm tools and 1 6 million

[8] Ibid.

1: Stanford U. S-4, 5 1956 AF15 East China AF15

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farm buildings and sheds. [9]

Land reform in East China was practically completed in the beginning of 1952. Its progress is shown below:

Table 3. Progress of Land Reform by Rural Population. */

Period	Rural Population
Before Spring 1950	45,000,000
Spring 1950-Summer 1951	60,000,000
Summer 1951-Spring 1952	17,500,000
Total	122,500,000

*/ People's Handbook, published by Ta-kung Daily, Tientsin, 1953.

After land reform, 60 to 70 per cent of the rural population in East China were benefited, especially the "farm laborers" and "poor peasants" who were given an average of 1.5 to 2 shih-mou of land each. In some cases, the individual portion exceeded 3 shih-mou (1/2 acre) each; and even in more densely populated areas the per capita share dropped to 1 shih-mou (1/6 acre). [10]

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9. Liberation Daily, Shanghai, April 23, 1950; People's Daily, Peking, July 7, 1952; Tsu-kuo Chou-k'an [China Weekly], Hong Kong, March 9, 1953, No. 10, p. 12.

10. Ta-kung Daily, Hong Kong, Dec. 29, 1951.

III. COLLECTIVIZATION IN EAST CHINA

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185 The number of agricultural producers' co-operatives in Communist China was 400,000 at the end of 1954, but it had been increased to 670,00 by the time of the "spring plowing" of 1955, as reported by Li Fu-ch'un, Vice-Premier of the People's Republic of China.[11] The information concerning the regional development of the agricultural producers' co-operatives was not available. If we calculate according to the percentage of rural population, East China should have developed, approximately, 187,600 units[12] by the spring of 1955, with a membership of 4,200,000 farm households, representing 15 per cent of the total households of the region. It was reported that the speed of development was too rapid for the peasants to follow, and most of the cadres were lacking in serious study of the wo and became blindly optimistic and impatient. Some peasants were forced into "co-operativization" and afterwards withdrew from it.[13] Therefore, the training of competent cadres to direct the work seems to be the key to success of the whole movement. Special attention is given to education in the Party line in rural districts.[14]

Regarding the state-owned and state-operated farms in East China, the Communists claim that

11. NCNA, Peking, July 11, 1955.

12. East China's rural population is about 28 per cent of that of the whole country.

13. Far Eastern Economic Review, Hong Kong, July 28, 1955, Vol. XIX, No. 4, p. 104.

14. Ibid.

474 the progress made since 1950 is considerable.
185 As of 1952, there were 718 different types of state farms in the region, including 6 large-sized mechanized farms, 347 middle-sized "district farms," and 371 hsien and municipal farms.[15] According to the Communist directives, the development of hsien farms has recently been greatly encouraged. At present (1955), there is at least one state farm in each hsien and the number of large-sized state farms must have been increased

The data on the six large state farms of East China are tabulated below.

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15. Kung-fei T'u-kai Pen-chih Chi Ch'i Yen-pien [The Nature and Development of Communist Land Reform] Sixth Section of the Central Reform Committee of the Kuomintang, Taipei, 1952, p. 31.

Table 4. The Leading State Farms of East China, 1952 */

Name of Farm	Location	Area: Shih-mou	Area: (Acres)	Description
Kuang-pei State Farm	Shantung	-	-	Largest of the region and mechanized
Tung--hsin State Farm	Northern Kiangsu	16,000	(2,667)	Mechanized and best-managed
P'ang-shan-hu State Farm	Southern Kiangsu	9,307	(1,551)	With fertile lands
Lien-hu State Farm	-	-	-	Has electrical irrigation system
Huang-t'ien State Farm	Hangchow	8,000	(1,333)	Mechanized and best in Chekiang
Lai-wu-hsien State Farm	Shantung	-	-	Best-managed; received award from the Ministry of Agriculture

*/ Kung-fei T'u-kai Pen-chih Chi Ch'i Yen-pien [The Nature and Development of the Communist Land Reform], Taipei, Sixth Section of Central Reformatory Committee of the Kuomintang, 1952, p. 60.

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474 In order to push the collectivization movement
185 more effectively, the Communists made much use of propaganda claiming the superiority of the co-operative type of farming over that of individual farming. Table 5[1] below shows the production results of these methods of farming.

[1] [Table 5 is missing. -- Analyst]

474 According to this table, the per shih-mou
433 (1/6 acre) yeild of the Chang Lai-sheng Agricultural Producers' Co-operative was 12 per cent higher than that of the Ting Ta-sheng Mutual-aid Team and 15 per cent higher than that of the Ting Yin-sheng farm in Ya-t'ien hsiang, Wu-chin hsien, Shantung Province, the output of Sung Tsung-kuo Agricultural Producers" Co-operative per shih-mou was 21 per cent over that of Sung I-pin's Mutual-Aid Team and 47 per cent over that of the Sung Pao-jen farm. The average per shih-mou output of cotton of the 3 year-round mutual aid teams of Chu-chai hsiang, Shanghai, was about 10 per cent higher than that of 2 temporary mutual-aid teams and 50 per cent higher than the average of 14 individual farms.

IV. AGRICULTURAL PRODUCTION OF EAST CHINA

241 The agricultural production of East China includes grains, raw cotton, oil-bearing crops, silk, tea, ramie, hemp, tobacco, and fish. Other agricultural products which bear little significance are not included in the present discussion.

A. Grain Production

241 East China produced 23.8 per cent of the
433 country's grains, with rice heading the list, constituting about 45.4 per cent of the total grain production[16] in 1953. Wheat came next, representing 13.5 per cent of the total output in the same year

16. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, March 10, 1953, No. 309, p. 12.

241 In terms of acreage of grain crops, wheat led by
433 117.87 million shih-mou (19.65 million acres) in 1946, rice ranked second by 92.82 million shih-mou (15.47 million acres). Table 6 shows the acreage of different major grain crops of 1946 by provinces in East China, with equivalent acres in parentheses.

In analyzing Table 6, the acreage of other crops had little significance. In terms of production, according to a Communist report, East China showed considerable growth during the five-year period, 1950-54, under Communist rule. The production data of different grains by years are shown in shih-piculs, with eqivalent tons in parentheses below.

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Table 6. Acreage of Grain Crops, 1948*
S = Shih-mou.)
(Unit: Million. A = Acres.)

Province	Rice	Wheat	Barley	Oats	Corn	Kaoliang	Millet	Sweet Potatoes	Others#	Total
Kiangsu	34.22S (5.70A)	26.19S (4.37A)	10.81S (1.80A)	3.80S (0.63A)	1.69S (0.28A)	1.35S (0.22A)	1.18S (0.20A)	0.85S (0.14A)	8.20S (1.37A)	88.29S (14.71A)
Chekiang	28.75S (4.79A)	13.37S (2.23A)	7.13S (1.19A)	-----	1.14S (0.19A)	0.17S (0.03A)	0.27S (0.04A)	2.30S (0.38A)	4.07S (0.68A)	57.30S (9.55A)
Anhwei	15.05S (2.51A)	16.89S (2.81A)	4.39S (0.73A)	0.15S (0.02A)	1.26S (0.21A)	4.49S (0.75A)	0.53S (0.09A)	2.66S (0.43A)	2.85S (0.47A)	48.17S (8.03A)
Shantung	1.15S (0.19A)	52.63S (8.80A)	2.65S (0.44A)	0.58S (0.10A)	8.57S (1.43A)	16.32S (2.72A)	19.65S (3.28A)	3.57S (0.60A)	2.95S (0.49A)	108.30S (18.05A)
Fukien	13.65S (2.28A)	8.59S (1.43A)	2.66S (0.44A)	-----	0.02S (0.003A)	0.02S (0.003A)	0.20S (0.03A)	3.40S (0.56A)	1.05S (0.17A)	29.59S (4.93A)
Total	92.82S (15.46A)	117.67S (19.65A)	27.64S (4.61A)	4.53S (0.75A)	12.68S (2.11A)	22.35S (3.72A)	21.86S (3.61A)	12.68S (2.11A)	19.12S (3.18A)	331.58S (55.26A)

* Statistical Yearbook of China, 1948, pp. 73-74.

Including broad beans and peas.

(Table 6 faces p. 752)

(Table 6 faces p. 752) [a]

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Table 7. Grain Production by Years
(Unit: Million. S = Shih piculs.)
T = Tons.)

Grains	1931-1937 Average*	1949#	1951s	1952v	1953x	1954y	1955z
Rice	303.08S (16.67T)	216.10S (11.89T)	280.93S (15.45T)	353.44S (19.44T)	360.46S (19.82T)	366.30S (20.15T)	385.71S (21.21T)
Wheat	174.68S (9.61T)	64.26S (3.53T)	83.54S (4.59T)	105.10S (5.78T)	107.19S (5.89T)	108.92S (5.99T)	114.69S (6.31T)
Soyabeans	66.80S (3.67T)	33.32S (1.83T)	43.32S (2.38T)	54.49S (3.00T)	55.57S (3.06T)	56.48S (3.10T)	59.47S (3.27T)
Tubers	138.00S (7.59T)	49.98S (2.75T)	64.97S (3.57T)	81.74S (4.49T)	83.37S (4.58T)	84.71S (4.66T)	89.21S (4.91T)
Others**	223.78S (12.31T)	112.34S (6.18T)	146.04S (8.03T)	183.73S (10.10T)	187.38S (10.31T)	190.41S (10.47T)	200.50S (11.03T)
Total	906.34S (49.85T)	476.00S (26.18T)	618.80S (34.02T)	778.50S (42.81T)	793.97S (43.66T)	806.82S (44.37T)	849.58S (46.73T)

[Face p. 752a] [b]

1:Stanford U. S-4,5 1956 AF15 East China AF15

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* Chung-kuo Liang-shih Kai-k'uang /General Survey of China's Food/, Nanking: Hsing-cheng-yuan Hsin-wen-chu /Office of Information, Executive Yuan/, 1947, pp. 4-5.

See 1952 Nien Ching-chi Nien-pao /Economic Year Book 1952/, Hong Kong: Ching-chi Tao-pao She /Economic Bulletin Publishing Co./, 1952, pp. 37-38.

s & v Jen-min Shou-ts'e /People's Hand Book/, Tientsin: Ta Kung Pao /Ta Kung Daily/, 1955, pp. 511-512. Economic Bulletin, Hong Kong: March 10, 1953, No. 309, p. 12.

x Hua-chiao Jih-pao /China Daily News/, New York: August 4, 1955, Chen Yun's Report to the National People's Congress on July 21, 1955.

y Ibid. The total grain production in 1954 was 3390 million Shih-piculs, as reported by Chen. Using 23.8 per cent for East China's share (Ching-chi Tao-pao March 10, 1953, p. 12) to calculate, the total production of grain in East China was 911.91 million Shih-piculs (50.15 million tons). The proportional distribution between different crops was rice 45.4, wheat 13.5, soyabeans 7.0, tubers 10.5, and others 23.6. Economic Bulletin March 10, 1953, p. 12.

z Basing on Li Hsien-nien's Budget Report of 1955, the projected grain production will be 5.3 per cent higher than 1954, and allocate the amount of each crop produced according to the same ratio of 1954. (NCNA July 8, 1955)

** "Others" are the total amount of millet, kaoliang, corn, barley, oats, broad beans, and peas.

(Table 7 faces p. 752)

(Table 7 faces p. 752) [c]

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Table 8. Grain Production of East China by Provinces*
S = Shih-piculs)
(Unit: Million. T = Tons.)

Grains	Kiangsu		Chekiang		Anhwei		Shantung		Fukien	
	1949	1951	1949	1951	1949	1951	1949	1951	1949	1951
Rice	76.64S (4.18T)	117.00S (6.44T)	51.42S (2.83T)	78.30S (4.20T)	39.60S (2.18T)	60.00S (3.30T)	0.60S (0.03T)	0.90S (0.05T)	28.76S (1.58T)	45.60S (2.41T)
Wheat	24.62S (1.32T)	56.58S (3.11T)	10.92S (0.55T)	12.78S (0.70T)	17.54S (0.96T)	40.16S (2.20T)	34.24S (1.88T)	65.70S (3.61T)	6.94S (0.38T)	7.30S (0.40T)
Soyabeans	7.74S (0.42T)	16.40S (0.90T)	1.30S (0.07T)	2.74S (0.15T)	2.58S (0.14T)	5.46S (0.30T)	5.82S (0.32T)	12.30S (0.67T)	0.64S (0.04T)	1.26S (0.07T)
Tubers	31.38S (1.73T)	38.42S (2.11T)	12.54S (0.69T)	15.38S (0.84T)	6.28S (0.34T)	7.68S (0.42T)	25.10S (1.38T)	30.74S (1.69T)	23.22S (1.27T)	25.44S (1.39T)
Others#	54.30S (2.98T)	67.42S (3.71T)	13.36S (0.73T)	15.80S (0.87T)	21.38S (1.18T)	26.06S (1.43T)	71.78S (3.93T)	87.84S (4.83T)	3.48S (0.19T)	4.38S (0.23T)
Total	194.68S (10.63T)	295.82S (16.27T)	98.54S (4.67T)	125.00S (5.76T)	76.38S (4.30T)	139.36S (7.65T)	137.54S (7.56T)	197.48S (10.85T)	63.04S (3.46T)	85.18S (4.67T)
Percentage of increase		52%		16%		78%		43%		35%

*Chung-kuo Nung-pao /Chinese Agriculture Bulletin/, Peking, Nung Yeh Pu /Ministry of Agriculture/, 1952, No. 1, p. 30; Ta-kung Daily, Hong Kong, October 1, 1952. Hsin-hua Yüeh-pao /New China Monthly/, Peking, 1950, Vol. II, No. 4-6, pp. 1336-1337; 1951, Vol. III, pp. 378-379.

#"Others" including the total amount of millet, corn, kaoliang, barley, oats beans, and peas.

(Table 8 faces p. 752)

(Table 8 faces p. 752.) [p]

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433 Table 7 indicates that, during the five-year period (1951-55), although great efforts were made to increase grain production, not one single year exceeded the pre-war 1931-37 average of 906 million shih-piculs (50 million tons). Probably flood and drought and the negative effects of land reform accounted for the failure. The statistical data of grain production of the individual provinces in East China in 1949 and 1951 are shown by shih-piculs in Table 8 below with equivalent tons in parentheses.

241 In 1951, nearly all the six provinces in-
433 creased production ranging from 26 per cent for Chekiang to 78 per cent for Anhwei over that of 1949. In terms of the total output, Kiangsu led by 295.82 million shih-piculs (16.27 million tons), Shantung came next with 197.48 million shih-piculs (10.85 million tons), Anhwei and Chekiang occupied third and fourth places, producing 139.36 and 125.00 million shih-piculs (7.65 and 5.76 million tons) respectively. The total grain production of Fukien in 1951 was 85.18 million shih-piculs (4.67 million tons), which constituted only about 10 per cent of the total grain output in East China in the same year.

V. THE ADEQUACY OF FOOD SUPPLY

433 The essential problem in East China is the determination of the adequacy of the supply of grain in comparison with the local demand. In order to approach the problem logically, the following steps are used: (1) the gross production data of different grains of 1954 are used as the basis for calculation; (2) from the gross amount of the unprocessed grains, provision for seeds, fodder, and waste are allowed and deducted; (3) the percentage allowed for the milling of different grains is set according to the nature of the product as well as the eating habits of the population; (4) after reducing all the unprocessed grains to milled

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Table 9. Grain Supply after Conversion into "Rice-Equivalent" Available for Human Consumption, 1954

S = Shih-piculs.)

(Unit: Million. T = Tons.)

Grains	Gross Production	Total Supply after Provision for Seeds, Fodder, and waste: Conversion Standard*	Total Supply after Provision for Seeds, Fodder, and waste: Quantity	Total Supply after Milling: Conversion Standard*	Total Supply after Milling: Quantity	Total Net Supply after conversion into Rice-Equivalent: Conversion Standard#	Total Net Supply after conversion into Rice-Equivalent: Quantity
Rice	386.30S (20.15T)	92.01	337.02S (18.54T)	92*	310.06S (17.06T)	1.00	310.06S (17.06T)
Wheat	108.92S (5.99T)	86.47	94.18S (5.18T)	80	75.34S (4.14T)	1.02	76.85S (4.22T)
Soyabeans	56.48S (3.10T)	81.94	46.28S (2.54T)	100	46.28S (2.54T)	0.99	45.82S (2.51T)
Tubers	84.71S (4.66T)	64.00	54.21S (2.98T)	100	54.21S (2.98T)	0.28	15.18S (0.83T)
Others▼	190.41S (10.47T)	78.90	148.23S (8.04T)	89	130.14S (7.16T)	1.00	130.14S (7.16T)
Total	806.82S (44.37T)		677.92S (37.28T)		616.03S (33.88T)		578.05S (31.78T)

* FAO Food Balance Sheet for 1931-1937, compiled from FAO World Food Survey, Food Balance Sheet for China, 1931-1937.

Derived from the quantity of Calories of different grains and tubers by using the standard set up by FAO, v.u. 3.430 calories per kilogram (or 2.2 pounds or 2 Chinese catties) of rice as the basis of calculation.

*The official milling standard of rice, as announced by the Chinese Communist Government, is 92. For other grains, the standard set-up by FAO was used.

▼"Others" include corn, kaoliang, barley, millet, oats, broad beans and peas.

(Table 9 faces p. 754)

(Table 9 faces p. 754)

433 products available for human consumption, all the different grains, other than rice, are converted into "rice equivalent"; and (5) in calculating the total demand for grains in East China, the real population, regardless of age and sex, is converted into equivalents of "adult males."

Table 9 is a conversion table for different grains compiled in shih-piculs, with equivalent tons in parentheses.

The conversion of the real population into the equivalent number of adult males" is shown in Table 10 below.

[See next page for Tables 9 and 10.]

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Table 10. The Population Conversion of East China *

Province	Population	Population in Equivalents of "Adult Males"
Shantung	48.88	40.08
Kiangsu	41.25	33.38
Anhwei	30.34	24.88
Chekiang	22.87	18.75
Fukien	13.14	10.77
Shanghai	6.21	5.09
Total	162.69	133.40

* In making the conversion, the coefficient 0.82 is used. It represents the mean between 0.76 derived by C. M. Chiao in his China's Food and Population Problem, Shanghai, 1937, and 0.88 worked out by T. H. Shen in his Agricultural Resources of China, New York, 1951.

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Table 11. Cotton Production in East China*

(Unit: 1,000 Shih-piculs.)
1,000 Bales = 480 lbs.)

Province	1949 Shih-piculs	1949 Bales	1950 Shih-piculs	1950 Bales	1951 Shih-piculs	1951 Bales	1952 Shih-piculs	1952 Bales	1953# Shih-piculs	1953# Bales	1954§ Shih-piculs	1954§ Bales	1955▽ Shih-piculs	1955▽ Bales
Kiangsu	729	15.2	1,358	28.3	2,400	50.0	1,632	34.0	1,488	31.0	1,515	31.6	1,667	34.8
Chekiang	154	3.2	394	8.2	416	8.7	269	5.6	245	5.1	260	5.2	278	5.7
Anhwei	154	3.2	192	4.0	494	10.3	336	7.0	305	6.3	311	6.4	342	7.0
Shantung	667	13.9	1,699	35.4	2,568	53.5	4,622	96.3	4,205	87.6	4,289	89.4	4,718	98.4
Fukien	---	----	----	----	----	----	-----	----	----	---	----	---	----	---
Total	1,704	35.5	3,643	75.9	5,880	122.5	6,859	142.9	6,240	130.0	6,365	132.6	7,001	145.9

* /People's Daily/, Peking, January 27, 1950; /Liberation Daily/, Shanghai, January 6, October 17, November 14, December 26, 1951; September 9, December 27, 1952; Ta-chung Hung-yeh /Mass Agriculture/, Shanghai, Vol. VI, No. 3, December 1951, p. 69; /Economic Weekly/, Shanghai, February 26, 1953, pp. 15-16; Chung-nung Yüeh-kan /The Farmers' Bank of China Monthly/, Nanking, Vol. IX, No. 6, January 30, 1948, p. 36; Economic Bulletin, Hong Kong, No. 309, March 10, 1953, p. 12.

Cotton production in 1953 was 9 per cent below the 1952 level; see Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol.XVIII, No. 19, p. 601.

§The Cotton of East China in 1954 was slightly higher than that of 1953; an increase of 2 per cent is estimated; see Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol. XVIII, No. 19, p. 60.

▽There were no natural calamities in 1955. An estimate of 10 per cent increase over 1954's production is assumed, although the projected increase is 20.6 per cent as revealed by Li Hsien-nien in his 1955 State Budget Report.

(Table 11 faces p. 756)

(Table 11 faces p. 756)

433 According to Tables 9 and 10 above, the total supply of "rice-equivalent" grains available for human consumption in 1954 was 578.05 million shih-piculs or 28.90 metric tons. On the basis of Wu Yuan-li's calculation of 217 metric tons of milled "rice-equivalent" grains required to feed 1,000 "adult males" per year,[17] the total supply of grain in East China in 1954 should have been sufficient for the consumption requirements of 133.2 million "adult males," or equivalent to the total local demand for grains in that particular year.

VI. COTTON PRODUCTION

248 433 During 1950-54, cotton production in East China increased considerably but at an irregular rate. The statistical data for cotton production in this region are shown in Table 11.

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17. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates 1956, chapter V, p. 165.

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Table 12. Cotton Acreage in East China*

(Unit = 1,000)

Province	1949		1950		1951		1952		1953#		1954*		1955▼	
	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres
Kiangsu	4,632	772	5,724	954	7,908	1,318	4,248	708	4,036	673	6,536	1,089	7,189	1,198
Chekiang	1,224	204	930	155	1,302	217	768	128	730	122	730	122	803	134
Anhwei	966	161	1,182	197	1,626	271	870	145	826	137	826	137	909	151
Shantung	4,242	707	5,226	871	7,914	1,319	11,802	1,967	11,212	1,869	11,212	1,869	12,333	2,056
Fukien	-----	---	-----	---	------	-----	-----	-----	-----	----	------	-----	-----	-----
Total	11,064	1,844	13,062	2,177	18,750	3,125	17,688	2,948	16,804	2,801	19,304	3,217	21,239	3,539

* Chung-nung Yüeh-kan /The Farmers' Bank of China Monthly/, Nanking, The Farmers' Bank of China, Vol. IX, No. 6, June 30, 1948, p. 36; Liberation Daily, Shanghai, January 6, October 17, November 14, December 26, 1951, and September 9, December 27, 1952; Ta-chung Nung-yeh /Mass Agriculture/, Shanghai, Vol. VI, No. 3, December, 1951, p. 69; Economic Weekly, Shanghai, February 26, 1953, pp. 16-18; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She /Economic Bulletin Publishing Co./, No. 309, March 10, 1953, p. 12.

The cotton acreage of East China in 1953 was estimated at about 5 per cent below that of 1952, as the parity prices between cotton and grain were lowered in that year.

*An additional 2,500,000 Shih-mou (416,667 acres) of the new reclaimed cotton land was added in the Yellow Sea region, Kiangsu Province, 1954. See Hua Chiao Jih-pao /China Daily News/ New York, August 17, 1955.

▼The acreage of cotton in 1955 was estimated by an increase in planting of 10 per cent over that of 1954, although the projected goal is 20.6 per cent as revealed by Li Hsien-nien's Budget Report of 1955.

(Table 12 faces p. 757)

(Table 12 faces p. 757)

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433 According to Table 11, since 1950 the rate of increase of production has been very rapid. Taking the figure for 1949 as 100, the index numbers were 214 in 1950; 345 in 1951; 403 in 1952; 366 in 1953; 373 in 1954; and 412 in 1955. The rise reached a peak in 1952 and dropped 37 per cent in 1953 because the parity price between cotton and grain was lowered in that year. In 1954, the great flood and drought in some areas reduced production, and by the end of the year producers had not reached their goal. In view of favorable conditions in 1955, the cotton production will have increased at least 10 per cent over that of 1954.

In terms of the acreage of cotton planted in the different provinces of East China, there has been a marked upward trend from 1950 to 1955, as is shown in Table 12.

248 According to Communist reports, some
433 of the factors responsible for the rapid increase in cotton acreage and production were the fixing of a favorable parity price between cotton and grain and the improvement of per-unit yield. The increase and decrease in the adjustments of the parity price corresponded to the higher or lower cotton acreage. The prices which were quoted for grains of different regions are shown in the following tabulation.

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Table 13 The Ratio of Cotton Price to Price of Grains */

(In weight-units of grain to one unit of cotton lint, 7/8" grade)

Region	1950	1951	1952	1953	1954	1955
Wheat	7.0	8.0	7.5-8.5	6.25-7.5	6.75-8.00	Same
Millet	8.0	8.5	8.0-9.5	6.75-8.0	7.50-8.25	as
Rice	6.5	8.5	8.0-9.0	6.75-8.0	7.25-8.25	1954

*/ Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow, Chang-chiang Jih-pao, [Yangtze Daily Co.], 1950, p. 574; Ching-chi Chou-pao [Economic Weekly], Shanghai, May 28, 1953, NO. 28, p. 21; NCNA, March 3, 1954.

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Table 14. Cotton Yield Per Shih-mou and Per Acre*

Province	1949		1950		1951		1952		1953	
	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds
Kiangsu	85.9	94.5	129.4	142.4	165.5	182.1	211.3	232.5	196.5	216.2
Chekiang	68.4	75.3	230.8	253.9	174.9	192.4	190.9	210.0	185.6	204.2
Anhwei	86.7	95.4	88.5	97.4	165.8	182.4	210.6	231.7	145.4	160.0
Shantung	85.8	94.4	177.3	195.1	177.0	194.7	213.6	235.0	187.2	205.9
Fukien	----	----	----	----	----	----	----	----	----	----
Average	84.0	92.4	152.1	167.3	171.1	188.2	211.9	233.1	187.3	206.0

* Liberation Daily, Shanghai, January 6, October 17, November 14, December 28, 1951; September 9, December 27, 1952; Ta-chung Hung-yeh [Mass Agriculture], Shanghai, Vol. VI, No. 3, December 1951, p. 69; Economic Weekly, Shanghai, February 26, 1953, pp. 16-18; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She [Economic Bulletin Publishing Co.], No. 307, March 10, 1953, p. 12.

(Table 14 faces p. 759)

(Table 14 faces p. 759)

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248 Among the East China provinces,
243 Shantung and parts of Anhwei and Kiangsu belong
435 to the wheat region, while a large part of Kiangsu, Anhwei, Chekiang and Fukien belong to the rice region. In 1953 the parity prices were lowered and the acreage and the production also decreased.

248 An upward trend in the average cotton
433 yield per unit of land was noticed during 1949-53, except for a slight fluctuation in 1953, 11.6 per cent below the figure for 1952. This loss was the result of natural calamities in Shantung and Kiangsu provinces. The cotton yields of different provinces from 1949 to 1953 are shown in Table 14.

VII. TEA, SILK, AND OTHER SPECIALTIES

A. Tea

245 East China is the leading tea-producing
433 region in China. In 1952, the region produced approximately 50 per cent of the country's tea.[18] Fukien is noted for its black tea (or red tea) and flower-scented tea, and Chekiang and Anhwei are noted for the production of green tea. To make black tea, newly-gathered leaves are allowe to wither in the air in order to reduce their moisture and then rolled to break up the leaf cells and to allow the enclosed juice to come to the surface of the leaves for fermentation. The enzymes contained in the leaves continue to oxidiz and produce an aromatic flavor. The leaves are then baked and sweetened. Green tea is prepared by heating the leaves in an iron pan to destroy the oxidizing enzymes and prevent fermentation. The leaves are then rolled and baked. The main characteristic of green tea is its rich content of Vitamin C, which is not destroyed even at a temperature of 200° Centigrade. The best-known green tea is "Lung-ching" [Dragon-well] of Hangchow, Chekiang Province. Flower-scented tea commands a very wide market in North and Northeast China as well as in many European countries. It is made by scenting the leaves with rose, jasmine, or other fragrant flowers in order to increase its flavor.

In terms of the percentage distribution of the different varieties of tea in East China, green

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18. Economic Bulletin, Hong Kong, March 24, 1953, No. 311, p. 15.

245 433 tea constitutes 70 per cent, black tea 28 per cent, and all others 2 per cent; in distribution of production by provinces, Chekiang produces 46 per cent, Anhwei 41 per cent, and Fukien 13 per cent.[19]

It was estimated in 1952 that the total production of tea in China was 1,650,000 shih-piculs (90,750 tons), of which East China produced approximately 825,000 shih-piculs (45,375 tons).[20] The projected goal of tea production in East China will reach 1,110,000 shih-piculs (60,500 tons) in 1957, the last year of the Communists' first Five-Year Plan.[21]

B. Silk

231 433 East China also led in silk production -- almost 80 per cent of the country's output in the pre-war years.[22] The total production of silk cocoons in East China in 1934 amounted to [245] 1,893,000 shih-piculs (104,115 tons). During the war the Japanese army destroyed over half of the mulberry gardens of East China, and production dropped sharply. The total output of silk cocoons in 1947 amounted to 41,000 shih-piculs (2,255 tons)

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19. Ibid.

20. Cheng Chu-yüan, Chung-kung Wu-nien-chi-hua p'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, Freedom Press, 1955, p. 244.

21. Ibid.

22. Chung-yang Yin-hang Yüeh-pao [Central Bank Monthly], Shanghai, Central Bank of China, May 1947, Vol. II, No. 5, pp.54-57.

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231 and increased to 44,000 shih-piculs (2,420 tons)[23]
433 in 1948. After 1949, the Communists made a great effort to restore the pre-war level of silk production. In 1951, the gross output in East China was raised to 590,000 shih-piculs (32,450 tons).[24]

In percentage distribution of silk among the East China provinces, Chekiang contributed about 60 per cent, Kiangsu 33 per cent, Shantung 6 per cent and Anhwei 1 per cent.[25] The silk cocoons in Shantung Province are produced by wild silkworms which feed on the leaves of oak trees. In Chekiang Province, over 30 hsien [counties] are planted in mulberry trees. Chekiang's production of silk cocoons increased to 500,000 shih-piculs (27,500 tons) in 1954.[26] Other provinces of the region probably showed proportional increases in the same year. The goal of silk-cocoon production in East China for 1957 will be 1,520,000 shih-piculs (83,600 tons).[27]

C. Ramie, Hemp, and Jute

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433 East China ranks first in hemp production in the country as a whole, for hemp is produced extensively in Chekiang, Kiangsu, and Fukien provinces. The strength of fiber is next only to

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23. Ibid.

24. Current Background, Hong Kong, American Consulate General, Feb. 15, 1952, No. 159, pp. 7-9.

25. Economic Bulletin, Hong Kong, March 17, 1953, No. 310, p. 16.

26. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 8, 1955.

27. Cheng Chu-yüan, op. cit., p. 244.

248 that of ramie, which is stronger than most other
433 species. Hemp is used chiefly for making canvas, ropes, coarse fabrics, and gunny sacks. During recent years, it has been widely planted in Chekiang Province, and the output[28] in 1953 showed a twenty-fold increase over 1936.

Ramie is widely produced in East China provinces. Its strength is about three times that of hemp and eight times that of rayon and cotton.[29] It is used mainly for manufacturing canvas, ropes, nets, and linen cloth. Jute, another species of the same family, is grown in the northern sections of Kiangsu and Anhwei as well as in Shantung. It is used for making rugs, mats, and gunny sacks. The output in East China is comparatively small.

D. Oil-bearing Crops

249 Excluding soyabeans, the oil-bearing crops
433 in East China are peanuts, sesame seeds, rapeseeds, cottonseeds, and teaseeds. Although the production of soyabeans was far greater than that of peanuts in 1952, the output of peanut oil was 2,200,000 shih-piculs (121,000 tons), about 30 per cent higher than the output of soyabean oil in the same year.[30] The discrepancy was due to the fact that the local population prefer to use peanut oil. The total East China production of edible oil from different oil-bearing crops in 1952 amounted to approximately 8,000,000 shih-piculs (440,000 tons). Since 1953, the supply of edible oil has decreased; therefore, the Communist authorities intensified their plans for expansion of the acreage

28. Wen-hui Daily, loc. cit.

29. Chinese Economic Journal, Shanghai, Bureau of Foreign Trade, Oct.1936, Vol.XIX, No. 4, pp. 345-346. [See next page for No. 30.]

249 of oil-bearing crops throughout all regions. The
433 projected national goal of an increase of 53.7 per cent in 1954 over the production in 1952 was reported by Li Fu-ch'un in the first Five-Year Plan.[31]

VIII. FISHERIES OF EAST CHINA

228 Because of its long coastline and numerous
433 streams and lakes, East China is especially rich in both salt-water and fresh-water fish resources.

Of the principal fishing areas of Kiangsu and Chekiang, Chou-shan (Chusan) is the most famous. Over 10,000 fishing boats gather near the Chou-shan Island each spring to catch many different species of fish. The goal set for 1955 is 6,400,000 shih-piculs (352,000 tons),[32] approximately four and a half times that of 1949.

Kiangsu and Chekiang have abundant fresh-water-fish resources; Kiangsu has 1,173.7 million shih-mou (195.6 million acres) of river area and 1.6 million shih-mou (266,667 acres) of lake area, while Chekiang has a combined river and lake area of over 2,000,000 shih-mou (over 400,000 acres). A tremendous quantity of fish is caught each year.

IX. WATER CONSERVATION IN EAST CHINA

731 For many centuries the Hwai River and its tributaries have been the main sources of flood

30. Economic Bulletin, Hong Kong, Ching-chi Tao-pao She, Mar. 17, 1953, #310, p.16.
31. NCNA, Peking, July 11, 1955.
32. People's China, Peking, Feb. 1, 1955. p. 13.

73/ in East China. The Chinese Communists began to harness the Hwai River in 1950. The essential projects included (1) the building of the San River Regulator, (2) the excavation of new diversion canals, one at Po-kang and two near Wu-ho, and (3) the building of Fo-tzu-ling Reservoir on the P'i River and Mei-shan Reservoir on the Shih River.[33] The above-mentioned water-conservation projects are said to be finished except for Meishan Reservoir, which is to be completed[34] during the first months of 1956,

Other projects included the dredging of the channel of the Hwai River and its 70-odd tributaries as well as many minor projects, all of which were completed during the period 1950-55. An estimated 36.4 million shih-mou (6.06 million acres) of land in northern Kiangsu, Anhwei, and Shantung provinces have benefited from the completion of these projects.[35]

Other flood-prevention projects in East China, including the building of a new 190-kilometer channel of the I (Yi) River, a 14-kilometer canal joining the Shu and Sha rivers, and another canal joining the I (Yi) and Shu rivers were completed before 1952.[36]

243 In 1950, a good harvest of maize was
73/ gathered on 7,500,000 shih-mou (1,250,000 acres)

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33. Far Eastern Economic Review, Hong Kong, Vol. XVIII, No. 22, June 2, 1955, p.702.

34. People's China, February 1, 1953, pp. 14-15.

35. Ibid.

36. Ibid., June 16, 1953, p. 18-24.

243 of farmland in the Hwai-yin region southwest of
73/ Lo-ma Lake. In 1951 and 1952, good harvests were reported throughout the basin of the two rivers, and not a single mou of land was flooded. The agricultural production of northern Kiangsu region[37] was 20 per cent higher in 1952 than in 1951.

X. CONCLUSION

423 One of the most striking features of East China's land reform was the promulgation of a series of orders extending favorable treatment to families of overseas Chinese residing in the rural districts of Fukien Province. The Communists hoped to stimulate the investment of remittances from foreign countries in agricultural and industrial enterprises in China. The inequality of treatment for peasants of the same district tends to arouse a great deal of discontent among the peasants in the East China Region, especially those in Fukien Province, who have no relatives overseas.

After land distribution, the basic problem in the Chinese rural communities still remains as before -- too many people and too little land. Mao Tse-tung admitted in July 1955 that the average per capita land-holding is still very small only about 3 shih-mou (1/2 acre) per capita for the country as a whole. In some areas of East and Central-South China it is as little as 1 shih-mou (1/6 acre). Mao hopes to organize these scattered small farmers into units for semi-collective farming called agricultural producers'

37. Ibid., p. 24.

423 co-operatives.[38] But this new form of farm organization, which is directly opposed to the Chinese traditional practice, cannot be enforced too rapidly. After land reform, one pressure after another has been exerted by the Communist cadres upon the peasants (the fixing of production quotas, the collection of grain taxes, the compulsory purchase of grains, and participation in the agricultural producers' co-operatives), and many helpless peasants ran away in the hope of finding fewer restrictions in the cities.

166 According to Communist reports, the population of Shanghai increased[39] from 5,000,000 in January 1950 to over 7,000,000 by the end of April 1955. According to an investigation conducted by the Shanghai People's Municipal Government, about 50 per cent of the net increase of 2,000,000 population can be accounted for by exodus of peasants from rural areas.[40] The Back-to-the-Villages Campaign initiated by the municipal government in April 1955, is a clear indication of the seriousness of the problem. It is still doubtful if the problem can be solved by forcing the peasants to return to their villages if the conditions in the rural areas have not been improved.

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38. Mao Tse-tung, Kuan-yü Chung-kuo Nung-yeh Ho-tso-hua Wen-ti [Agricultural Co-operativization of China], Hua-ch'iao Jih-pao [China Daily News], New York, Oct. 27-31, 1955.

39. Hsin-wen Jih-pao [Hsin-wen Daily News], Shanghai, August 10, 1955.

40. Liberation Daily, Shanghai, July 31, 1955.

[redacted]

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241 Water conservation projects in this region[1] have been responsible for some progress in agricultural production. Although thousands of lives were sacrificed during construction, some fruitful results have been achieved. Evidence for this assertion can be found in the three good harvests between 1951 and 1953 recorded in Kiangsu. The Communist regime, with little consideration for human welfare, accomplished these tasks at the expense of the rural masses.

[1] [i.e. East China. -- Analyst]

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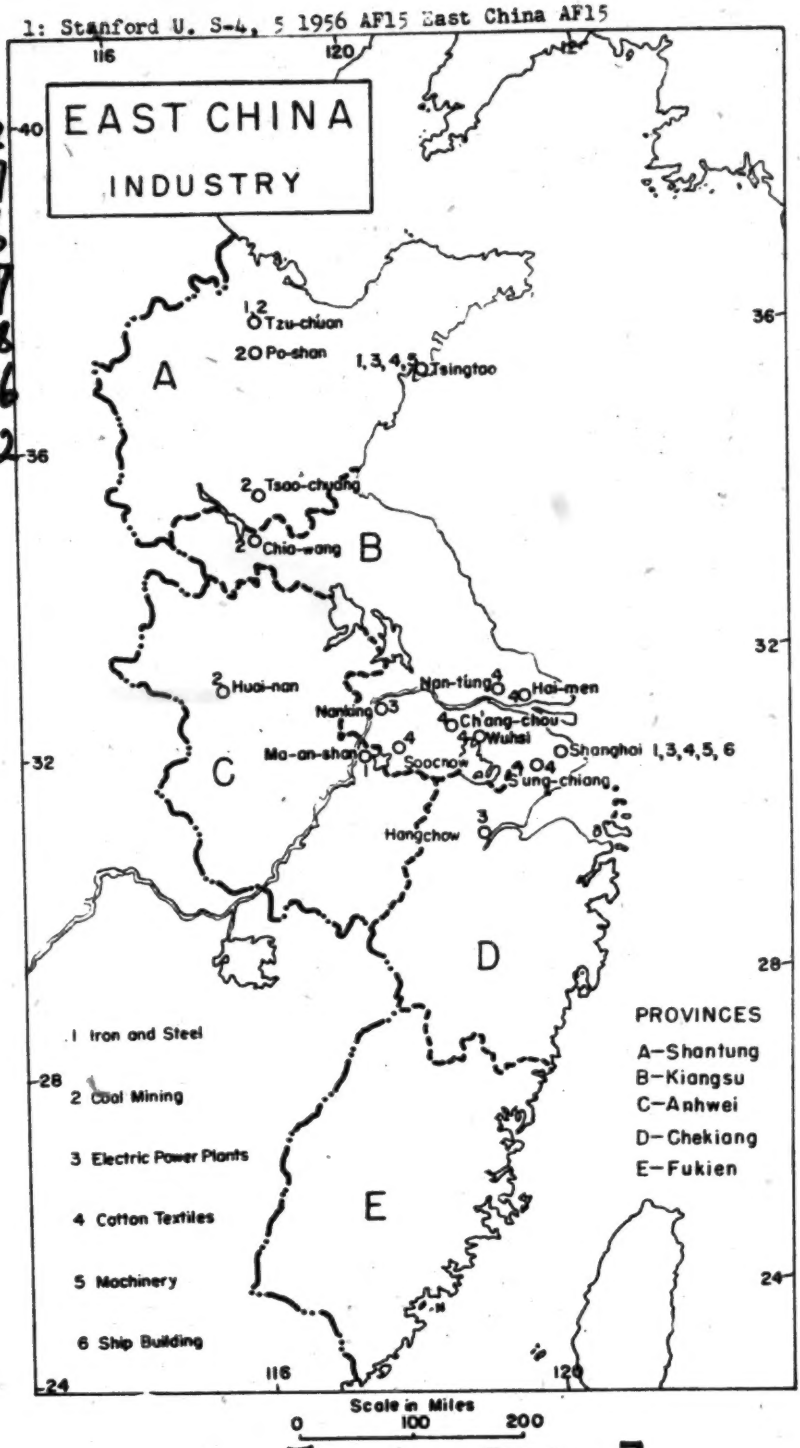

[Face p. 769(a)]

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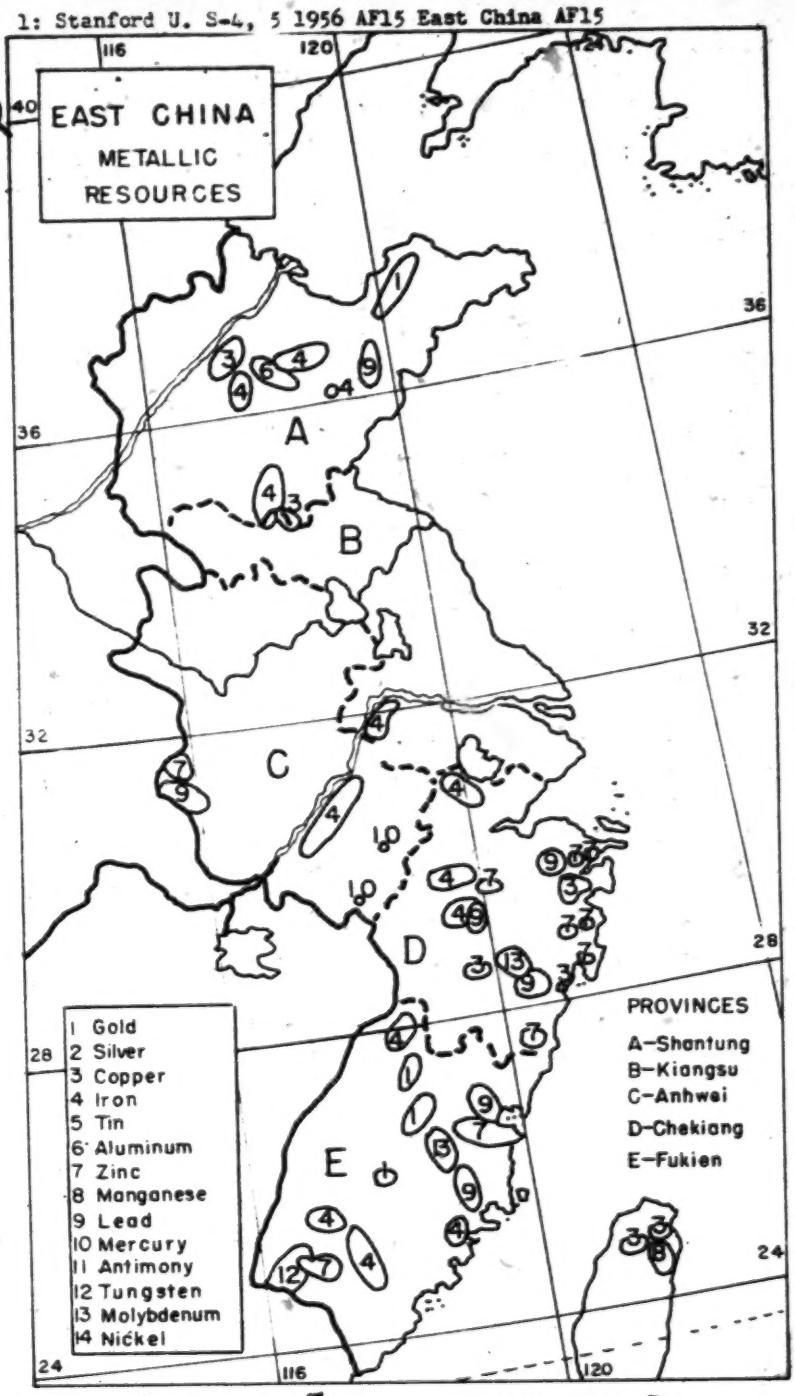

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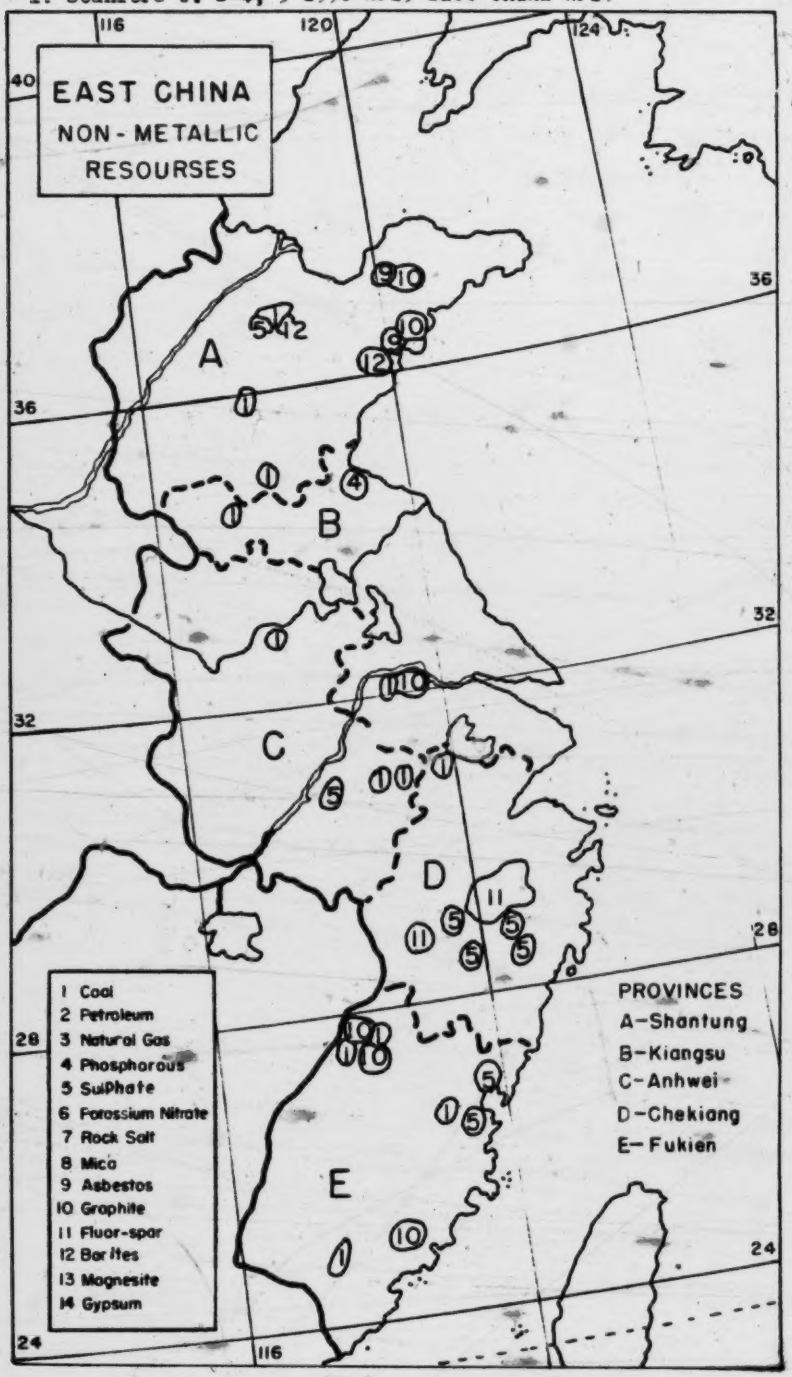

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Annex "A," Subparagraph 3b,
Economic Background

INDUSTRIAL DEVELOPMENT

I. THE SPECIAL POSITION OF EAST CHINA

178 East China, and specifically the Yangtze delta with Shanghai as its focal center, plays a unique role in Mainland China's industrial development. Compared with other regions, the Shanghai area is indisputably the most important single producer of industrial products south of Manchuria. This is virtually true with respect to all types of consumer and capital goods. Consequently, East China, especially Shanghai, has served and will continue to serve as a supply base under the Five-Year Plan for the development of industries in other areas. However, unlike Manchuria, which also performs this function, the Shanghai area is not given any special emphasis in further development under the plan. In fact, one can assert that further industrial development in the Shanghai area and, to a lesser extent, in the East China provinces as a whole, is being de-emphasized. Why this is so may be explained by the following factors.

178 The fact that prior to the establishment of the Communist regime industries had gravitated to the eastern seaboard was due to various political and economic factors among which were (1) concentration of foreign capital in the treaty ports, (2) "external economies" resulting from such concentration, (3) low cost of sea and river transport, (4) political stability in the immediate area under the effective control of the Nationalist Government and in treaty ports subject to extraterritorial jurisdiction and (5) proximity to large markets of concentrated effective demand.

While some of the above factors ceased to be operative with the end of extraterritoriality in World War II and the Communist seizure of power, notably the influence of foreign capital and management, the inordinately large demand for consumer goods heitherto present in centers like Shanghai and Nanking, and the advantage of cheap imports, these changes have been further reinforced by other considerations dominant in Communist Chinese economic planning.

In the first place, it is only too obvious to the Communists that industrial concentration in a few coastal areas adds immensely to military vulnerability. The Japanese invasion in 1937 and the consequent scramble

178 of Chinese industry to western China was a foretaste of what might occur again with even greater devastating effect in view of the destructive power of modern weapons and the disappearance of foreign concessions and settlements which, even during the war with Japan, served for a time as a haven of private business. The apparent validity of this military consideration was given more support when industries in Shanghai were seriously harassed by the Nationalist naval blockade and air raids in 1950. Moreover, once industrial dispersion has become the watchword, and self-sufficiency has taken precedence over cheap imports, there is all the more reason to establish new industries at places close to sources of raw material supply. It is in this respect in particular that the relative scarcity of mineral resources in East China must be considered.

II. MINERAL DEPOSITS AND FUTURE DEVELOPMENT

135 It is noteworthy that in spite of its relatively highly developed industry, East China is extremely poor in iron ore reserve. On the basis of 1948 data, the region's iron ore reserve amounted to no more than 227.9 million tons or about 12 per cent of the total reserve of China proper (excluding Manchuria)

135 and less than 4.2 per cent of the then estimated total reserve of 5.4 billion tons for the Chinese Mainland as a whole.[1] Since Communist China's total iron ore reserve is now reported to be as high as 10 billion tons,[2] and since new discoveries have been made primarily in other regions, the relative importance of East China in iron ore deposits is presumably even less. This phenomenon is all the more striking if we bear in mind that Kiangsu, which was industrially the most advanced province in pre-Communist China, is also one of the least favorably endowed provinces as far as iron ore is concerned.

What is true with respect to iron ore is equally true with respect to coal reserves. The East China Region, according to one estimate, accounted for no more than 3.2 billion tons out of an estimated total of 454 billion tons for the entire Mainland.[3] Taking into account new discoveries in the Huai-nan

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1. Bureau of Information, Executive Yuan, Kang-t'ieh [Iron and Steel], Nanking 1947, pp. 6-15; Geological Survey of China, General Statement on Mining Industry, Chungking, 1944, 7th issue, pp. 88-89; Chung-hua Nien-chien [Chinese Year Book], 1948, Vol. II, p. 1,568.

2. Sun Ching-chih, Chung-kuo Kung-yeh-hua Ti Ti-li T'iao-chien [The Geological Conditions of the Industrialization in China], Peking, 1955, p. 16.

3. Yuan-li Wu, An Economic Survey of Communist China, Bookman Associates, New York, 1956, p. 26.

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135 coal fields (Anhwei Province), but a proportionately even greater upward revision of the country's over-all coal reserve, now put at 1,000 billion tons, the relative share of East China has declined even further.

The lack of both coal and iron is further aggravated by scarcity of other mineral deposits in East China. In fact, with the exception of bauxite, which is found in large quantities in both Shantung and Chekiang, magnesite, which is found in Shantung, and manganese, available in Fukien in relatively large quantities, the East China Region is notably deficient in mineral wealth. As for other industrial raw materials, salt is readily available. On the other hand, even in the case of such a common crop as cotton, the Shanghai mills are completely dependent upon imports from other regions or, as was often the case in the pre-Communist period, from abroad.

135 178 On the basis of the paucity of mineral and other resources, as well as other considerations enumerated above, it is not surprising that among the construction projects reportedly contemplated or under way under the first Five-Year Plan, for the whole region, large coal mining projects appear to be restricted to the Huai-nan field in Anhwei and Po-shan in Shantung while development in the production of pig iron seems to be confined to the

135 Ma-an-shan plant in Anhwei.[4] As for other
178 industries, the Five-Year Plan seems to give scant attention to East China with the exception of Shanghai's machinery industry, which again is largely a case of making full use of existing facilities and the local skilled labor.

III. PRESENT STATUS OF SHANGHAI'S INDUSTRIES

178 Lest we should underestimate the present industrial importance of Shanghai in the light of what has been said above, attention should be called both to the degree of industrial recovery in Shanghai which has been reported by the Communists and the status of some of the city's industries.

464 According to the Shanghai Economic Weekly of February 5, 1953, using 1950 as the base year (100), for 1952 the index of the number of workers employed in Shanghai's light manufacturing industry stood at 138, that of electric power consumption by the same industrial group was reported at 153, and the
433 volume of sales was 199. Another indication of the degree of industrial recovery in

4. Cheng Chu-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, 1955, p. 45.

1;Stanford U. S-4, 5 1956 AF15 East China
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433 Shanghai may be found in the following output indices for individual products in 1952, again using 1950 as the base year.[5]

Product	Output Index 1952 (1950 = 100)
Canned food	4,887
Fountain pens	1,100
Tires	726
Paper	243
Soap	212
Cigarettes	192
Sheets	160
Enamel ware	150
Rubber-soled shoes	123
Tooth paste	120
Thermos bottles	112
Towels	104

The selection of 1950 as the base year by the Communist was evidently designed to make the apparent gain in production as shown above more impressive; following a devasting Nationalist air raid in February 1950, which

5. Economic Bulletin, Hong Kong, December 1953, pp. 14-15.

433 seriously disrupted the city's power supply, industrial production was at a low ebb for a considerable time during the year. However, even if we allow for exaggeration, it cannot be denied that there has been a significant recovery of industrial production in Shanghai following the establishment of the new regime.

According to a Hong Kong report, the total value of industrial production in Shanghai in 1953 was equivalent to 368 per cent of that of 1950.[6] Other reports have put the industrial production of Shanghai in 1953 as equivalent to one-fifth of that of the entire country.[7]
402 The city is also said to be responsible for 39
433 per cent of the country's total spindleage and one-third of the country's machinery-manufacturing capacity.[8] The annual output of electrical and industrial machinery in Shanghai registered, according to one Communist report, a sixfold increase between 1951 and 1953, and growth was especially notable in the production of machine tools and spindles.[9]

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6. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 22, 1955, p.

7. Cf., for instance, Far Eastern Economic Review, October 29, 1953, p. 551.

8. Economic Bulletin, Hong Kong, March 29, 1954, p. 12.

9. New China News Agency dispatch, September 30, 1954.

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402 Machinery produced in Shanghai has been used
433 in many construction projects elsewhere, including the Yümen oil field in Kansu, the new automobile manufacturing plant in Ch'ang-ch'un, and other factories in Manchuria. Shipbuilding, another branch of heavy-machinery manufacturing, is also highly developed in Shanghai.

IV. SURVEY OF SELECTED INDUSTRIES IN EAST CHINA

The above general review may be further supplemented by a brief discussion of some selected industries.

A. Coal

316 There are relatively few large coal
433 mines in East China. Among the most important are Hual-nan in Anhwei, Tzu-po and Tsao-chuang in Shantung, and Chia-wang in Kiangsu. Total coal production in East China may be roughly estimated at 5.3 million tons in 1949, which rose to 11.1 million tons in 1953.[10] Twenty per cent of the region's total

10. Estimated from the following sources: Hsin-hua Yüeh-pao [New China Monthly], Vol. I, No. 2, Dec. 15, 1949, p. 410; People's Daily, Peking, No. 16, 1952; New China News Agency, Peking, Dec. 29, 1953, and Jan. 11, 1954.

316 production was derived from Huai-nan; Tzu-po
433 and other mines in Shantung probably contributed about 75 per cent. On the other hand, total coal consumption by the electric utility and industrial plants in Shanghai alone amounted to no less than 7.9 million tons in 1953, while for the region as a whole the corresponding figure would be about 11 million tons.[11] Obviously, such consumption requirements, which did not as yet include demand for railway and bunker fuel as well as household consumption, could not be met out of the region's own coal production.

The Huai-nan coal mine, as mentioned earlier, is one of the few large construction projects earmarked under the first Five-Year Plan in East China. After the adoption of new mechanized production methods allegedly suggested by Soviet experts, the Communists reported a tenfold increase in production in 1952 over the corresponding figure in 1949.[12] Sinking of a new pair of coal shafts was started in March 1954, and construction was started on two additional pairs of vertical

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11. Estimated from: Wen-hui Daily, Hong Kong, Aug. 26, 1953; New China News Agency, Peking, Jan. 11, 1954.

12. Kung-jen Jih-pao [Workers' Daily], Peking, Nov. 15, 1952.

316 shafts in the latter part of the same year.
433 The shafts are scheduled for completion in 1957.[13] Capital investment was said to have been stepped up during 1955 when total annual investment was to equal the entire amount invested in 1951-1954. The reconstruction of four pits was said to have been completed in April 1955, raising the mine's output by 17 per cent.[14] The same report also mentioned the construction of more new shafts than the number mentioned in the report of the preceding year. Total production at Huai-nan, according to the Five-Year Plan, will reach about 6.85 million tons in 1957, which, if accomplished, will make it one of the largest mines in the country outside Manchuria.[15]

B. Electric Power

377 Since the establishment of the Communist regime there has not been any report on the construction of large thermal power plants in East China. According to a comparatively complete report in 1948, there were 23 electric utility plants in this area, ranging

13. New China News Agency, Hopei, March 16, 1954.

14. Survey of China Mainland Press, Hong Kong, April 15, 1955, No. 1,028, p. 30.

15. Ta-kung Daily, Tientsin, July 30, 1955.

377 from the 640-kilowatt plant at An-ch'ing in Anhwei Province to the 173,500-kilowatt plant of the American-owned Shanghai Power Company. The total capacity of these plants amounted to 395,693 kilowatts in 1947,[16] and was subsequently reported to have been 578,257 kilowatts in 1950, according to another source.[17] During 1947 the total output of electricity generated amounted to 133.7 million kilowatt-hours.[18] According to the Communists, the electric power output showed an increase of over 30 per cent in 1952 for the region as a whole as compared with the pre-Communist period.[19] In Shanghai, largest center in the consumption of electricity, a market reduction in household consumption has been reported since the arrival of the Communist; industrial consumption has increased correspondingly.

Another notable development in the generation of electric power in East China is the conversion of the Shanghai Power Company plant from fuel oil to coal.[20] This was

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16. Chung-hua Nien-chien [China Year Book], Shanghai, 1948, pp. 1, 539-542.
17. Newspaper Reading Handbook, Hankow 1950, pp. 513-14.
18. Economic Bulletin, Hong Kong, March 29, 1954, p. 12.
19. Shanghai News, Shanghai, May 29, 1952.
20. Liberation Daily, Shanghai, May 28, 1952.

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377 carried out both to reduce foreign exchange outlay and as a countermeasure to the Nationalist blockade. However, this development has led to even greater dependence on coal which, as we have seen, is by no means easily available in East China.

C. Iron and Steel

327 As for the iron and steel industry in this
433 region, two large blast furnaces were installed by the Japanese at Tsingtao in Shantung Province during 1943 and 1944. These had an estimated annual capacity of 110,000 tons of pig iron.[21] At Ma-an-shan in Anhwei Province the Japanese also planned to erect 20 small blast furnaces with an estimated capacity of about 73,000 tons.[22] Two small blast furnaces with an estimated capacity of 16,000 tons a year were also reported in operation during World War II.[23] Recent information has been lacking in detail, although it is known that the Ma-an-shan plant is being expanded under the Five-Year Plan and that pig iron shipments from Ma-an-shan to Shanghai have been in progress.

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21. Foreign Minerals Survey, Washington, D.C., Department of Interior, Jan. 1948.
22. Ibid., Vol. II, No. 7, pp. 35.
23. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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327 There are two principal steel works in
433 East China, the Shanghai Iron and Steel Works and the Hsin-ho Iron and Steel Works, both located in Shanghai. The former is equipped with two 10-ton open-hearth furnaces and has an annual capacity of about 12,400 tons of ingots and 50,000 tons of rolled steel products. The Hsin-ho works is equipped with two 10-ton open-hearth furnaces and has an annual capacity of 16,500 tons of ingots, 30,000 tons of rolled steel, and 20,000 tons of steel wire.[24]

All in all, however, the iron and steel industry of East China is relatively little developed. This situation is understandable in view of the lack of iron and coal resources in the region.

D. Cotton Textiles

288 Contrary to its backwardness in the
433 production of iron and steel, East China is the most highly developed area in China for the manufacture of consumer products, as we have indicated. In particular, the cotton

24. Chung-kuo Kung-yeh [China's Industry], Peking, April 20, 1950, Vol. I, No. 12, pp. 21-22.

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288 textile industry stands out as the most
433 significant achievement in the country's development of modern manufacturing.

The total cotton spindleage in China in 1937 was 5,635,006, of which 51.8 per cent were owned by Chinese interests, 44.1 per cent by the Japanese, and 4.1 per cent by the British.[25] After the war, all the Japanese cotton textile mills, mostly located in Shanghai and Tsingtao, were confiscated by the Nationalist Government and incorporated into a large state firm known as the China Textile Corporation. In 1949, East China possessed a total of 3,474,694 cotton spindles, which constituted 80 per cent of the total in China.[26] In 1953, the number dropped to 3,274,694, representing a 6 per cent decrease as compared with 1949.[27] As regards the geographical distribution of cotton spindles in East China in 1953, Kiangsu constituted 85 per cent, of which Shanghai again accounted for about 78 per cent. In addition to the mills in Shanghai, there were, in 1951, 53 private cotton mills in South Kiangsu with a total of 520,000 spindles.

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25. Plan for the Industrial Development of China, Nanking, March 1948.

26. Tung-pei Jih-pao [Northeast Daily], Mukden, April 18, 1949; Hsin-wen Jih-pao [Hsin-wen Daily], Shanghai, March 5, 1951.

27. Wen-hui Daily, Hong Kong, May 19, 1953; June 8, 1953; July 2, 1953; Aug. 9 and 14, 1953, September 5, 1953, Nov. 1, 1953; Kwang-ming Jih-pao [Enlightenment Daily], Peking, Aug. 6, 1953.

288 Of these, 246,000 spindles were in Wu-hsi
433 and 274,00 in Ch'ang-chou, Soochow, and S'ung-chiang.[28] In North Kiangsu, most of the mills are centered around Nan-t'ung and Hai-men, with a total of 179,632 spindles in 1950.[29] Another important cotton textile industrial center in East China is Tsingtao, Shantung Province, where there were about 350,000 spindles in 1953, constituting nearly 11 per cent of the spindles in the whole region.[30]

The total number of machine looms in China was estimated to be 67,900 at the time of the Communist occupation of the Chinese Mainland in 1949.[31] According to comparativel recent information, the total number of looms in Shanghai and Tsingtao amounted to 46,000 and 4,800 respectively[32] in 1953.

Regarding the output of cotton yarn, East China produced 1,256,000 bales in 1949,

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28. Survey of China Mainland Press, Hong Kong, U. S. Consulate General, May 11 to 15, 1951, No. 104, p. 50.
29. Economic Weekly, Shanghai, March 16, 1950, No. 11, p. 14.
30. Atlas of the People's Republic of China by Provinces, Shanghai, 1953, p. 32.
31. Yuan-li Wu, op. cit., p. 307.
32. Wen-hui Daily, June 22, 1955, pp. 32-33.

288 constituting 70 per cent of the total production
433 of the whole country. In 1953, the output reached 25,561,770 bales,[33] more than double the 1949 output, but only about 65 per cent of the country's total production in that year.[34] East China again takes the lead in the production of cotton cloth. Though complete data are lacking, considerable growth has been reported under the Communist regime. If we take the production of 1947 as 100, it increased to 133 in 1950 and to 157 in 1951.[35]

288 Considerable progress has been made in
433 the development of textile machinery plants
475 since 1950. There are, at present (1955), seven plants for manufacturing textile machinery in China, of which five are state-owned and two are joint state-private enterprises. In East China, the Shanghai No. 2 Textile Machinery Works is state-owned and the China Textile Machinery Works and the Far Eastern Card Clothing Manufacturing Plant, both located in Shanghai, are joint

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33. 400 pounds each.

34. Economic Weekly, Shanghai, Feb. 26, 1953, pp. 16-18; Chinese Industry, Peking, Jan. 1950, p. 37; Wen-hui Daily, Hong Kong, Oct. 1 and 6, 1953.

35. Survey of China Mainland Press, Hong Kong, U. S. Consulate General, No. 220, p. 30.

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288 state-private industries.[36] Data on the
433 textile-machinery production of East China
475 are not available, but the total production of the seven plants during 1951-53 was reported to be 600,000 spindles and 18,500 automatic looms, with which 9 state-owned cotton textile mills have been equipped.[37]

V. CONCLUSION

178 Although East China remains a vitally important part of Communist China's industrial life and will be expected to supply both capital and consumer goods to a large segment of the country's population during the Five-Year Plan, it is no longer scheduled for intensive development in the future. There may be exceptions to this general statement, particularly in certain parts of Shantung, and possibly also in Fukien, once railway construction has established an effective overland route between Amoy and the Chekiang-Kiangsi Railway. However, on the whole, it may be said that East China's heyday in Chinese industry is over. The statement is especially true in the case of Shanghai.

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36. New China News Agency, Peking, Nov. 1, 1954.

37. Hsin-hua Yüeh-pao [New China Monthly], Peking, Feb. 1954, No. 2, pp. 169-70.

178 Such a development represents not only the continuation of a historical trend but also the blueprint of current economic planning. It may be said that the management and direction of industrial activity in East China has followed the guiding principles laid down in the national economic plan, and the problem of relative emphasis in regional development is but one aspect of planning. No attempt will be made here, however, to describe the process of general economic planning since regional variations are not of importance.[38]

Because East China, especially Shanghai, was the most highly developed industrial area in China, there was a large concentration of private firms in this area. The process of socialization has accordingly faced a more serious test in East China than elsewhere. For some of the highlights in this regard, see the chapter on the socialist transformation of private industry and commerce.

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38. See Yuan-li Wu, op. cit., pp. 192-237.

Annex "A," Subparagraph 3c,
Economic Background

TAXATION AND BUDGET

I. THE NATIONAL FISCAL SYSTEM

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Since Communist China is a unitary state, its fiscal policy is national in scope and has relatively few regional variations. Accordingly, unless otherwise indicated, what is said here of one region is often equally true in the other regions.

From the data shown in the tabulation below, certain facts are obvious.

1. During 1950-54, the revenue derived from the profit of government enterprises rose steadily from 12.76 per cent of the total government receipt in 1950 to 36.47 per cent in 1954. Moreover, profit is not the only contribution that government enterprises made to the government treasury. In the course of these years, they also contributed an increasingly large share of taxes which the Central People's Government (the Communist government) imposed upon industries and trade. This tendency is clearly shown in the following statistics.

SOURCES OF GOVERNMENT RECEIPTS */

Year	Government-owned Enterprises	Government-participating Enterprises	Co-operatives	Farmers	Private Industries and Trade
		(combined)			
1950	-	-	34.08	-	29.63	32.93
1951	-	-	49.35	-	18.17	28.66
1952	-	-	56.33	-	17.08	22.36
1953	-	-	59.79	-	14.56	17.02
1954	65.24	3.65		1.66	14.23	13.34
1955	69.47	3.65		1.98	11.76	10.70

*/ (In percentage of the total annual receipt of the current year.)
Ching-chi Chou-pao [Economic Weekly], Feb. 26, 1953, p. 17; People's Daily, June 18, 1954, and July 10, 1955. The figures for 1955 are budgetary estimates.

651 Unlike the usual practice in Western countries, the profits of government-owned concerns and enterprises in which the government participates, as listed in fiscal reports of the Communist government, include allowances for depreciation of assets, which according to the Western practice should not be included in net profit. At the same time, all the outlays of government enterprises for improvement and replacement are listed as government expenditures for economic construction. The procedure used by the Chinese Communists means therefore a substantial increase in both government receipts from its enterprises and outlays for economic construction.

2. During the five-year period ending 1954, the relative importance of the agricultural tax has been substantially reduced. In 1950, it accounted for 28.01 per cent of the total government expenditure. In 1954, the percentage declined to 13.33 per cent. The decrease was due to the rapid expansion of receipts from other sources (particularly profits from government enterprises and urban taxes) rather than to the reduction in the agricultural tax itself. This development therefore should be interpreted to mean that the tax on rural economy has not been reduced; it reflects merely that the increase of the agricultural tax has not been as rapid as the increase of other government receipts.

3. Similarly, the fact that the ratio of the taxes on industry and trade to the total government expenditure remained almost constant

651 during these years should not be interpreted to mean a constant tax burden imposed on these sectors of the Chinese economy. In absolute terms, their contributions have continually increased in order to meet the ever-expanding expenditure of the government.

On the whole, the fiscal policy of the Communist government has been more unfavorable to industry and trade than to agriculture. During the five-year period under consideration, private enterprise in industry and trade not only has had to bear a great burden of the increasing expenditure of the government, but also has been forced to accept stiff competition from government enterprises, which, according to the Communist policy, will ultimately monopolize all the important trade and industries in the country.

652 659 On the expenditure side, military outlay constituted 41.5 per cent of total government expenditure in 1950 and 1951, respectively. After 1952, becuase of the truce in Korea, the relative importance of the military outlay has been substantially reduced. In 1954, it was only 21.1 per cent of the year's total expenditure. The outlay for economic construction has become the leading item on the debit side of the government account.

In making these comparisons, several qualifications should be noted. First, the military expenditures as listed in the records of the Communist government do not include salaries and maintenance of military personnel, which are classified as government administrative expenses. Military outlays listed in the

652 budgets of the Nationalist Government, on the
659 other hand, consisted mainly of such salary and maintenance payments. If the definition of military expenditure were broadened to include such outlays, and if one half of the administrative expenses listed in the Communist budget were for the payment of military personnel and military administration as the estimates suggest, then the military expenditures of the Communist government for the years 1950-52 would have been as tabulated here.

Year	Ratio of Military Expenditure to Total Gov't Expenditure (in per cent)
1950	51.11
1951	49.83
1952	32.15
1953	29.45 (budget estimate)
1954	30.06
1955	32.98 (budget estimate)

In the fiscal report for 1953 the military and government administration expenditures were lumped together under one item. It is rather difficult to separate the military from the non-military outlays on the basis mentioned above. For this reason, the budgetary estimates, where these outlays were separately listed, were used in this tabulation.

652 659 A second point which should be noted concerning the military expenditure for economic construction might well be considered military rather than economic. In the budget of the Nationalist Government, for example, outlays for developing aircraft-manufacturing industries, ammunition industries, and so forth are usually classified as military expenses, whereas they would probably be considered as economic outlay in the Communists' report.

652 A third point to be noted is that, if the depreciation charges and outlays for maintenance and replacement in government enterprises were excluded from government receipt and expenditure, as should normally be the case, the relative importance of military expenditure for the years under consideration would have been much greater than those shown in the fiscal reports.

Even allowing for these adjustments, the fact that government outlays for economic, social, and educational purposes has been substantially increased under the Communist regime is obvious when compared with the conditions under the Nationalist Government. Whether these expenditures have actually been a contribution to improving the economic and social welfare of the people is, of course, another question entirely.

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EXPENDITURES AND RECEIPTS OF THE PEOPLE'S REPUBLIC OF CHINA*

	1950	1951	1952	1953	1954
Expenditures					
Military	41.50	42.52	26.23	-	24.19
Government administration	19.21	14.71	11.83	44.62	11.74
Other	2.64	2.01	3.49	-	-
Economic construction	25.51	29.50	44.79	40.38	52.07
Cultural construction	11.11	11.26	13.66	15.00	12.00
Receipts					
Agricultural tax	28.01	18.24	15.69	14.90	13.33
Industrial & commercial taxes	43.84	49.16	42.28	43.43	36.46
Receipts from govt. enterprises	12.76	25.64	28.55	35.40	40.49
Income from credit & insurance	4.87	4.79	1.53	3.00	1.26
Other	-	-	-	14.41	-

*In percentage of total government expenditure. Based on Economic Weekly Feb. 26, 1953, p. 17; People's Daily, June 18, 1954, and July 10, 1955.

652 In the following sections, we shall examine at length certain phases of Communist China's fiscal policy during the first five years of occupation of Mainland China. They include the agricultural tax, the taxes on commerce and industry, and government bonds. As will be seen, the revenues discussed are all recurrent in nature. No attempt is made to study such non-recurrent levies as those imposed during the Five-Anti movement. Because of the extraordinary nature of these impositions, it is not likely that these measures can be successfully used again in the near future.

II. URBAN TAXATION

651 In Communist China, the core of urban taxation has consisted of the business tax, the tax on business income, and commodity taxes.

None of the trio is new in China. Under the Nationalist Government, the business tax was collected as a local tax, the tax on business income was a part of the income tax system, and the commodity tax constituted one of the main revenues of the Nationalist Government.

Under the Communist government, all these taxes were drastically reorganized, apparently under the influence of the Russian tax system, but there has been relatively little regional variation. From 1949 to date, the system of urban taxation has already undergone several important changes. Its history which may be divided into two stages, the first of which covers the period from January 1950 to Dec.1952.

651 During the first period, the industrial and commercial tax constituted the greater part of urban taxation. The tax was a composite levy consisting of an impost based on gross turnover and another on net taxable income. The "business tax" was collected on the basis of a proportional rate schedule. While the tax rates remained constant regardless of how the amount of the tax base changed, they varied according to the nature of the business or industry. The rates on manufacturing industries, for instance, were in general higher than those on undertakings which consisted only of sales of services (such as public utilities, professional services, hotel services, insurance banking, etc.). For undertakings deriving their income in the form of commission (such as trade agents, etc.), the rates of business tax were much higher than any of the other types of businesses mentioned heretofore.

In addition, the tax rates varied according to the nature of the commodity produced or handled by taxpayer. Those who deal in such commodities as are essential to the national economy are liable to a highter tax than those who are associated with the production of non-essential commodities. The business tax rate on the production of cigarettes, for instance, was much higher than the rate applicable to the iron and steel industry.

The characteristics of the income tax system, which was used early in the Communist

65/ regime and is still in effect, may be summarized as follows.

A. The income tax system in Communist China consists of a series of income taxes applicable to different types of income. Besides the agricultural tax, which may be considered as an income tax on agricultural income, there are income taxes on business profit derived from the earnings of business enterprises and on interest derived from bank deposits. Because of the disappearance of landlords under the Communist system, the tax on rent income is non-existent in the tax system of Communist China.

B. Like the Soviet system, and the traditional Chinese system as well, there is more differentiation in the Chinese Communist income tax than in the system commonly used in the West. There is, for instance, the differentiation in favor of military or industrial "heroes," and of earnings from industries against earning from commercial undertakings (particularly those derived from services, such as commissions, etc.).

C. Progressive rates used in the Chinese income tax are applied on the entire taxable income rather than progressively by income brackets.

D. Inventory valuation for income-tax purposes is computed on the basis of the

65/ historical cost. This apparently means an unduly heavy tax burden on taxpayers at the time of rising prices by inflating net income.

E. Depreciation charges are computed on the basis of either the straight-line method or the method of constant percentage. In either case, the income tax will mean, under the condition of rising prices, a tax to be paid out of capital as well as current income rather than a genuine tax on income.

The second period in the history of Communist taxation of business and commerce began after December 31, 1952, when the "tax on commodity circulation," or the turnover tax, was introduced. This new tax is a composite levy consisting of parts of former commodity and business taxes. In many respects, it is also reminiscent of the turnover tax of the USSR. The introduction of the turnover tax brought the following changes in the system of urban taxation in Communist China. In the place of former commodity and business taxes, the turnover tax is applicable to the following 22 commodities: rolled tobacco, tobacco leaf, wine, wheat flour, furs and hides, cotton yarn, matches, phonograph records, acid, salt, chemical fertilizers, paper, newsprint, rubber tires, cork, cement, glass plates, metal and metal products, pig iron, coke and its products, and mineral oils and their products. After paying the turnover tax, producers and dealers in those commodities will be subject to no other commodity or business taxes so long as they circulate within the national boundaries

65/ of China. The exemption, however, does not apply to the custom duties if they are to be exported or to the income taxes to which such producers or dealers are liable. Nor would the payment of a commodity tax on raw materials exempt a product manufactured of such material from commodity tax, if the product were itself a taxable commodity.

Instead of the payment of tax as a product leaves its factory or additional taxation as each business transaction occurred, as was the case of the old commodity tax, the collection procedure of the turnover tax varies according to the nature of the commodity subject to tax. In the case where the sales are to be handled by government agent, the turnover tax is payable when the commodity is sold or transferred from its producers to such sales agent. In the case where the sales are done by the manufacturer's own agent, the tax is payable at the first sale of the commodity at the wholesale level, or its transfer from producer to the sales agent. In the case where the sale of product is handled by neither a government agent nor that of its producer, but by the producer himself, the tax is payable at the time when the product leaves the hand of its producer. In the case where the taxable product is not for sale, but for further processing or use in some other departments of the producing factory, the turnover tax is payable when the commodity leaves the producing department. In the case of forestry products, the tax is paid by the purchasers at the time when the products are being shipped from their point of origin. In the case of an imported commodity,

65/the turnover tax is collectible by the customs together with customs duties at the point of importation. In the case of an export commodity, the tax is collectible at the time of export.

Which of the above-mentioned procedures of collection is to be applicable to a given commodity is to be decided by the government and not by the taxpayer himself.

Since the turnover tax is to displace both the commodity and business taxes, its rates are higher than those of either of these old taxes. The turnover tax rate on wheat flour has been raised to 10 per cent as against a rate of 3 per cent according to the old commodity tax. The new rate applicable to cotton yan is 22 per cent as compared to 12 per cent charged in the old commodity tax. With the exception of the turnover tax on beer, which is a specific levy, the levy on all other commodities is collectible on an ad valorem basis.

Many changes other than those mentioned above were made in the business taxation following the institution of the turnover tax. Among such changes, the following changes are probably the most important.

Under the new regulations, all the commodities produced within the country and not subject to commodity orto turnover tax as previously explained are liable to three business taxes -- one at the level of production, one at the wholesale level, and another at the retail level. All those subject to commodity or turn-

65/over tax are liable to two business taxes at the wholesale and retail levels. These regulations will be applied regardless of whether a commodity transaction is an inter-firm sale or merely an intra-firm transfer. As a result of these modifications, all the advantages of vertical combination, which were ample under the old system, are eliminated.

Before the tax reform in 1952, all the business taxes at manufacturing wholesale and retail levels were payable after the completion of the business transaction. After 1952, the business tax became applicable only to transactions in those commodities to which the new turnover tax did not apply. But, instead of collecting the tax after the completion of transactions, producers of such commodities are required, in addition to their own tax liabilities, to advance the tax payable by wholesale dealers to whom the products are sold. Such advances are later to be repaid by the wholesale dealers to the producers. Thus, under the new law the business tax on the wholesale dealer becomes collectible before rather than after the relevant business transactions are effected.[1]

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1. Cheng Chu-yüan Chung-kung Ts'ai-ching Cheng-ts'e Hsin Tung-hsiang [The New Tendencies of the Chinese Communists' Financial and Economic Policies], Hong Kong, 1953, pp. 73-77.

651 In the case of the commodities subject to turnover taxation, all the business taxes on retailers, under a similar arrangement, are to be advanced by wholesale dealers. The turnover tax and the changes in business tax therefore not only result in speeding up the collection of business tax, but also, through the concentration of tax collection at production and wholesale levels, reduce substantially the cost of tax administration.

The stamp tax and all surtaxes attached to the business tax under the old system were merged with the business tax under the new regulation. Under the new system, the rates of business tax fall into three categories. They are, those applicable to industries, those for commercial undertakings, and those applicable to incomes derived from sales of personal services. For the cases where the old rates fell within the range of 1 to 3 per cent, a new rate of five per cent is used. For the cases where the old rates ranged from 4 to 6 per cent, an additional one per cent is added in the new rate schedule. For the cases where the old rates ranged from 8 to 10 per cent, an additional two per cent is added to form the new schedule. For the cases where the old rates ranged from 12 to 15 per cent, a new flat rate of fifteen per cent is used.

Besides the institution of the turnover tax and the changes in business tax mentioned above, there are also important modifications in the system of commodity tax. Among these are the following adjustments.

651 Twenty-two of the commodities formerly subject to commodity tax are under the new regulations subject to the turnover tax.

Fifteen news items are included in the modified system of commodity tax, the most important of which is foodstuffs. In the place of the old transaction tax, foodstuffs are subject to commodity tax under the new system. This adjustment contributed substantially to widening the bases of commodity tax.

Several silk textile products which were formerly subject to commodity tax are now exempted from the tax. In addition, several other minor adjustments in commodity classifications have also been made with a view to simplifying the tax administration.

In the place of market price, commodity taxes under the new system are assessed on the basis of the relevant wholesale prices as quoted by government sales agents. For the commodities for which government quotations are not available, the market price is used as the basis of the tax assessment. Under the old system, the commodity tax was assessed by the means of the following formulas:

$$\frac{\text{Market price}}{1 - \text{Tax rate}} = \text{Price subject to tax}$$

The price subject to tax X Tax rate = The amount of tax.

The purpose of using these formulas was to avoid the inclusion of the tax in the price upon

651 which the commodity tax rate is to be applied. Under the new system, the commodity tax rate is applicable directly to the price quoted by government enterprise, and the price includes the cost of tax. The commodity tax assessed on this basis is apparently higher than that which was derived from the old formula.

Other important changes in the system of urban taxation effected at the end of 1952 are as follows:

A portion of the stamp duties was transferred to be collected as turnover tax, commodity tax, or tax on butchery. The business taxes and stamp tax payable by butchers merged under the new system with the butchery tax. The transaction tax on foodstuffs was absorbed into the new system of commodity taxes. The transaction tax on cotton was combined under the new system with the turnover tax on textile products.

All the levies on real estate were merged into a single tax on real estate.

It is clear that one of the objectives of tax reform in 1952 was to transfer, wherever feasible, all the old taxes on gross business receipts, the commodity taxes, the transaction taxes, stamp duties, etc., to the newly instituted turnover tax system. In the cases where such transfers were not practicable, these levies are collected as far as possible under the system of commodity taxes. Only in cases where neither transfer is feasible do the old taxes on business or turnover continue to exist. Whenever

65/conditions permit, the regular tax and surtaxes imposed by local authorities are consolidated into one single tax. In the case of the turnover tax, collections are made, as far as is adminstratively feasible, at the wholesale level or at the time when the taxable commodity leaves the hands of its producer. The main purpose for effecting successful reforms is to reduce the cost of tax collection and to improve the efficiency of its administration.

There is little change in the structure and collection of income tax.

III. THE AGRICULTURAL TAX

The system of agricultural taxation in East China is more complicated than the system in North China. Instead of a uniform system of proportional taxation as is the case in North China, all three forms of the agricultural tax which have been in use in Communist China are, or at any rate were, found in these provinces. The proportional tax, similar to the one used in North China, is now in force in the province of Shantung, and the two systems of progressive taxation, one for the "newly liberated" areas in which land reform has been completed and another for such areas without land reform in progress, were used in other parts of China, in accordance with the land system in existence.

The collection-in-kind system, the failure to tax incomes other than crop yields,

651 the failure to allow for costs other than those of manual labor, and the administrative difficulties arising from the absence of a reliable census and statistics, are all applicable to the progressive-rate system as it is used in East China.

Where the agricultural tax in East China is on a progressive rate basis, it is levied on aggregate taxable income; it does not use the system of progression-by-bracket. It is conceded by authorities on public finance that the former progressive system is inferior to the latter one, although it does have the advantage of simplicity in administration as compared with the second system.

Because of the complexities involved in progressive taxation, the absence of reliable agricultural and population statistics necessarily mean more injustices in East China than in North China, where the simple proportional tax rate is used. This difficulty is heightened because the tax rates of East China progress not on the basis of gross income per household, but on the income per farm hand as defined in the tax law. The enforcement of such a complicated system calls not only for statistics on agricultural production but also for statistics on rural population. But in China these data are woefully inadequate.

Since most of East China was "liberated" during the year 1949 and land reform has since been completed, with the exception of the regions where the proportional tax is still in use, the progressive tax applicable to the newly "liberated"

1:Stanford U: S-4,5 1956 AF15 East China AF15

651 areas where land reform has been completed probably prevails.

In East China, rice paddies rather than dry farms are cultivated as a rule. Because of the amount of manual labor involved, the cost of production is normally higher for rice paddies than for dry farms, and for this reason the failure to allow for cost of production in reckoning the taxable income is particularly serious to farmers in East China.

IV. GOVERNMENT BONDS[2]

652 Since the Communist Government came into power in 1949, two issues of government bonds have been made, the first issued in 1950 called the People's Victory Bonds and the second in 1954 called the National Economic Construction Bonds. The first issue had an authorized amount of 200 million fen ( ), of which one half was issued in 1950. The fen is a commodity unit consisting of a total of 6 shih chin of rice, 1.5 shih chin of wheat flour, 16 shih chin of charcoal, and 4 shih chin of undyed cloth. The Jen-min-p'iao (JMP: People's currency) price of each of these constituent commodities is determined on the basis of the weighted average of the prices of the commodity prevailing in Shanghai, Tientsin, Hankow, Canton, Sian, and Chungking, using the weight of 45, 20, 10.5 and 10, respectively. The JMP price of the fen is represented by the sum of the values of its constituent commodities. All subscriptions, redemption, and interest payments on the bond issues have been made in JMP on the basis of

2. Based on reports published in Economic Weekly, Jan. 19, 1950, pp. 12-16. [807]

652 the value of the fen. The reason for using the fen unit is to safeguard the interest of bondholders against possible depreciation of JMP notes.

The first bond paid an interest of 5 per cent per annum. The entire amount of the bond issue was to be redeemed by lots in five annual installments on the basis of the following schedule:

Year	Amount to be redeemed
1951	10 %
1952	15
1953	20
1954	25
1955	30

Subscriptions for such a bond issue may come from three sources:

First, the interest yield on the bonds is lower than that prevailing in the market. In 1950, when the bond was issued, the banks in China were paying about 20 per cent per annum for deposit.[3] The yield of 5 per cent from the bond is apparently on the low side. Second, the system of the commodity unit may not provide any protection against the depreciation of JMP.

3. In June 1950, for instance, the interest in Shanghai amounted to 18/1000 per month or 21.6 per cent per annum. See Economic Weekly, Vol X, No. 24, June 15, 1950, p. 18.

652 This is possible because of the fact that the price of commodities included in the fen unit have been subject to government control and manipulation. According to official statistics, China's commodity prices in general were about 8 per cent lower in 1952 than they had been in 1950. A third possible burden which may arise rom such bond subscription lies in the fact that holders of the first bond issue often will be required to re-invest their funds in other bonds having a longer maturity and bearing a rate of interest lower than that of the first bond issue. This was actually what happened in 1954. It is beyond doubt that one of the purposes of issuing the National Economic Construction Bonds in that year was to reabsorb the funds paid out to holders of the first bond.[4]

The second bond issued by the People's Republic of China amounted to 6,000 billion JMP yuan (about US$2,400 billion) and went on sale in January 1954. The purpose of the bond was to "absorb surplus private savings" with a view to speeding up economic construction. The bond carries an interest of four per cent per annum and is redeemable in eight annual installments, to begin in 1955. According to a report published in the Far Eastern Economic Review, a part of the proceeds derived from sales of the new bond was applied to the repayment of the Victory Bond issue of 1950.

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4. Far Eastern Economic Review, Hong Kong, Vol. XVI, No. 14, April 8, 1954, p. 437.

652 Twenty-five per cent of the 100,000,000 fen issued were to be redeemed in 1954 and another 30 per cent in 1955, making a total of 55,000,000 fen redeemable in these two years. At the rate of 15,000 JMP to one fen, 55,000,000 fen would amount to about 820 billion yuan of JMP. This would be equivalent to about 14 per cent of the total amount of the second bond issue.

It was clearly stated by the Communist regime that the bond sales in 1950 would be directly mainly to residents in urban areas, particularly those in private industries and commerce, rather than to the rural population, civil servants, military personnel, and laborers. Consequently, the bulk of the first bonds were subscribed by the residents in cities.

The amount of government bonds purchased by East China was particularly large. Out of the total of 100 million fen of bonds sold in 1950, 45 million fen were subscribed by residents in East China, as against 30 per cent for Central-South China, 15 per cent for North China, 7 per cent for Southwest China, and 3 per cent for Northwest China. While there has been no official allocation for the subscription of the second bond as there has been for the first, beyond doubt East China contributed the lion's share of the total subscription. It is therefore clear that the burden arising from government bonds has been mainly a burden for East China, especially Shanghai.

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Annex "A," Subparagraph 3d,
Economic Background

BANKING AND CURRENCY

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652 The banking system in East China mirrors the banking system of Communist China as a whole. It consists of branches of the following institutions: (A) People's Bank of China; (B) Bank of China; (C) Bank of Communications; (D) Chinese People's Construction Bank; (E) Agricultural Bank of China; (F) Joint State-Private Bank; (G) Credit Co-operatives (the basic banking structure in rural areas); and (H) the Chinese People's Insurance Company, which is also a depositary of long-term funds and may be considered as a part of the Communist banking system in China.

I. THE COMMUNIST BANKING SYSTEM IN CHINA

A. People's Bank of China

The head office of the People's Bank of China is in Peking. A regional branch office in Shanghai, functioning as a regional head office for East China, was reduced in rank after the promulgation of the new Constitution in September 1954 and the abolition of the Greater Administrative Area of East China;

453 the Shanghai office is now simply a branch
652 office subject to direct control by the head office.

There are, besides the Shanghai branch, five branch offices in East China, one in each provincial capital:

Nanking	-	Kiangsu Province
Hangchow	-	Chekiang Province
Hofei	-	Anhwei Province
Foochow	-	Fukien Province
Tsinan	-	Shantung Province

Sub-branch offices are established under each of these branches in counties (hsien), cities, and major towns. Temporary organizations, called central sub-branch offices, are set up at such places as political centers or communications centers to oversee a certain number of sub-branch offices, but may be abolished as soon as the need for such offices ceases.

In addition, and below these three kinds of branch offices, there is a layer of subordinate offices, called agencies, sub-agencies, and stations, handling deposits and payments. These are generally located on main thoroughfares in large cities, in villages, and within schools, factories, and on military posts, and

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offer ordinary banking services. A great number of such "low-hierarchy" banking offices are found in every part of Shanghai; traveling bank agents visit villages to collect deposits and extend rural credit.

According to incomplete statistics there are about 600 sub-branch offices and about 40 central sub-branch offices to be found in 438 counties, 45 cities, and 34 major towns in the five provinces of East China, besides several thousand agencies and stations.

The branch offices of the People's Bank of China in the provincial capitals are the highest monetary organ of each province, except that the Shanghai branch office reports directly to the bank's head office. The branch offices[1] are empowered to: (a) to adjust the circulation of the currency; (b) act as agent for the state treasury; (c) accept current accounts and promote savings accounts; (d) extend credits to industry and commerce, both public and private, either directly or through affiliated banks; (e) handle the clearings of

1. Kuo-min Ching-chi Shih-yung Tz'u-tien [Popular Dictionary of Practical Economics], Shanghai, Ch'un-min Press, 1953, p. 8,013.

1:Stanford U. S-4, 5 1956 AF15 East China
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453 bills, transfer accounts, and facilitate re-
652 mittances; (f) extend rural credits either through its own agencies or through co-operatives; (g) look after the receipts and disbursements of foreign exchange handled by affiliated banks; and (h) handle any other monetary matters arising within their jurisdiction.

B. Bank of China

The Bank of China, a "semi-governmental" concern handling foreign exchange, is fully controlled by the Communist government. In view of its tradition and reputation, well-trained personnel, and overseas branches, the government allowed it to carry on business in its old status. The nine directors representing government interests were replaced with new government appointees, the twelve directors representing private interests were recognized, and new directors were elected from among the private shareholders at a recent shareholders' meeting. In fact, the Bank of China became a subsidiary of the People's Bank of China. Its head office was moved from Shanghai to Peking; the director-general of the People's Bank serves concurrently as the Chairman of the Board of the Bank of China, and the general manager of the Bank of China is appointed by the government.

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652 The Bank of China has 23 branches in China proper, wherever there is thriving foreign trade or a concentration of overseas remittances; a total of 11 overseas branches are maintained, at Hong Kong, London, Singapore, Penang, Kuala Lumpur, Calcutta, Bombay, Karachi, Chittagong, Rangoon, and Djakarta. These branches, established by the previous management, were transferred to control of the present management when Great Britian, India, Burma, and Indonesia recognized Communist China. Eight branches -- Saigon, Phnom Penh, Bangkok, Osaka, Tokyo, Havana, New York, Sydney -- are located in countries which did not recognize Communist China, and these branches are still controlled by the head office of the Bank of China in Formosa.

The Bank of China has six branches in East China: Shanghai in Kiangsu Province, Tsingtao and Chefoo in Shantung Province, and Foochow, Amoy, and Ch'üan-chou in Fukien Province. Under the three branches in Fukien Province there are a number of overseas Chinese "service" stations.

The Bank of China is entrusted by the People's Bank with the task of: (a) attending

1:Stanford U. S-4, 5 1956 AF15 East China
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453 to matters connected with the control of foreign
652 exchange; (b) handling foreign exchange, foreign securities, bills of exchange, and other commercial documents payable in foreign currency; (c) extending credits, and accepting deposits in connection with foreign trade; (d) looking after the accounts and clearings of foreign trade conducted by and through government organizations; and (e) controlling overseas remittances.[2]

Branches of the Bank of China, as agencies of the People's Bank, can engage in banking transactions other than foreign exchange if so directed by the People's Bank.

C. Bank of Communications

The Bank of Communications, a "semi-governmental" concern for handling industrial credits, was also allowed to continue in its old status because of its fine reputation as traditional as that of the Bank of China. The twelve directors representing government interests were replaced by new government appointees, and nine directors representing private interests were recognized. New

2. Ching-chi Chou-pao [Economic Weekly], Shanghai, No. 31, 1952, pp. 616-617.

453 directors were elected from among the share-
652 holders at a recent shareholders' meeting.

The Bank of Communications has its head office in Peking and maintains nearly 160 branches throughout the country, wherever modern industries exist. Of its three overseas branches, Hong Kong, Calcutta, and Rangoon are under the control of the Peking head office; because France and the Philippines have not recognized Communist China, the Saigon branch and the Philippine Bank of Communications (a subsidiary) are run by the head office of the Bank of Communications in Formosa.

Among the more important of the branches functioning in East China are: Shanghai, Nanking, Soochow, Wu-hsi, Ch'ang-chou, Chen-chiang, Nan-t'ung, Hsü-chou, Hai-men, and Ch'ung-ming in Kiangsu Province; Hangchow, Chia-hsing, Hu-chou and Ningpo in Chekiang Province; Wu-hu and Pang-pu in Anhwei Province; Foochow and Amoy in Fukien Province; and Tsinan, Tsingtao, Chefoo, Wei-hsien and Po-shan in Shantung Province

The Bank of Communications is authorized by the People's Bank to (a) handle government appropriations set aside for government construction and screen and approve applications for appropriations for such construction; (b) organize long-term investment markets; (c) control ownership rights for public shares of enterprises

1:Stanford U. S-4, 5 1956 AF15 East China
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453 operated by joint state-private interests; and
6521(d) handle long-term credits.[3]

Upon the establishment of the Chinese People's Construction Bank in 1954, the handling of appropriations for construction was transferred to the new bank; the Bank of Communications is now limited to looking after long-term credits to joint state-private industry. It is expected that the two banks may be merged as soon as the joint state-private industry becomes a state enterprise.

D. Chinese People's Construction Bank

The Chinese People's Construction Bank was established in October 1954 to handle the increasing number of government appropriations for construction projects and to meet the need for tighter supervision of expenditures for this purpose. Although the bank is nominally under the control of the Ministry of Finance, it is in effect another subsidiary of the People's Bank of China: it receives the appropriations from the People's Bank, credits them to the account of projects, and supplies to the projects the necessary short-term credits which are provided by the People's Bank according to the

3. Cheng Chu-yüan, Monetary Affairs of Communist China, Hong Kong, The Union Research Institute, 1954, p. 25.

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453 government's credit plans. The Chinese People's
652 Construction Bank has, therefore, only a negligible area of fiscal discretion.

Within a few months after its establishment, the Chinese People's Construction Bank set up branches near all government industries and stationed its agents at less important points. The branch offices are located in buildings occupied by the People's Bank of China or the Bank of Communications.

The bank's functions are: (a) to look after the funds for construction projects, either as provided by appropriations from the budget or as raised by the projects themselves; (b) to supply short-term credits to the contracting organizations undertaking work for the projects, according to the government's credit plan; (c) to settle accounts and make returns in accordance with the government's appropriations for the projects; and (d) to supervise the use of funds appropriated or raised, the arrangement of payment between the projects and contracting organizations, and matters related to the financing, cost-accounting, and investment in these projects.[4]

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4. New China News Agency, Peking, Sept., 13, 1954.

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E. Agricultural Bank of China

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The Agricultural Bank of China was established on March 25, 1955, and operates under the control of the People's Bank of China. Its functions are (a) the extension of long-term and short-term credits to jointly-operated agricultural, stock-raising, fishery, mutual-aid, and co-operative organizations as well as to individual producers; (b) the handling of capital investments allocated in the state budget for agriculture, forestry, and water conservation; (c) the guidance of credit co-operative organizations; (d) and the provision of savings-deposit services for rural residents, mutual-aid and co-operative organizations, collective farms, state agriculture, and water conservation.[5]

This bank was established to foster the acceleration of the Communist policy of co-operativization of agriculture. Its chief function is to promote and supervise credit co-operatives and to assure that extension of rural credits is soundly conducted.

F. Joint State-Private Bank

The Joint State-Private Bank was created in December 1952 as the result of the merger of

5. New China News Agency, Peking, March 25, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
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652 sixty private banks in Shanghai. It represents the extermination of private-banking enterprise in China. Its board is composed of 27 directors representing the Communist government and 76 directors representing private interests. The assistant managing director of the People's Bank is concurrently the chairman of the board of directors. The director of the East China regional office and the manager of the Shanghai branch of the People's Bank of China are concurrently vice-chairmen of the board of the Joint State-Private Bank with three vice-chairmen appointed from among the private bankers. The joint administration of the bank is headed by the vice-chairman who serves as manager of the Shanghai Branch of the People's Bank. Thus the Joint State-Private Bank is nothing more than a subsidiary of the People's Bank. Its head office is located in Peking; all branches of the component banks were merged and are now limited to branches in thirteen cities.

The merger resulted in unemployment for many bank employees. In Shanghai, for example, of 5,100 former staff members, 2,500 were employed by the new bank, 1,300 by the People's Bank, and the remaining 1,300 were sent to vocational training schools.[6] Failure to provide

6. Confidential report of Shanghai Commercial and Savings Bank, Hong Kong.

453 employment for all created bad feeling among
652 displaced banking employees.

The Hong Kong branches of nine component banks, namely Chin-ch'eng Banking Corporation, Yen Yeh Commercial Bank, China and South Sea Bank, Hsin Hua Savings Bank, the China State Bank, Ho Ch'eng Bank, the Young Brothers Banking Corporation, the National Commercial Bank, and the National Industrial Bank, were allowed to continue operations under a supervisor appointed by the People's Bank and stationed in Hong Kong.

The branch of the Shanghai Commercial and Savings Bank, a component bank which had been separately registered under Hong Kong banking regulations and had a separate board of directors, severed connections with its Shanghai head office and submitted to the control of its head office in Formosa, established in 1954 by permission of the Chinese Nationalist Government. The Chekiang First Bank of Commerce in Hong Kong, the parent of which is also a component bank, was established in 1950 with independent capital under Hong Kong banking regulations; it now operates as a local bank. Thus the Shanghai Commercial Bank and the Chekiang First Bank of Commerce in Hong Kong are the only remnants of Chinese commercial banking.

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453 The Joint State-Private Bank has
652 branches in Shanghai, Nanking, Hangchow Tsingtao, and Amoy. Under the Shanghai branch there are twenty-seven agencies within the city. The functions of the Joint State-Private Bank are (a) the handling of accounts of private enterprises; (b) the extension of short-term credits to private enterprises, subject to approval by the People's Bank; (c) the handling of overseas Chinese remittances and inland remittances for the account of the Bank of China through the branches of component banks still operating in Hong Kong; (d) the acceptance of savings deposits for the account of the People's Bank.[7]

G. Credit Co-operatives

452 The credit co-operatives, the basic level
474 of the People's Bank in rural areas, are of three types -- credit co-operatives, credit departments, and mutual-aid teams.

The credit co-operative is a high-level organization with members and a board of directors; capital shares are subscribed by the members, and these deposits become the co-operatives's main financial source.

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7. Ibid.

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474 The credit departments of supply and marketing co-operatives have neither separate membership nor independent capital. Their operating funds are derived from deposits and some special funds appropriated by the co-operatives concerned.

Credit mutual-aid teams are small, simple organizations. Developed from the traditional loan medium in rural areas, they consist of twenty to thirty farmers, each of whom subscribes an equal amount of capital to be used to help any member who may be in need of assistance. Credit is granted by the agreement of subscribers and is redeemed in installments.

In East China there were about 15,000 credit co-operatives (about 19 per cent of the total in the country) at the beginning of the fourth quarter of 1954. Of these, 6,083 co-operatives were in Shantung Province, 4,355 in Chekiang Province, 1,578 in Fukien Province, 1,566 in Kiangsu Province, and 1,481 in Anhwei Province. At the same time there were 41 credit departments in Kiangsu and 101 in Anhwei, and 7,689 mutual-aid teams in Anhwei, 5,179 in Fukien, 2,987 in Kiangsu, and 1,397 in Chekiang.[8]

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8. Ta-kung Pao [Ta-kung Daily], Tientsin, Dec. 14, 1954.

1:Stanford U. S-4,5 1956 AF15 East China AF15

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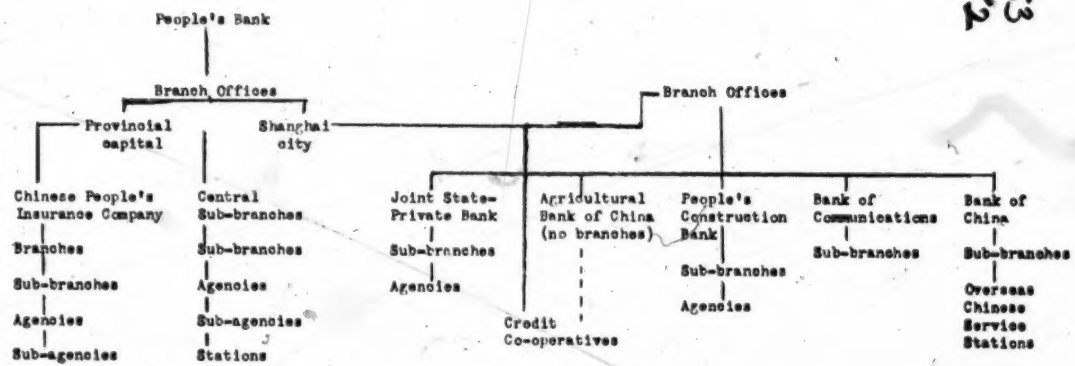

BANKING SYSTEM IN EAST CHINA

[Face p. 825]

1:Stanford U. S-4, 5 1956 AF15 East China
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H. Chinese People's Insurance Company

456 On assuming control of Shanghai, the Communists took steps to eliminate both foreign-operated and Chinese-owned insurance firms and to convert the insurance business into a government monopoly. On October 20, 1949, the Chinese People's Insurance Company, a government concern, was established under the guidance of the Ministry of Finance and the People's Bank; its branches, sub-branches, and agencies now extend throughout China. All offices of the People's Bank in small towns and rural areas act as its agents. Government agencies, state enterprises, and co-operatives, and all persons traveling by train, steamer, and airplane, must obtain insurance from this company. Fire, accident, automobile, agricultural, and life insurance are voluntary, but collective personal insurance and insurance on plowing animals and cotton crops are particularly encouraged.

Concentration of the entire insurance business in the Chinese People's Insurance Company and promotion of all forms of insurance serve as an important means of accumulating
453 scattered funds in the People's Bank. The
652 following chart outlines the banking system in East China:

1:Stanford U. S-4, 5 1956 AF15 East China
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457 Foreign banks, the pillars of the Shanghai money market for nearly two centuries, withdrew from Shanghai, Tsingtao, and Amoy when the government sought to monopolize foreign trade. The control of overseas remittances was assumed by the Bank of China. Restrictions on the movement of foreign personnel, high taxes on their property, and unreasonable demands on the part of Chinese employees made it impossible for foreign banks to continue.

426 Pawnshops, the oldest credit mechanism for the common people, were unable to obtain credit from banks after the Communists enforced selective credit controls. The working capital of East China pawn shops, particularly in Kiangsu and Chekiang provinces, had come from bank credits and deposits. But under the provisional regulations governing pawnshops, promulgated in September 1950, they were required to increase capital, were forbidden to accept deposits, and were subject to many other restrictions. As a result, most of them "voluntarily" discontinued business. At the end of 1952 those few pawnshops which had remained in business were advised to close.

453 The only remnants of the so-called capitalist banking structure in East China are three overseas Chinese banks in Shanghai, a branch of the Overseas Chinese Banking Corporation of Singapore, a branch of the Bank of East Asia of Hong Kong, and the Chi-yu Banking

453 Corporation of Amoy, organized by the overseas Chinese; two overseas Chinese banks remain in Amoy, a branch of the Overseas Chinese Banking Corporation and the Chi-yu Banking Corporation. They are allowed to continue operation, because the Communists are attempting to build good will among overseas Chinese, but they are allowed to handle only a small number of overseas remittances.

Before the Communists took over, Shanghai had two government banks (the Central Bank of China and the Farmers' Bank), two "semi-government" banks (the Bank of China and the Bank of Communications), one provincial bank, one municipal bank, 15 foreign banks, 74 modern commercial banks, and 76 native banks; all were either head offices or controlling offices. In addition there were 60 branch offices of commercial banks registered elsewhere. The elimination of all of these banks was tantamount to the liquidation of the old banking structure in China and made possible the establishment of a Communist banking structure.

II. BANKING OPERATIONS IN EAST CHINA

The People's Bank of China has become the supreme monetary organization and all other banks are in effect its subsidiaries. Each bank operates as a part of the whole.

1:Stanford U. S-4, 5 1956 AF15 East China
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453 The main objectives of all banking operations are to force all persons and organizations to keep accounts with the banks and to make sure that credits granted are used according to government plan. Fulfillment of these objectives will mean the subjection of all economic activity to Communist control.

A. Cash Control

All cash held by public and private organizations, co-operatives, and individuals, except for nominal amounts, must be deposited with the local office of the People's Bank or its designated agency. All payments, except those for salaries, wages, and purchases of products in rural areas, must be made by check. The net proceeds of each day's operations must be banked that day, and the maximum amount of cash one person can hold is PB$ 2 million[9] (about US$ 80). To avoid currency inflation, checks issued to public organizations are valid only one day, those issued to private enterprises are valid only three days, and none are transferable. To restrict issuance of checks for local transactions, various means of transference have been devised.

Domestic remittances were facilitated

9. Monetary Affairs of Communist China, p. 84.

1:Stanford U. S-4, 5 1956 AF15 East China
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453 by incorporating post offices into the agency network of the People's Bank of China. The 30,000 agencies throughout the country in early 1953 handled remittances of unrestricted amounts[10] at a negligible fee, from 1/1,000 to 5/10,000 of the value of the remittance transferred within a province, and twice these fees for a remittance transferred between provinces. Payments in the five cities of Peking, Tientsin, Shanghai, Hankow, and Canton are made free of any fee; in many places mobile bank-service teams furnish cash pickup service; in rural areas remittance service is available twenty-four hours a day. At the same time, cash permitted to be carried while traveling is limited to PB$ 1 million (about US$ 40).

454 Savings deposits are also vigorously promoted by the People's Bank for the dual purpose of checking inflation and channeling idle funds to industry and agriculture. In areas of concentrated population, industry, or governmental activity, small offices handle savings; in areas of scattered population, mobile service teams solicit savings from house to house. Current savings draw high interest rates of 5.1 per cent to 5.4 per cent per annum; fixed deposits pay from 9 per cent to 14.4 per cent. Reports in early 1954 place the total amount of deposited

10. Ibid., pp. 55-56.

454 savings in the country at PB$11,348 billion (about US$ 453 million); the amount in East China at the end of February 1954, was PB$1,310 billion (about US$ 52 million), 8.6 per cent of the total. Rural savings were 38 per cent as against 62 per cent in urban areas, suggesting that there is a lack of surplus purchasing power in rural areas.[11]

When the state grain monopoly was established in 1953, and the cotton monopoly in 1954, peasants were encouraged to deposit their sales proceeds with the People's Bank or with credit co-operatives. Interest rates of 18 per cent per annum for deposits under three months and 24 per cent for those over three months were offered, but these were reduced to 14.4 per cent for the former and 18 per cent for the latter.[12] Few savings were attracted by this policy, particularly in East China; of the proceeds of the 1954 harvest, only 5 per cent was deposited by the farmers of Kiangsu Province, which had been considered the richest province in the region.

B. Credit Control

452 After all private and foreign banks were, in effect, eliminated and all bank credit had been

11. Jen-min Jih-pao [People's Daily], Peking, Jan. 25, 1954, March 3, 1955; Ta-kung Daily, Feb. 12, 1954.

12. People's Daily, Nov. 20, 1953.

452 centralized under the control of the People's Bank, the bank extended its credit monopoly by eliminating commercial credit and supervising the use of credit. Credit purchases between public enterprises and between public and private enterprises were prohibited. Bank credit is granted only when the use to which the funds will be put is specified and no diversion of funds is allowed. The task of supervising credit is shared between the People's Bank and its affiliated banks, depending upon the nature of the enterprise concerned.

Interest rates favor public enterprises over private ones, and industrial enterprises over commercial ones. Interest charges to private industry are graduated according to the degree of government control of that industry (the more control, the lower the rate), and in the case of commercial enterprises the interest rate is lower for essential goods. Interest rates have been reduced since 1950, but in line with the Communist policy of eliminating private enterprise little reduction was granted to credits for private industry and commerce. The annual rates[13] effective March 1955 are:

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13. Ta-kung Daily, Feb. 24, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
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Public industry.....	5.58 per cent
Public commerce.....	8.28 per cent
Private industry.. ...	10.80 - 19.80 per cent
Private commerce ...	16.20 - 23.40 per cent

Rural credit is insufficient. Landlords and pawnshops, former credit sources, have been eliminated; over 200,000 villages need credit agencies, but a network of this sort has not been completed. During 1953, rural credit amounted to PB$ 11,721 billion (less 10 per cent for state enterprises). Only 28 per cent of all villages had credit co-operatives, and the average credit granted was not over PB$ 210,000,000 (about US$ 8,400) per village; most of the funds were granted to producers' co-operatives and less than 30 per cent to individual peasants.[14]

There are three types of rural credit: (1) one- to three-year production loans for machinery, plowing animals, irrigation works, small tools, and fertilizer; (2) short-term loans for public trading organizations and co-operatives to cover purchasing, transportaton, and marketing expenses; and (3) relief loans with short maturity, mostly for immediate living expenses, extension of which is rare.

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14. Ibid., Jan 6, 1954.

1:Stanford U. S-4, 5 1956 AF15 East China
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III. CURRENCY

A. Currency System

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The Communist paper currency, Jen-min-p'iao (People's Bank notes)[15] was first introduced upon the establishment of the People's Bank of China in December 1948. The only legal tender, it was first issued in denominations of 1, 5, 10, 20, 50 and 100 yuan. On March 1, 1955, all old notes were called in and replaced by new People's Bank notes at the rate of ten-thousand to one. All obligations and liabilities, including those of the government, were scaled down in a similar fashion. Denominations of the new currency are 1, 2, 3, 5, and 10 yuan, and there is subsidiary currency of 1 chiao (10 cents), five chiao, 1 fen (1 cent), 2 fen, and 5 fen. No 10-yuan notes are to be issued at this time.

People's Bank notes are not backed by metallic or foreign-currency reserves, have no legal reserves, and cannot be converted into foreign currency. The Communists first claimed reserves in the form of food and cotton cloth, and later explained that the notes were backed by the balance of budget receipts and

15. Monetary Affairs of Communist China, p. 65.

1:Stanford U. S-4, 5 1956 AF15 East China
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436 payments, the balance of supplies, and of
652 foreign trade. When translated into the language of a capitalist economy, this means that the stability of the currency is secured by excessive imposition, controlled distribution of supplies, forced concentration of cash funds in government banks, and exports made possible by domestic starvation.

B. Currency Control

People's Bank notes had been stabilized before China's economy was fully controlled. As had been true with previous currencies, the new currency also underwent its acid test in the Shanghai market. Issue of the People's Bank notes began in Shanghai in June 1949, at PB$ 1 for 100,000 Nationalist dollars. One silver dollar was redeemable by PB$ 1,200, and all gold, other silver, and all foreign currenc was prohibited from circulating. The first reaction in Shanghai was unfavorable, with gold, silver, and hard currency prices soaring; this reaction spread throughout the whole country.

In November of 1949 the rate per silver dollar was raised from PB$ 1,200 to PB$ 2,000, while the black-market rate rose from PB$ 2,800 to PB$ 4,500 from July to November 1949. United States Dollar notes similarly increased in the same period from PB$ 2,000 to $6,700 on the official counter and from PB$ 2,800 to

436 $3,000 in July, to $17,000 on the black market
652 in November.[16] The price of rice multiplied nine times from May 30 to November 8; the curb interest rate increased from 36 per cent per annum in July to 100 per cent in November.[17]

Acting to slow this inflation, the Communists imposed strict controls on jewlers, whose customers had to furnish all materials, who were forced to make detailed reports of all transactions; hundred of illegal operators and loan sharks were arrested, all exchange shops and gold shops were closed. The government collected some essential materials for dumping on the market, and party cadres on every commodity market enforced government fixed prices. These measures slowed inflation but did not stop it; the end-of-1949 price index was thirty times that of May 1949. People's Bank notes were stabilized for the first time when the government announced its nearly balanced budget for 1950, and when an issue of Victory Bonds forced the expenditure of surplus purchasing power.

The initial stability of the People's Bank notes was nearly broken by China's participation

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16. Far Eastern Economic Review, Hong Kong, Dec. 1, 1949, pp. 702-703.
17. Ibid., Feb. 2, 1950.

1:Stanford U. S-4, 5 1956 AF15 East China
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486 652 in the Korean War and the resulting budget deficit. But the inflationary pressures were quite successfully suppressed by a web of controls covering the entire economic life of the people.

Between January 1950 and February 1955, the pubchasing power of People's Bank notes steadily declined. Measured by parity unit, PB$ 14,055 in January 1950 had the same purchasing power as PB$ 24,829 in February 1955. The value of People's Bank notes, in comparison with the Hong Kong dollar, declined approximately 16 per cent in the same period (January 1950, PB$ 3,498 = one Hong Kong dollar; in February 1955, PB$ 4,270 = one Hong Kong dollar).[18]

The main instrument of currency control was the reduction of currency in circulation by forcing people and organizations to open bank accounts, restricting the cash they might hold, and the promotion of savings deposits. The most ruthless and also the most effective measure for reducing currency circulation was the extraction of personal savings by force. Of the issue of Victory Bonds of US$ 70 million, about 45 per cent was allocated to East China.

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18. Ibid., Feb. 2, 1950, p. 159; and March 3, 1955, p. 282.

436 A donation campaign begun by the Communists
652 in 1951 drew the equivalent of US$ 220 million, or 40 per cent of the total expected from East China. The Three-Anti Campaign to eradicated graft and corruption, and the Five-Anti Campaign to prohibit illicit profits made by private capitalists, involved some 100,000 public servants and 450,000 owners of private enterprises, from whom an enormous amount of fines was extracted. Crowds swarmed into the People's Bank in Shanghai early in 1952 to convert their hoarded gold into notes in order to pay their fines, and virtually all private gold hoards in the cities were wiped out at that time.

The reconstruction loans issued in the period 1935-55 were designed to gain control of excess savings of the workers and the peasants and were not directed primarily toward the well-to-do.

IV. PEOPLE'S REACTION TOWARD COMMUNIST CURRENCY

436 Paper currency first became acceptable in East China, particularly south of the Yangtze River, because foreign notes were frequently brought back to Amoy by overseas Chinese. But the preference for precious metals and hard currencies has never been abandoned, and the preference was strengthened by the collapse of the Nationalist currency. The Chinese people have no more confidence in Communist currency

1: Stanford U. S-4,5 1956 AF15 East China AF15

436 than in any other paper currency.

In spite of the outflow of large quantities of gold to Hong Kong immediately before the Communists overran China, and the large surrender of gold during the Three-Anti and Five-Anti campaigns, the people south of the Yangtze still hold some gold, and the people in Shantung and northern Anhwei still hoard some silver. Reports indicate that gold is being smuggled to Amoy and Shanghai from Hong Kong.

The current value of People's Bank notes is reflected on the black market in Hong Kong, where its value fluctuates according to conditions on the China Mainland. Just before the war in Korea, People's Bank notes were selling at a price approximating the official rate. Just before the issue of the new currency in 1955, the quoted value was approximately 63 per cent of par; just after the new issue, the value rose to approximately 80 per cent of par. Inconsiderable black market currency transactions continue between Hong Kong and the Mainland. In spite of their success in forcing the Chinese people to trade in People's Bank notes, the Communists cannot build confidence in paper currency as a medium of exchange. The post war trust in gold, silver, or hard foreign currency is hard and fast as the business communities desire to return to a system of free enterprise.

1: Stanford U. J-4, 5 1956 AF15 East China AF15

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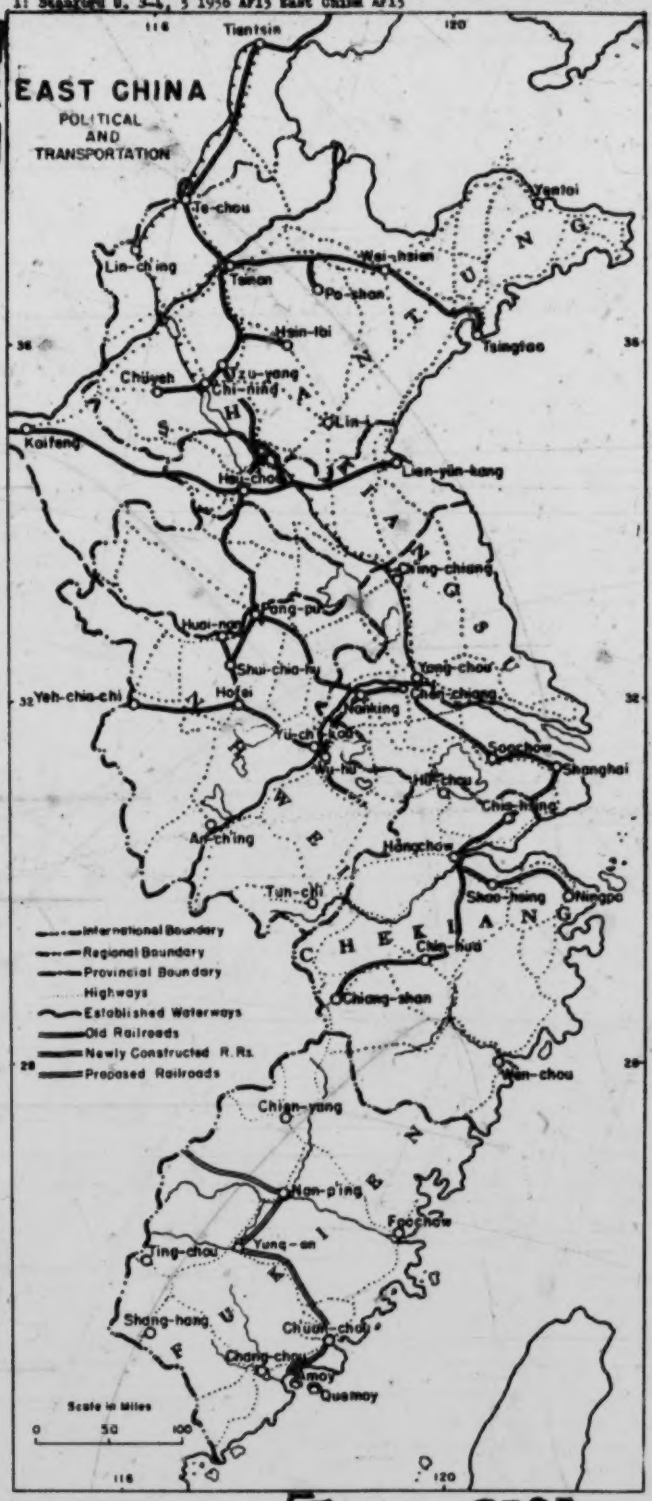

[Face p. 839]

1:Stanford U. S-4, 5 1956 AF15 East China
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Annex "A," Subparagraph 3e,
Economic Background

TRANSPORTATION AND DOMESTIC TRADE

489 The transportation facilities of East China, especially because of the region's dominant position in ocean shipping, are farther advanced than those in other regions of the country. Except in Fukien, railway transportation plays a very important role among the East China provinces; in the development of highways, special attention had been paid to the construction of a highway network in the coastal areas and linking it with the principal national highways of other regions. As for aviation, it has not been significant in local transportation because East China lacks up-to-date commercial planes. In connection with domestic trade, East China has been a major source of supply of daily necessities to the entire country. Most of China's textile and light-manufacturing factories are located in Shanghai and Tsingtao in this region.

I. RAILWAY REHABILITATION AND CONSTRUCTION

496 After World War II, the Chinese Nationalist Government exerted great effort to

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Table 1.

The Railway Lines of East China-1956*

(unit: km.-kilometers
mi.-miles

Railway Lines	Sectional Terminals	Length

[Face p.840 a]

1:Stanford U. S-4,5 1956 AF15 East China AF15

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The Tsinan Railway Administration

A. Trunk Lines		
1. Tientsin--P'u-k'ou	Tschou--Pangpu	779 km. (487 mi.)
2. Lunghai	Lienyün--Shangch'iu	1,740 km. (1,088 mi.)
3. Tsinan--Tsingtao	Tsinan--Tsingtao	396 km. (247 mi.)
4. Pangpu--Suichiahu	Pangpu--Suichiahu	61 km. (38 mi.)
5. Hainan	T'ienchiaan--Yühsik'ou	214 km. (134 mi.)
B. Branch Lines		
1. Chinlingchen-T'iehshan	Chinlingchen--T'iehshan	7 km. (4 mi.)
2. Changchou--Tzupo	Changchou--Tzupo	40 km. (25 mi.)
3. Tz'uyao--Hsint'ai	Tz'uyao--Hsint'ai	66 km. (41 mi.)
4. Liuch'üan--Chiawang	Liuch'üan--Chiawang	16 km. (10 mi.)
5. Shuichiahu--Patashan	Shuichiahu--Patashan	43 km. (27 mi.)
6. Hsüehih'eng--Tsaochuang	Hsüehch'eng--Tsaochuang	31 km. (19 mi.)
	Total	3,392 km. (2,120 mi.)

[Face p. 840 b]

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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[Face p. 840c]

The Shanghai Railway Administration

A. Trunk Lines		
1. Shanghai--Nanking	Shanghai--Nanking	312 km. (195 mi.)
2. Shanghai--Ningpo	Shanghai--Hangchow--Ningpo	187 km. (117 mi.)
3. Nanking--Wuhu	Nanling--Wuhu	107 km. (67 mi.)
4. Tientsin--P'uk'ou	Pangpu--P'uk'ou	779 km. (487 mi.)
5. Chekiang--Kiangsi	Hangchow--Yingt'an	949 km. (593 mi.)
B. Branch Lines		
1. Paoshanlu--Yüntsaopin	Paoshanlu--Yüntsaopin	15 km. (9 mi.)
2. Chinhua--Lanch'i	Chinhua--Lanch'i	23 km. (14 mi.)
	Total	2,372 km. (1,482 mi.)
	Grand Total	5,764 km. (3,502 mi.)

*Ito-Toshio, Chukyo Tetsudo No Genjo /The Present Conditions of the Chinese Communist Railways/, Tokyo, Gaimusho /Ministry of Foreign Affairs/, 1954, pp. 42-53; Ling Hung-hsün, Chung-kuo T'ieh-lu Kai-lan /General Survey of the Chinese Railways/, Taipei, 1950, pp. 27-34.

1:Stanford U, S-4, 5 1956 AF15 East China
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496 restore railways in East China and North China because these regions are political as well as commercial centers of the country. But since coming to power in 1949 the Communists have paid little attention to the expansion of railway facilities in East China. Those railways which are in operation are in poor condition.

499 In addition to the railways listed above, the Communist authorities announced in the early part of July 1955 that a new railway from Amoy, Fukien Province, to Ying-t'an, a key point on the Chekiang-Kiangsi Railway in Kiangsi Province, was under construction. It was reported that construction began in October 1954 under the leadership of the railway engineering corps and with the mobilization of civilian workers.[1] The detail routing has not been disclosed, but the total distance covered is about 260 miles.[2] According to a report by General Wang Chen, the commander, the Chinese Railway Corps is attempting to reduce the construction cost. It is planned that the cost per kilometer will be cut from 829,000 yuan ($331,600) to 677,000 yuan (US$ 271,000). Although this railway will pass through mountainous regions where the rainfall is extremely heavy, the workers are expected to accomplish the task within the shortest possible time.[3] This will be the first railway ever build in Fukien Province, and it will serve in the development of the province's economy.

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1. Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 11, 1955.
2. Ibid.
3. Jen-min Jih-pao [People's Daily], July 31, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
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498 A. Railway Plants in East China

There are six large railway plants in the East China Region.[4]

Name	Location
Ssu-fang Railway Plant	Tsingtao, Shantung
Tsinan Railway Plant	Tsinan, Shantung
P'u-chen Railway Plant	P'u-chen, Kiangsu
Ch'i-shu-yen Railway Plant	Wu-chin, Kiangsu
Hsiao-shan Railway Plant	Hsiao-shan, Chekiang
Chang-hua-pin Railway Bridge Plant	Shanghai

Of the railway plants, listed above, Ssu-fang, P'u-chen, and Ch'i-shu-yen are the best equipped.[5]

B. Through-Express Trains

497 There are two through-express trains operating between East China and other regions: The Peking-Shanghai through-express train

4. Chung-kung Wen-ti [Chinese Communist Problems], Hong Kong, Tzu-yu ch'u-pan-she, Series No. 1, 1954, pp. 75-76.
5. Ibid., p. 76.

1:Stanford U. S-4, 5 1956 AF15 East China
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497 starts from Cheng-yang-men Station in Peking, passing through Tientsin, Te-chou, Tsinan, T'ai-an, Hsü-chou, Nanking, Chen-chiang, Wu-hsi, Soochow, and reaches Shanghai. The journey takes about thirty-one hours and thirty-five minutes, covering a distance of 1,465 kilometers.[6] The Shanghai-Canton through-express train starts from Shanghai, passing through Hangchow, Chin-hua, Ying-t'an, Chu-chou, Heng-yang, Shao-kuan, and reaches Canton. The journey takes forty-three hours and twenty-four minutes, covering a distance of 1,822 kilometers.[7]

II. HIGHWAY ROUTES IN EAST CHINA

491 The exact length of the highway network in East China is difficult to determine, because (1) the provincial reports on the extent of highways in this region differ from those made by national surveys, (2) no distinction is made between provincial roads and country roads, (3) there is a lack of consistency in reports concering the completion of the construction of roads and the number of roads opened or closed to traffic. In the present study, all the major national highways which pass through the East

6. Ibid., p. 85.
7. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Table 2.

National Highways of the East China Region*
(unit: km.-kilometers
mi.-miles)

Name & Number	Terminal	Route	Length
Basic 1	Shanghai--Lhasa	Shanghai, Nanking, Wuhu Anch'ing	5,221 km. (3,262 mi.)
Basic 3	Wawei--Huocrhuosau	Foochow, Kut'ien, Chienou, Chiouyang, Shaowu	5,385 km. (3,365 mi.)
Longitudinal			
No. 1	Hsian--Shanhaikuan	Hsap'ing, F'uch'eng, Hanchow, Wuhsing, Nanking, Huaiyeh, Ch'ingch'eng, Tsinan	4,297 km. (2,686 mi.)
No. 2	Sutow--Chouchink'ou	Anch'ing, T'ungch'eng Liuan, Chengyangkuan	2,042 km. (1,276 mi.)
Lateral			
No. 1	Amoy--Hunankuan	Amoy, Lungch'i, Lungyen, Ch'angting	1,921 km. (1,201 mi.)
No. 2	Shanghai--T'iensheng'ch'iao	Shanghai, Hangchow Tunch'i, Ch'iuen	2,782 km. (1,739 mi.)
No. 3	Lüsukang--Liach'eng	Lüsukang, Haimen, Nant'ung Chiangto, Liuan	2,053 km. (1,283 mi.)
No. 4	Liouyükang--Hingt'ehai	Liouyükang, Kuanyüan, Shuyang, Hüchow	5,659 km. (3,537 mi.)
No. 5	Tsingtao--Ninghsia	Tsingtao, Weihsien, Tsinan, Chihe, Liaoch'eng	3,949 km. (1,218 mi.)
Longitudinal			
No. 2			
Branch 1	Shehsien--Wuhu	Wuhu, Hüanch'eng, Ninghsu, Chihch'i	242 km. (151 mi.)
Lateral			
No. 2			
Branch 2	Yungchia--Yungwan	Yungchia, Ch'ingt'ien, Liaoui, Lungyu	659 km. (412 mi.)
Branch 3	Hsiangshan--Hangchow	Hsiangshan, Ninghai, Tsao-o	257 km. (160 mi.)
No. 6			
Branch 1	Weihsien--Weihaiwei	Weihsien, Ch'ang-i, Huangheien, Chefoo	480 km. (300 mi.)
		Total	32,947 km. (20,592 mi.)

*Kuo-tao Wang /The National Highway Network/, Hsing-cheng-yüan, Hsin-wen-chü /Bureau of Information, Executive Yuan/, Nanking, 1947, pp. 2-59.

(Table 2 faces p. 844.)

1:Stanford U. S-4, 5 1956 AF5 East China
AF15

491/China Region and some of the essential inter-provincial highways connecting important cities and towns in this region are discussed.

The total length of highways[8] of East China was estimated at 27,494 kilometers (17,184 miles) in 1951. The following table shows the main national highways passing through the East China Region:

8. Mao Shou-chin, Kung-lu Chiang-shih [General Information on Highways], Shanghai, Jen-min Ch'u-pan-she, 1951, p. 6.

1:Stanford U. S 4,5 1956 AF15 East China AF15

Table 3.

491 The Principal Inter-provincial Highways of East China*
(unit: km-kilometers
mi-miles)

Highway	Terminals	Length
Chi--Tai	Tsinan--Taierhchuang	492 km. (307 mi.)
Ning--Kan	Nanking--Changwangmiao	475 km. (297 mi.)
Fu--Hsia	Foochow--Amoy	298 km. (186 mi.)
Fu--Chiao	Foochow--Chiaowei	298 km. (186 mi.
Hsia--Ai	Amoy--Ailing	392 km. (245 mi.)
Ou--P'eng	Chiaoou--P'engk'ou	333 km. (208 mi.)
Ning--Hang	Tangshan--Hangchow	323 km. (202 mi.)
Ning--Hu	Nanking--Shanghai	351 km. (219 mi.)
Hu--Hang	Shanghai--Hangchow	209 km. (130 mi.)
Hang--Ning	Hangchow--Ningpo	—
Hang--She	Hangchow--Shehsien	214 km. (134 mi.)
Wu--Ch'ing	Wu--Ch'ingyang	—
Wu--Tun	Wuhu--Tunch'i	—
P'u--Ho	P'uk'ou--Hopei	—
Wan--Kan	Hopei--Anch'ing--Nanchang	—
Fu--Cheng	Fuyang--Chengyangkuan	—
Fu--Pang	Fuyang--Pangpu	—
Su--Wen	Suhsien--Wenchou	317 km. (198 mi.)
Hsü--Huai	Hsüchou--Huaiyin	234 km. (146 mi.)
Hai--Ch'ing	Lienyünkang--Ch'inghaichi	301 km. (226 mi.)
	Total	4,297 km. (2,688 mi.)

*Fei-chü Ti Kung-lu Chiao-t'ung /The Highway Transportation of Communist China/, Taipei, The Central Committee of the Chinese Nationalist Party, 1953, pp. 24-27.

(Table 3 faces p. 845)

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

491 There are numerous provincial and hsien roads in East China. The following table shows some of the important inter-provincial highways in East China:

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Table 4.

The Inland Water Routes of East China*
(unit: km.-kilometers
mi.-miles)

River	Routes	Distance	Grade

[Face p. 846 (a)]

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Yellow River System			
Chiaolai Canal	Chiaochouwan——Laichouwan	150 km. (94 mi.)	1
Hsiaoch'ing River	Tsinan————Pohai	205 km. (128 mi.)	4
Yellow River	Tsinan————T'ungkuan	790 km. (494 mi.)	4
Hwai River System			
Hwai River	Lienyünkang——Chengyangkuan	600 km. (375 mi.)	4
	Chengyangkuan—Hsinyang	290 km. (181 mi.)	6
Ch'uan-ch'ang River	Funning————T'ienshengkang	250 km. (156 mi.)	6
Hui River	Wuho————Linhuanchi	180 km. (113 mi.)	6
Li River	Hungtse Lake——Ssuhsien	100 km. (63 mi.)	6

[Face p.846 (b)]

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Yangtze River System

Yangtze River	Shanghai——Hankow	1,100 km. (688 mi.)	1
Yung River	Chenhai——Ningpo—Fenghua	105 km. (66 mi.)	5
Yünho (Canal)	Ningpo——Hangchow	150 km. (94 mi.)	5
Fuch'un River	Hangchow——Ch'angshan	325 km. (203 mi.)	5
Hsinan River	Chiente——Hsiunning	195 km. (122 mi.)	6
Ou River	Yungchia——Lishui	135 km. (84 mi.)	5
Tach'i River	Lishui——Lung h'üan	112 km. (70 mi.)	6

Min River System

Min River	Minchiangkou—Foochow	56 km. (35 mi.)	1
	Foochow——Nanp'ing	170 km. (106 mi.)	4
Chiench'i (River)	Nanp'ing——P'uch'eng	160 km. (100 mi.)	5
Tungch'i (River)	Chienou——Sungch'i	97 km. (61 mi.)	6
Ch'ungch'i (River)	Chienou——Ch'ungan	137 km. (85 mi.)	6
Shach'i (River)	Nanp'ing——Yungan	160 km. (100 mi.)	5

[Face p. 846 (c)]

1:Stanford U. S 4,5 1956 AF15 East China AF15

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Chiulungch'i (River)	Yungan--------Ninghua	130 km. (81 mi.)	6
Futunchi (River)	Nanp'ing-------Kuangtse	200 km. (125 mi.)	5
Chinchi (River)	Shunch'ang-----Chianglo	65 km. (41 mi.)	6
Yuch'i (River)	Yuch'ik'ou-----Yuch'i	40 km. (25 mi.)	6
Shuang ch'i (River)	Foochow--------T'angch'eng	85 km. (53 mi.)	6
Mulanch'i (River)	P'ut'ien-------Hsienyu	45 km. (28 mi.)	6
Chin River	Chinchiang-----Yungch'un	85 km. (53 mi.)	5
Chiulung River	Amoy----------Lingyen	290 km. (181 mi.)	5
Lung River	Changp'ing-----Ningyang	43 km. (27 mi.)	5
	Amoy----------Ts'aoli	65 km. (41 mi.)	6
	Total	6,515 km. (4,072 mi.)	

*Hsing-ching-yuan Hsin-wen-chü [Bureau of Information, Executive Yuan], Hang-tao-wang [The Navigation Route Network], Nanking, 1947, pp. 19-44.

(Table 4 faces p. 846.)

[Face p. 846 (d)]

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF15

494 Because of the limited supply of gasoline and the minimal domestic production of motor vehicles, the cost of motor transportation is comparatively high in China. But in the coastal regions of East China, where imported fuel is available, the cost may be somewhat lower than in the interior provinces. Large-scale development of motor transportation is still remote. Motor transportation (including short-haul passenger service) is used only in those regions where neither rail nor water transportation are available.

III. INLAND WATER ROUTES

505 487 Water transporation, especially coastal shipping, plays a very important role in East China. Four of the five provinces have coastlines and important seaports. There are two major navigable rivers, the Yangtze River and the Yellow River; other rivers, including the Hwai and the Min, and many smaller streams are navigable by small steamers and junks. Some of the more important navigable rivers are listed in the following table:

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF15

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487 The different "grades" of waterways are determined by the navigability of each river, as explained in the following table:

Table 5. The Grades of Waterways*

Grade	Depth of Water (meters)	Boat Tonnage (gross tons)
1	5-8 (16-24 ft.)	10,000
2	3.8 (12.5 ft.)	2,000
3	3.2 (10.5 ft.)	1,000
4	2.8 (9.2 ft.)	600
5	2.5 (8.2 ft.)	300
6	1.5 (4.9 ft.)	60

* Hang-tao-wang [The Navigation Route Network], Nanking, Hsing-cheng-yüan Hsin-wen-chü [Bureau of Information, Executive Yuan], 1947, pp. 3-5.

The section of the Yangtze River between Shanghai and Hankow and the section between the mouth of the Min River and the city of Foochow are classified as Grade 1 routes and can accomodate steamers up to 10,000 tons.

IV. COASTAL SHIPPING IN EAST CHINA

Shanghai is the center for nearly all the coastal shipping routes. There are about eleven

1:Stanford U. S-4; 5 1956 AF15 East China AF15

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Table 6.

The Coastal Shipping Routes of East China*

(unit: km.-kilometers
mi.-miles)

Shipping Line	Routes	Distance
Shanghai--Tientsin	Shanghai--Tsingtao--Tientsin	1,184 km. (740 mi.)
Shanghai--Chefoo	Shanghai--Chefoo	818 km. (511 mi.)
Shanghai--Darien	Shanghai--Tientsin--Darien	907 km. (567 mi.)
Shanghai--Yingk'ou	Shanghai--Yingk'ou	1,120 km. (700 mi.)
Amoy--Swatow	Amoy--Swatow	200 km. (125 mi.)
Shanghai--Amoy	Shanghai--Foochow--Amoy	960 km. (600 mi.)
Shanghai--Foochow	Shanghai--Foochow	693 km. (433 mi.)
Shanghai--Ningpo	Shanghai--Ningpo	218 km. (136 mi.)
Wenchow--Foochow	Wenchow--Foochow	269 km. (168 mi.)
Shanghai--Hong Kong	Shanghai--Hong Kong	1,248 km. (780 mi.)
Swatow--Hong Kong	Swatow--Hong Kong	301 km. (188 mi.)
Tsingtao--Hong Kong	Tsingtao--Hong Kong	—
	Total	7,918 km. (4,949 mi.)

*Fei-ch'ü Ti Hang-yün Chiao-t'ung /Navigation of Communist China/, Taipei, The Sixth Section, Central Committee, Nationalist Party, Part II, 1953, pp. 2-4.

(Table 6 faces p. 848.)

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF15

505 routes running between East China seaports
487 and ports of other regions.

1:Stanford U. S-4, 5 1956 AF15 East China
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504 The most important harbors of East China are Tsingtao, Yentai, Wei-hai-wei, Lien-yün-kang, Shanghai, Ningpo, Wen-chou, Ting-hai, Foochow, and Amoy. Among these ports, Shanghai, Tsingtao, Yentai, Amoy and Wei-hai-wei are best equipped. The Shanghai harbor is the largest of all, and there are inner and outer harbors at Huang-pu (Whompao) and Wu-sung (Woosung). Large ocean-going ships up to 20,000 tons can enter Huang-pu harbor at high tide; otherwise, the ships must berth at Wu-sung and their cargoes are trans-shipped by smaller boats to and from Shanghai.[9]

A. Shipping in East China

501 Before the war with Japan, the total Chinese shipping tonnage was about 576,000 tons, including 124 ocean steamers (367,383 tons) and 3,333 river steamers (208,617 tons). During the war it was estimated that about 495,329 tons of both types of steamers were lost.[10] After the war, 2,751 Japanese ships of various types (a total of 251,288 tons) were

9. Wang Kuang, Chung-kuo Hai-chiang Chih [China's Harbor], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1954, pp. 64-78, 89-91, 98-120.

10. Hang-yün [Navigation], Nanking, Hsing-cheng-yüan Hsin-wen-chü [Bureau of Information, Executive Yuan], 1947, p. 24.

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

confiscated. Of these, 1,234 ships (a total of 231,430 tons) were confiscated in the Shanghai-Nanking area.[11]

According to the 1947 statistics of the Ministry of Communications, the total number of ships in East China, including government-owned and privately owned, are as follows:

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11. Ibid., p. 23.

i:Stanford U. S-4, 5 1956 AF15 East China
AF15

501

Table 7. Shipping Tonnage in East China 1947*

District	Types of Ships							
	Classified by Usage				Classified by Tonnage			
	Ocean		River		3,001 to 8,000		60 to 3,000	
	No.	Tons	No.	Tons	No.	Tons	No.	Tons
Shanghai	440	541,529	452	84,631	77	330,319	815	295,840

*Hang-yün [Navigation], Nanking, Hsing-cheng-yüan Hsin-wen-chü, [Bureau of Information, Executive Yuan], 1947, pp. 25-28.

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

501 Among the total 892 ships, 251 were government-owned and 641 were privately owned. The Nationalist Government managed to save most of the government-owned ships at the time of the evacuation of the Mainland in 1949. It was estimated that less than 20 per cent of the shipping tonnage of the government-owned China Merchant Steamship Company was left to the Communists.[12] The Communists made
396 substantial recovery during 1950-54. Of the dozen dockyards in East China, the Shanghai Dockyard, which has been enlarged, is most up-to-date. The total number of workers employed increased from 700 in 1949 to 2,500 in 1952.[13] From 1949-52, all the dockyards in the East China Region are reported to have manufactured 200 steamers of various sizes, including 24 tugboats of 300 hp. and 48 tugboats of 100 hp.[14] Further progress in

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12. Ching-chi Chou-pao [Economic Weekly], Shanghai, Jan., 1950, Vol. X, No. 1, pp. 7-8.

13. Fei-ch'ü Ti Hang-yün Chiao-t'ung [Navigation in Communist China], Taipei, The Sixth Section, Central Committee, Nationalist Party, Part I, 1953, pp. 16-17.

14. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

396 ship-building probably has been made since 1952. For example, the Chiangnan Shipbuilding Company completed a river steamer for the Minsheng Shipping Company in March 1954.[15] No statistical data on water transportation in East China is available for comparison.

502 The adoption of the "single-file towing" method suggested by Soviet experts has increased both the speed and the volume of water transport on the lower reaches of the Yangtze
505 River. The Yangtze Navigation Administration announced that from March to December 1952, the volume of freight traffic was increased by several hundred-thousand tons over that reported a year previously. A considerable reduction of transport cost in the section between Shanghai and Yü-hsi-k'ou was also reported. The tugboats of the East China Shipping Company pull approximately 24.2 tons of freight per hp. by using the "single-file towing" method as against 7 tons per hp. by the old method.[16] Because it is cheaper to ship by water, the Communists have reduced freight rates on the inland waterways in the East China Region. Freight rates for ten daily necessities shipped

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15. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, June 14, 1954, No. 372, p. 30.

16. Navigation in Communist China, Part II, p. 16.

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

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in the Shanghai-Hankow section of the Yangtze River have been cut 50 per cent below railway rates.[17]

The volume of coastal shipping in East China was low in 195[illegible] because of the Nationalist blockade [illegible]d high shipping rates. In 1951 and 1952, th[illegible]ates were lowered and the classification of c[illegible]mmodities were adjusted, with special emphasis on coal, salt, lumber, and grains on which the rates were fixed below cost in order to increase the volume of traffic.[18]

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B. Navigation Administration and Shippers

The administrative system of navigation in East China can be divided into two categories, the East China Ocean Shipping Administration, governing coastal shipping, and the East China Inland Waterways Administration, governing inland water transportation.[19] These district administrations are under the leadership of the Ministry of Communications. The former China Merchant Steamship Company, with its

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17. Fei-wei Ti Ts'ai-ching Yü Chiao-t'ung [Finance, Economics and Transportation in Communist China], Taipei, The Sixth Section, Central Committee, Nationalist Party, 1953, p. 196.

18. Ibid., pp. 199-200.

19. Ibid., p. 169.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF15

505 head office in Shanghai, was first changed to
471 the People's Steamship Company in 1950 and reorganized into the Ocean Shipping Administration[20] in 1951. The former Min-sheng Industrial Corporation, the largest privately owned shipping company in China, was reorganized into a joint public-private ownership concern in 1952 and changed its name to Min-sheng Shipping Corporation.[21] A number of privately owned inland water transportation firms, including Chung-hsing, Ta-t'ung and Ta-ta, were transformed into jointly owned and operated companies. By 1953, about thirty-four companies had been transformed into jointly owned and operated firms.[22]

V. AIR TRANSPORTATION IN EAST CHINA

509 When the Nationalist were forced to flee the Mainland in 1949, the two aviation companies, the China National Aviation Corporation and the Central Aviation Transport Corporation, took

20. Navigation in Communist China, p. 3.
21. Ibid.
22. Ching-chi Nien-pao [Economic Year Book] Hong Kong, Ching chi tao-pao she 1954, p. 52.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF15

509 almost all available planes. Most of the planes were concentrated in Hong Kong, but in November 1949 Liu Ching-i and Ch'en Cho-lin, the leaders of the two companies, defected and flew back to the Mainland with a dozen planes.[23] Approximately 4,000 persons employed by the two companies remained in Hong Kong, and only a small number went to the Mainland when news came of the defection of Liu and Ch'en.[24]

By 1955, according to a Communist report, three civil air routes were being operated by the People's Aviation Company in the East China Region: (1) the Shanghai, Nanking, and Peking Route, (2) the Shanghai, Wuhan, Chungking, and Kunming Route, and (3) the Shanghai, Wuhan, Heng-yang, and Canton Route.[25] According to a New China News Agency release, the civil aviation target for the first half of 1955 were surpassed. The number of passangers carried was 13 per cent above the target, and the freight handled was 5.9 per cent over that

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23. Far Eastern Economic Review, Hong Kong, Dec. 1, 1949, Vol. VII, No. 22, p. 693.

24. Finance, Economics and Transportation in Communist China, p. 165.

25. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, Ching-chi tao-pao she, Jan. 10, 1955, p. 13.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF11~~ AF15

509 of the same period in 1954.[26]

489 A. Transportation of Key Commodities and
438 Their Trade Routes

Before the war, East China depended upon the import of rice and flour in order to meet the consumption requirements of the larger cities in the region. In 1954, the Communists claimed that East China had become a grain-surplus region, but this is true only because grain from Central-South China is shipped by the Chekiang-Kiangsi Railway and by barges on the Yangtze River to Shanghai and other important centers in East China. Wheat from Shantung is usually shipped to Shanghai, Tientsin, or Chengchow for milling and distribution. Rice produced in Kiangsu is shipped to North and Northwest China because in recent years these have been grain-deficit regions.

B. Cotton Transportaton and Trade Routes

Generally speaking, East China is a cotton-deficit region. Shanghai and Tsingtao, the two leading textile manufacturing centers of China, need tremendous quantities of raw cotton each year. The general pattern of cotton movements in East China is shown in the following table.

26. NCNA, Peking, July 20, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Transportation of Raw Cotton in East China*

Origin	Transportation	Destination
Shensi, Northwest China	Rail	Shantung, East China
Hopei, North China	Rail	Shantung, East China
Shansi, North China	Rail	Kiangsu, East China
Shantung, East China	Rail	Hopei, North China Kiangsu, East China
Honan, Central-South China	Rail	Honan, Central-South China
Shantung, East China	Coastal Shipping	Kiangsu and Shantung, East China
Hupeh, Central-South China	Inland Waterway	Honan, Central-South China Kiangsu, East China
Hopei, North China	Coastal Shipping	Kiangsu and Shantung, East China
Shantung, East China	Coastal Shipping	Hopei, North China

* Hsin-hua Yüeh-pao [New China Monthly], Nov. 1950, Vol. III, No. 1, p. 139. Wen-hui-Pao [Wen-hui Daily], Hong Kong, Sept., 4, Sept. 29, 1953.

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

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438 Shantung is the only cotton-surplus province in East China and its output of raw cotton is consumed locally. Only a portion of the surplus is shipped to other provinces in East China or North China. The major amount of raw cotton required by Shanghai and Tsingtao mills is supplied by surplus production in the provinces of North, Central-South, and Northwest China.

C. Coal Transportation and Trade Routes

East China is one of three areas in China consistently short of coal. Within this region, only Shantung and Anhwei report a surplus in coal production. Other provinces of this region have to depend upon the supply from the principal mines of other regions. Manchuria coal is imported for Chekiang, Fukien, Kiangsu, and Anhwei. Coal from Hopei, Shantung, Shansi, and Honan is also shipped to the areas receiving coal from Manchuria. Coal from Manchuria and North China is carried by rail. The principal rail lines involved in this north-south traffic are Peking-Hankow, Hankow-Canton, Tientsin--P'u-k'ou, (Pukow), Tsinan-Tsingtao, and Shihchiachuang-Taiyuan railways. Some coal is shipped by boat to East China coastal cities from Manchuria and North China

1:Stanford U. S-4, 5 1956 AF15 East China
AF16

489 ports.[27] But the coal transported by coastal
438 steamers amounts to only 11 per cent of the total shipment from North to East China.[28]

VI. DOMESTIC TRADE

438 As its final goal, Communist China aims
655 at the complete control of domestic trade by state-owned co-operatives and state "capitalistic" enterprises.

A. State-Owned Companies

Six domestic trading companies were established in 1950: (1) the China Food Company, (2) the China Textile Company, (3) the China Salt Company, (4) the China General Merchandise Company, (5) the China Coal and Building Materials Company, and (6) the China Native Products Company.[29] These companies have established branches and sub-branches in nearly all of the major cities of East China. Some of these companies such as the China General Merchandise Company and the China

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27. Ching-chi Chou-pao [Economic Weekly], Shanghai, May 25, 1950, Vol. X, No. 21, p. 9; Ching-chi Nien-pao [Economic Year Book], Hong Kong, Ching-chi tao-pao She, 1952, p. 27.
28. Ibid.
29. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1955, p. 380.

438 Native Products Company have established
655 branches in the rural areas. The trade volume of state-owned concerns has grown very rapidly. If we take the trade volume of 1950 as 100, the index for 1952 was 397 for the country as a whole. The regional trade of East China was proportionally higher during the same period.[30] According to the first Five Year Plan, as reported by Li Fu-ch'un,[31] the Communists estimate that by 1957 the total volume of trade will be 133.2 per cent over 1952.

State trade is expanding day by day while private trade diminishes. Eight large trading companies in Shanghai have signed contracts with 116 different fields of industry (over 8,000 factories) to purchase commodities for domestic supply and for foreign trade. According to a report in the Ta-kung Daily, Tientsin, at least forty-six industries in great financial difficulty were benefitted by advanced contracts with the eight state trading companies in Shanghai.[32]

B. Co-operative Companies

474 The supply and marketing co-operative in
438 Communist China is a co-operative organization
443 formed under government directives. Its

30. People's China, Peking, Jan. 16, 1954, p. 5.
31. Kung-shang-chieh [Industry and Commerce] Peking, Aug. 10, 1955, No. 8.
32. Ta-kung Pao [Ta-kung Daily], Tientsin, June , 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF/5

474 capital is made up of shares contributed by
438 members. It supplies members with farm
443 implements, fertilizer, and other daily necessities and markets their agricultural produce and the products of rural industries. The state trading companies and the branches often make advance contracts with the co-operatives by supplying them their products at fixed low prices. The exact number of the supply and marketing co-operatives in the East China area is not known, but a rapid development was certainly carried out during the period 1953-55. Up to the end of the third quarter of 1955, all of the cities of East China had established supply and marketing co-operatives and each hsiang of the region had at least one such co-operative. According to the latest information available, these co-operatives did one quarter of the total national retail trade in 1953, or 18 per cent of the retail trade in cities and 30 per cent in the rural areas; and about 75 per cent of all the purchases made by the cooperatives were on behalf of the state.[33] The percentage of the total retail trade done by these co-operatives must have at least doubled by 1955.

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33. Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol. XVIII, No. 19, p. 597.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF 15

C. Private Companies

172 438 This category includes private traders and individual dealers who, according to government policy, are led gradually along the road to state-capitalism. As the result of the growing monopoly of state-owned companies, the private wholesale dealers will be squeezed out of business or transformed into retail traders acting as agents of the state trading companies. All retail traders must undergo socialistic transformation. According to the most recently available report, about one-third of Shanghai's retail traders have been "transformed" under state capitalism.[34] For example, the Wing On Company, the "Marshall Field of Shanghai," has been forced to maintain its business at the lowest subsistence level. According to the report of Kuo Lin-shuang, general manager, the company's business has dropped sharply since 1950. The total volume of sales decreased 52.87 per cent in 1954 from the previous year, and at one point during 1954 income was not sufficient to pay employees' wages[35] By the beginning of 1955, proper adjustments were made and a petition had been

34. Ta-kung Daily, Hong Kong, July 15, 1955.
35. Industry and Commerce, Peking, June 10, 1955, No. 6, p. 17.

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

472 submitted to the Central People's Government
+38 asking that the Wing On Company be made an agent of the state trading companies. In March 1955, the petition was approved. The Wing On Company signed contracts to sell forty-eight classes of commodities, and agreed to sell fourteen additional kinds of commodities on a commission basis on behalf of the state companies. Under these arrangements the business showed considerable progress in April 1955, with a sales increase of 98 per cent over the same period in 1954.[36]

In the campaign for the socialistic transformation of domestic trade, East China showed remarkable progress. Among the thirty-nine principal cities of the region, about 5,928 wholesale dealers were chosen for transformation in 1954. By November 1954, some 4,573 dealers (76 per cent) had been transformed, and most of the employees of these wholesale firms were reassigned to other jobs after a few months of thorough training.[37] Over 90 per cent of the retailers had been transformed.[38]

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36. Ibid., p. 18.
37. Ibid., Jan. 10, 1955, No. 1, p. 36.
38. Ibid.

472 438 The Communist authorities have adopted several types of "socialist transformation": (1) the agency, (2) purchase or sale on behalf of state trading companies or supply and marketing co-operatives, (3) combined operation of a few similar retail traders, with separate accounting and finance, and (4) co-operative operation and management. In most of the rural areas throughout the East China provinces, retail traders and peddlers were transformed under these terms.[39] The income of an ordinary retailer remained low and was hardly sufficient to maintain a family on the lowest subsistence level. For example, in April 1955 in Chen-hai, Chekiang Province, the average per capita income[40] of the retail dealer in bamboo-products was only ¥16 (US$ 6.4). Private traders, unable to subsist, will change their profession sooner or later.

D. State "Capitalism"

475 438 Under state "capitalism," the state trading companies or the supply and marketing co-operatives designate private commercial

39. Ibid., May 10, 1955, No. 5, p. 23.
40. Tsu-kuo [China Weekly], Hong Kong, Aug. 22, 1955, No. 138, p. 12; Ta-kung Daily, Tientsin, June 21, 1955.

475 firms as distributors for their products on
438 a commission basis. Private merchants purchase commodities from state trading companies at wholesale prices and resell them to the consumers at retail prices fixed by the state. Joint state-private ownership replaces private capitalist ownership, and the state usually invests capital in trading firms under joint management.

Early in 1955 in Shanghai, the largest city in the eastern hemisphere, wholesalers dealing in lumber, salt, and miscellaneous grains and oil cakes carried out the process of state capitalism for the trade. Through labor-capital consultations, 175 out of 220 wholesalers of the above-mentioned trades petitioned for suspension of business. Some 35 changed to retail trade, 6 changed their profession, and 4 have continued in business under state guidance.[41] Other Shanghai wholesalers dealing in steel, iron, other metals, oils, fats, pharmaceutical products, ham, preserved meats, stationery, and precision instruments underwent "socialist transformation" in the period January-April 1955.[42] It was estimated[43]

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41. NCNA, Shanghai, May 14, 1955.
42. Survey of China Mainland Press, May 20, 1955, No. 1052, p. 20.
43. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF15

475 that some 52.3 per cent of all private whole-
438 salers would have been transformed during the first six months of 1955.

VII. FOOD RATIONING AND GRAIN TRADE

434 Rationing was first applied to food grains on November 19, 1953, in a government order for the enforcement of "planned purchase and planned supply of grains," designed to secure foods required for people's livelihood and national construction and in order to stabilize food prices and eliminate food profiteering. Under this order, all businesses engaged in the sale of grain or other essential foodstuffs were, in principle, to be taken over by the state, which would determine rations and fix the official purchasing price as well as the retail selling price of various kinds of grains.[44]

In order to facilitate the work of rationing in all cities, industrial and mining districts, and in rural areas where grain is not produced in surplus, state grain markets were set up throughout the whole country. As of July 1954,

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44. Far Eastern Economic Review, Hong Kong, May 12, 1955, No. 19, p. 604.

434 there were 6,010 primary grain markets in the East China Region.[45] After the establishment of state grain markets, all private wholesale or retail grain shops were either liquidated or "transformed" under state guidance. In Shanghai, since December 28, 1953, some 1,498 retail grain shops have been reorganized into agencies of the state grain markets.[46]

Due to flood and drought in 1953 and 1954, the actual production of grains was insufficient to meet local demands. The system of rationing is chaotic and has caused discontent among urban and rural people. In the rural districts, the implementation of the "San-ting" policy, i.e., the fixing of production, purchase, and supply quotas, results in great dissatisfaction among the peasants, who cannot fulfill the requirements set up by the Communist cadres. In numerous cases little grain was left to the producing farmer, who found it
434 impossible to feed himself and his family. The
166 mass exodus of peasants to the cities began early in 1953. It is estimated that from 800,000 to

45. China Weekly, Hong Kong, Jan. 10, 1955, No. 106, p. 38.

46. China Weekly, Hong Kong, April 12, 1954, pp. 12-14.

434 1,000,000 peasants have migrated to the
166 Shanghai area since 1953 and further aggravated the urban rationing situation.[47] The Back-to-the-Villages Campaign began in the second half of 1955, and about one million people were sent back to the rural areas from Shanghai in order to lessen the burden of grain rationing in Shanghai and in order to increase agricultural production.[48] In the urban areas the per capita ration has been too small to maintain minimum living standards.

434 Many restrictions are imposed relating to the purchase and transportation of grains and other essential food items. In the early part of 1955, the Shanghai People's Government promulgated "Provisional Measures for Control of Outward Transport of Grains and Reprocessed Foods."[49] There are nine provisions in this new order and its essential points are: (1) grains, including miscellaneous grains, grains of oil-bearing crops, and uncooked foods processed from grains may not be smuggled from Shanghai; cooked foods and products such as bean curd totaling less than five catties (5.5 pounds) are allowed to be carried out for personal use; (2) upon approval

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47. Chieh-fang Jih-pao [Liberation Daily], Shanghai, July 31, 1955.
48. Ibid.
49. Ibid., March 26, 1955.

434 of the state grain agencies, a certain amount of uncooked, cooked, or reprocessed food may be peddled by merchants; (3) Shanghai factories, retailers, and stall vendors dealing in grains or processed food may carry on their business within the prescribed sphere, subject to arrest if they engage in smuggling or black marketing. Violations will be severely punished.

The recently announced "Temporary Measures Governing the Fixed Quantitative Supply of Grains in Urban Areas," on August 25, 1955, imposes a tighter control over grain rationing.[50] According to the new ruling, the amount alloted each individual is determined by the nature of his profession and the degree of physical energy needed in his particular work. For example, in the East China Region, where rice is used as the principal food, the per capita monthly ration is stipulated as follows: (1) persons who do very heavy physical work are allowed 50 catties (55 pounds) of rice; (2) persons who do heavy physical work are allowed 40 catties (44 pounds) of rice; (3) persons who do lighter physical work are allowed 32 catties (35.2 pounds) of rice; (4) government office employees, clerks, and the

50. China Daily News, New York, Sept. 2, 1955.

434 staff of state and private industrial and commercial enterprises, and other persons who do no manual labor are allowed 28 catties (30.8 pounds) of rice; (5) university and high school students are allowed 32 catties (35.2 pounds) of rice; (7) children under ten years will be divided into three grades to determine the amount each will receive. Free disposal of the surplus grains among themselves is permitted under the new regulation. Meats, eggs, and vegetables are not rationed at this time. In addition to grains, edible oil and cotton cloth have been rationed since 1950.

434 146 For the purpose of determining whether this system of rationing is adequate, it is necessary to appraise it in terms of caloric content. Using 3,430 calories for each kilogram of rice (two catties or 2.2 pounds) as the basis for calculation,[51] the daily caloric equivalent is shown in the table which follows.

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51. T. H. Shen, Agricultural Resources of China, New York, 1951, p. 378.

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Caloric Value of Rice Rations in Communist China*

Class of Workers	Quantity Rationed			Normal Caloric Requirements per Day (II)	Percentage of Deficiency $\frac{II-I}{I} = \%$
	Catties per Month	Pounds per Month	Caloric Equivalents per Day(I)		
Extra Hard Worker	50	55	2,860	4,800	68
Hard Worker	40	44	2,290	3,600	57
Ordinary Worker	32	35.2	1,830	3,000	64
Office Clerks	28	30.8	1,600	2,700	69
College or High School Students	32	35.2	1,830	3,000	64
Ordinary citizens and children above 10 years of age	25	27.5	1,430	2,400	68

* T. H. Shen, Agricultural Resources of China, New York, 1951, p. 169.

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Table 8.

The Native Products Fairs of East China-1952*
(unit: million ¥-Chinese yuan
million $-US dollars)

Name	Locality	Native Products (per cent)	Manufactured Products (per cent)	Total Trade Volume
Hua-tung Fair	Shanghai	64	36	¥1,743,100 ($72.6)
Su-pei Fair	Yang-chow	—	—	¥10,700 ($0.4)
Su-nan Fair (1st)	Wu-hai	—	—	¥12,600 ($0.5)
Su-nan Fair (2nd)	Wu-hai	54	46	¥223,800 ($9.3)
Su-nan Fair (3rd)	Wu-hai	34	66	¥121,500 ($5.1)
Nanking Fair	Nanking	48	52	¥113,800 ($4.7)
Shantung Provincial Fair	Tsinan	—	—	¥187,400 ($7.8)
Shantung Provincial Fair (2nd)	Tsinan	—	—	¥211,000 ($8.8)
Tsingtao Fair	Tsingtao	51	49	¥322,700 ($13.4)
Chekiang Provincial Fair	Hangchow	40	60	¥71,300 ($2.9)
Chekiang Autumn Fair	Hangchow	—	—	¥315,000 ($13.1)
Wan-nan & Wan-pei Fair	Hofei	—	—	¥86,900 ($3.6)
Wu-hu Fair	Wu-hu	—	—	¥55,600 ($2.3)
Fukien Provincial Fair	Foochow	56	42	¥146,100 ($6.1)
Fukien Autumn Fair	Foochow	42	58	¥45,300 ($1.4)
				Total ¥3,666,800 ($ 152.8)

*Ching-chi Chou-pao /Economic Weekly/, Shanghai, May 28, 1953, No. 21, pp. 8-9.

(Table 8 faces p. 873)

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146 It is evident that the amounts of rice rationed to various classes of workers are far below normal requirements as measured in terms of calories. With rice in short-supply, the people are often unable to buy their minimum ration.

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443 Since 1951, in order to stimulate trade and to facilitate the interflow of commodities between city and country, the Chinese Communists have held a number of "Native Products Fairs" in most of the principal cities throughout East China.

[See table next page -- Analyst]

438 The total trade volume of these fairs
443 during 1952 amounted to 3,666 billion yuan in old currency (US$152,800,000) of which the trade fairs in Shanghai accounted for almost half. Shanghai is the main source of supply for most of the daily necessities of the country.

VIII. CONCLUSION

To sum up, commodity movements between the regions of East, North and Central-South China are by railway, coastal shipping, and, to a lesser degree, by inland waterway transportation. The transportation facilities between East and Southwest China are inadequate; only the Yangtze River serves as a means of transportation between the principal East China river port and those of Szechwan Province. Highway and air transportation, as a whole, play only a minor role in the East China Region.

The Ying-t'an--Amoy Railway, which is now under construction, will aid in the development of the lumber and agricultural resources of Fukien Province. The construction of the Ying-t'an--Amoy Railway in East China, like that of the Li-t'ang--Chan-chiang Railway, was not announced until its completion. As late as November 1955 the exact route of the Ying-t'an--Amoy Railway had not yet been made public. Its primary value is military. The timely building of this railway will facilitate transportati

of troops and military supplies to the coastal area near Amoy, and, therefore, the strategic importance of this railway should not be minimized.

Grain rationing in East China has encountered more difficulties than in any other region in China, especially in such large cities as Shanghai and Nanking, where the increase in population has been greatest. The greater the demand for grain in the cities, the stricter the rationing of grain becomes in the rural areas; farmers are expected to produce far more. The heavier the burden imposed upon these farmers, the lower their morale. The present Back-to-the Village Campaign, as enforced in Shanghai and other East China cities, does not seem to be an effective remedy.

As the result of the state monopoly in both domestic and foreign trade, most private commercial firms have been forced out of business or have undergone "socialist transformation." Almost half of the population of Shanghai is engaged, directly or indirectly, in domestic trade. In 1955, about 30 per cent of the private merchants were unemployed and the remainder were struggling to maintain themselves with little prospect of a living wage.

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Annex "A," Subparagraph 3f, Economic Background

SOCIALIST TRANSFORMATION OF PRIVATE INDUSTRY AND COMMERCE IN EAST CHINA

472 The socialist transformation of private in-
475 dustry, i.e., its gradual nationalization, was accomplished both slowly and cautiously in East China during the early years of the Communist regime. Extreme cautiousness was dictated by the following conditions, which could help or hinder the successful completion of the Communist campaign.

1. Three of China's largest industrial cities, Shanghai, Tsingtao, and Wuhsi, are in East China; Shanghai particularly has been the stronghold of private enterprise. At the time Shanghai fell, over half of the 2.3 million cotton spindles in Shanghai were privately owned; private ownership accounted for an even larger proportion of private enterprise in dyeing and weaving, machinery and chemical industries. Shanghai, the site of more than half the factories in China, also served to train technicians, managers, and skilled workers who later sought jobs in industry in other areas.

2. The accumulation of capital in East China's industry could provide a foundation for China's industrialization.

3. Lack of capital and the lack of managers and skilled technicians among the party cadres has often proved a handicap to the program of the Communist government both in China and in the Soviet Union.

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475 The conflict in Korea further slowed the pace of socialization for the duration, because the Communist government discovered its immediate need for the production of private industry. But the cautious policy with which the Communists extend state control over industry was accompanied by a deliberate two-way policy of infiltration: government orders were filled by private industry, and the state purchased and marketed the products of private industry. By the end of 1953, an estimated 58 per cent of the output of Shanghai's private industry was either produced for the state or marketed by it.[1] The Communists regarded the increasing dependence of private industry on the state as a preliminary step to state capitalism.

Introduction of Joint State-Private Enterprises

After the beginning of the First Five-Year Plan (October 1953) the government began to exert pressure by converting private enterprises into "joint state-private enterprises." According to the interim regulations governing joint state-private enterprises, issued in September 1954, the legal rights of private shareholders were to be protected; profits after taxes were to be allocated for reserves, workers' benefits and bonuses, interest, and shareholders' dividends; and shareholders' dividends plus remuneration for top management were to be equal to one-fourth of the

1. Ta-kung Pao [Ta-kung Daily], Tientsin, June 12, 1953.

472 gross profits. Management was shared by govern-
475 ment and private shareholders; workers also shared in the administration.

Not all private enterprises were forced to become joint state-private enterprises. All industries had to go through the procedure of application and investigation before formal approval was granted -- which permitted the government to choose only those companies it wished to transform, forcing others to declare bankruptcy or merge with larger concerns. Transformation had to be "voluntary," industry has to be "beneficial" to the national economy, and the company had to be ready for reorganization and for further improvements.

Thus, by avoiding the semblance of straight nationalization, the Communists have tried to maintain the co-operation of private industrialists. It is possible that the Communists expect the industrialists to exhaust their resources by investing all their available funds, and at the same time treat their competitors ruthlessly in order to maintain their own margin of economic security.

Socialization by Regions and by Industries

Shanghai. In Shanghai, site of the largest number of factories, the Communists first moved against key industries such as textiles, metallurgy, machinery, and chemicals; and they first picked moderate-sized concerns rather than large ones. Four well-known companies, the T'ien-yüan Electrical Chemical Works, the T'ien-li Synthetic

472 Nitrogen Product Company (owned by Wu Yün-ch'u,
475 a promoter of the chemical industry in China), the Shanghai Cement Plant (owned by O. S. Liu, prominent Shanghai entrepreneur), and the Nan-yang Tobacco Company (owned by overseas Chinese and managed by Chien Yü-chieh, first overseas Chinese to return to China to promote industry), became joint state-private enterprises as early as 1950. Perhaps these companies did not suspect that they might be used as decoys when they accepted government participation, believing that the Communists sincerely solicited their co-operation in the development of China's industry.

The following large businesses became joint state-private enterprises in the period 1953 to August 1955:

(a) all the 50 cotton mills in Shanghai, including Shen-hsin Textiles and [illegible] Textiles, largest and second-largest textile companies in Shanghai, which accounted for one-fourth of the cotton textile equipment in China;
(b) dozens of metallurgical and machine plants, including Ta-lung Machinery Works and T'ai-li Iron Works, two of Shanghai's largest;
(c) about one dozen chemical works, including the Ta-chung-hua Rubber Manufacturing Plant (largest in China), and the Kofa (K'o-fa) Pharmacy and the International Dispensary (the two oldest pharmaceutical and cosmetics manufacturers);
(d) about six electrical-equipment manufacturing plants, including the Hua-ch'eng Electrical Equipment Manufacturing Plant and the Hsin-an Electrical Equipment Manufacturing Works.

472 More than two-hundred factories were approved
475 for transformation in July and August 1955, including many smaller manufacturing industries. It is expected that the total number to be transformed will be considerably greater.

By November 1955, about 45 per cent of the total output in value of Shanghai's private industry has become joint state-private enterprises.[2]

Enterprises which the Communists consider less essential, owned by capitalists with other properties in China and with funds abroad as well as by overseas Chinese, are subject to other tactics in an effort to hurry their bankruptcy. They are forced to keep operating with undiminished payrolls, despite the heavy financial burden this entails. The Shanghai Wool Textile Mill, for example, owned by a Chinese now residing in California, has been operating at losses exceeding US 1.5 million for the last four years. Two hundred idle employees remain on the payroll. The plant is not allowed to close or to fire workers. The owner has other properties in Shanghai and probably has funds in the United States. When all his resources are exhausted, he may "voluntarily" ask the government to take over his factory.

Foreign-owned enterprises, if profitable, must meet the demands of the workers for elaborate benefits; they must also pay high prices in order to buy sufficient raw materials to maintain production. High taxes and the impossibility of

2. New China News Agency, Shanghai, November 21, 1955.

472 remitting profits abroad add to the woes of "profit-
475 able" firms; if unprofitable, plants are kept in operation with funds from abroad until, at last, they find it necessary to surrender to the government.

Other Districts. In other parts of East China, as many private enterprises as possible were converted into joint state-private enterprises. In Kiangsu,[3] 261 industries including three big enterprises near Nanking -- the Yung-li Chemical Industries, the Chiang-nan Cement Plant, and the China Cement Plant -- have been transformed; and 330 joint enterprises in Tsingtao and Tsinan, Shantung Province, were in operation by the end of 1954. Most of these were small in assets and in size, with the exception of one cotton mill in Tsingtao and another in Tsinan.

A total of 338 industries in Chekiang,[4] from the Hangchow Power Plant, the largest, to the smallest, the handcraft scissor-making industry, have been transformed. All of the few enterprises in Fukien and Anhwei have become joint state-private concerns.

Elimination of Private Commerce

Ultimate elimination of private commerce is part of the Communists' plan for a socialist economy. This partial goal has been achieved by the gradual ousting of traders, following the establishment of a government monopoly over all foreign and most internal trade.

3. Hsiang-kang Shih-pao [Hong Kong Times], Dec. 6, 1955.
4. Ibid.

472 Import-export firms were the first victims.
475 Foreign trade was first controlled and then monopolized by the government. Private firms could do no more business, but were not allowed to close, and were continually pressed to surrender their foreign funds. Not until recently was a group of 300 Shanghai firms allowed to close, under a "collective reform" movement.

Following the establishment of the government import monopoly, wholesalers of imported commodities were forced to become agents of state trading organizations. The same fate befell former traders of "essential commodities;" 24 categories of food, edible oil, and cotton cloth were placed under unified state purchasing and marketing. The traders' capital was forcibly transferred to industry in the name of "government guidance and relief." Through the latter part of 1955, there were 621 trading firms in Shanghai which had been so affected; the capital of 157 of these, amounting to 23 million yuan, was transferred to Anhwei, Chekiang, and Hunan for use in manufacturing, animal husbandry, hotels, etc.

Of the four largest Shanghai stores, the Wing On Company, the Hsin-hsin Company, the Sincere (Hsien-shih) Company, and the Tai Sun (Ta-hsin) Company, only the first survived until November 1955, chiefly because the owners had real estate and cotton mills in Shanghai which provided funds to cover the store's deficits. The store's sales were confined to domestic products, mostly supplied by national trading companies. Heavy taxes, high wages, and lack of profit closed the other three stores shortly after the Communist took

472 over Shanghai; their business premises were con-
475 fiscated for defaulted taxes.

According to Communist statements, half of all retail shops in Shanghai (about 21,000) were eliminated, and 17,467 peddlers and stall-keepers were made salesmen for governmental trading organizations.[5]

Reactions of Industrialists and Shareholders

The Communists have used two tactics to induce enterpreneurs to co-operate with the government and to mitigate shareholders' chagrin because of their loss of income. One is to offer distinguished positions to prominent industrialists; the other is to promise 8 per cent dividends to shareholders.

The three industrialists in Shanghai who first accepted government participation in their enterprises, O. S. Liu (general manager of the Shanghai Cement Company, the Great China Match Manufacturing Company, and the Chang Wah Wool Company); Wu Yün-chu (general manager of the T'ien yüan Electro-chemical Works and the T'ien-li Synthetic Nitrogen Products Company), and Chien Yü-chieh (general manager of the Nanyang Tobacco Company), were appointed members of the National Committee of Political Consultative Conference.

N. Z. Yung (of Shen-hsin Cotton Textiles) and Kuo Ti-huo (David Kwok of Wing On Cotton Textiles) were given similar positions. In Kiangsu Province Hou Te-pang (chairman of the board of Yung-li Chemical Industries of Nanking), Chang Ching-li (of Ta-sheng Cotton Mill, Nan-t'ung) and Yung Te-sheng (of Shen-hsin Cotton Mills, Wu-hsi)

5. Hsing-tao Jih-pao [Hsing Tao Daily] Hong Kong, June 6, 1955.

were appointed members of the National Committee of Political Consultative Conference. Liu Kuo-chün (Ta-ch'eng Cotton Mill, Ch'ang-chou) was appointed a member of the Kiangsu Provincial People's Council.

These industrial leaders had hoped that by accepting government positions they might be able to maintain independence of management under the general plan mapped out by the government; but the experience of "joint enterprise," as the Communists interpret it, has disillusioned them.

Shareholders, too, have seen that the government's promise of an 8 per cent dividend is a ruse. Whenever a sharehold's total dividends reach a fair amount he must buy non-negotiable government bonds; this is not much different from straight confiscation.

Annex "A," Subparagraph 3g,
Economic Background

LABOR

I. LABOR UNION ORGANIZATION AND ACTIVITIES

467 Until recently East China was considered to be the most industrialized region in China. Industry centered around Shanghai, with Hangchow, Soochow, Wu-hsi, Nan-t'ung and Nanking only slightly less important as industrial centers. According to Communist statistics, this area in 1954 accounted for 67 per cent of the spindles of China's cotton textile industry and 33 per cent of China's flour industry. Moreover, one-third of the equipment for China's machine-manufacturing industries was located in Shanghai.[1] There were some 3,600,000 industrial workers in East China in 1951 -- about 28 per cent of the 12,850,000 workers in the country as a whole.[2]

Workers played an important part in the Communists' seizure of East China's industrial cities in 1949. When the Communist army prepared to cross the Yangtze River in April 1949, the workers in Shanghai were organized by the Communist underground, and a People's Peace Preservation Corps of over 60,000 men was formed by Shanghai residents. About 60 per cent of the corps were industrial workers. The corps prevented the retreating Nationalists from removing or destroying the factories in Shanghai.[3] The workers of the

1. Ching-chi Tao-pao [Economic Bulletin] Hong Kong, March 29, 1954, p. 12. (over)

467 Shanghai Power Company remained on duty under fire, and the supply of electricity was not interrupted during the seige of Shanghai.

After the seizure of Shanghai and other industrial cities in the East China Region, the Communists urged the workers to return to their jobs. Many factories were said to have resumed operation while the fighting continued.

According to Communist statistics, among the more than 5,000,000 population in Shanghai there were 1,100,000 workers in early 1950; about 85 per cent of these were unionized. There were 24 industrial trade unions in the city as a whole, and 412 trade unions were organized in factories and other enterprises.[4] The first Shanghai Trade Union Congress was held in February 1950 and was attended by 1,563 delegates representing 953,000 organized workers. The Congress passed four resolutions concerning (1) implementation of democratic management in publicly-owned

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2. The figures are in a report from Formosa; see Kung-fei Min-chung Yün-tung The Mass Movement in Communist China, Taiwan, 1952, p. 28.

3. Chieh-fang Hou Shang-hai Kung-yün Tzu-liao [Materials Concerning the Labor Movement in Shanghai after "Liberation"] Shanghai, 1950, pp. 17-23.

4. Workers' Daily, Peking, June 29, 1950, p. 10.

467 enterprises, (2) labor-capital relations, (3) labor education, and (4) labor safety and sanitation. At the same time, the Shanghai Federation of Trade Unions was formally established.[5]

The second Shanghai Trade Union Congress was held from January 10 to 17, 1955, and was attended by 1,460 delegates. It was reported in a meeting that the trade union membership of Shanghai had grown by over half a million in the past five years since 1950, reaching 1,329,000 at the end of 1954. The meeting passed a report on the "basic conditions of the work of the Shanghai Federation of Trade Unions during the past five years and its future task," boasting that much had been achieved through the efforts of trade union leaders.[6]

Immediately after the "liberation" of Nanking in April 1949, the Preparatory Committee of the Nanking General Trade Union was established. From April to December 1949, preparatory committees for 101 basic trade unions in Nanking had reached 50,000.[7]

According to incomplete statistics, by the end of 1949 there were 1,200,000 workers (including handcraft workers) in the province of Shantung; of these only 188,700 (about 16 per

5. Ibid., February 10, 1950, p. 1.
6. People's Daily, Peking, June 22, 1955, p. 3.
7. Workers' Daily, January 8, 1950, p. 50.

1:Stanford U. S-4, 5 1956 AF 15 East China
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467 cent) were unionized. Apart from workers in Tsingtao and Tsinan, most of the workers in other cities of Shantung were engaged in handicrafts. They were scattered and could not easily be organized. The situation in Tsingtao and Tsinan, however, was different. Tsingtao had been the second largest cotton textile industry center in Mainland China and the second largest center of light industry in the East China Region. In early 1950, of the 130,000 industrial workers in Tsingtao, 63 per cent belonged to unions. Among the textile workers and workers in publicly owned enterprises, unionized men constituted over 90 per cent of the total.[8] In the same period in Tsinan, there were 58,000 union members (about 56 per cent of the workers in that city), but only 25 per cent of the shop clerks and handicraft workers were unionized.[9]

Because of the relatively retarded development of industry in Chekiang, Fukien, and Anhwei provinces in East China, few workers in these three provinces belonged to unions.

II. ORGANIZATION OF THE BASIC TRADE UNION

According to the regulations governing the organization of the basic trade union issued

8. Ibid., January 5, 1950, p. 4.

9. Chinese Workers' Monthly, May 15, 1950, p. 50.

467 by the All-China Federation of Trade Unions in August 1950,[10] a basic union may be an organization in a factory, a mine, a shop, a farm, a government department or a school where twenty-five or more persons are employed. Organizations where five-hundred or more persons are employed may establish basic union committees in various departments and workshops of a single organization. Under a basic union committee, sub-committees and work groups may be established in accordance with the needs of the work assigned to the basic trade union. A model basic trade union committee, as outlined by Chou Ping-k'un, chief of the Department of Organization of the Shanghai Federation of Trade Unions, consists of twelve sub-committees and forty-five work groups.[11]

Sub-committees	Work Groups
1. Organization	a. Organization.
	b. Cadres
	c. Membership
	d. Statistics
2. Production	a. Emulation
	b. Quota
	c. Technical
	d. Rationalization Proposals
	e. Wages
	f. Statistics

10. Kung-hui Tsu-chih Kung-tso Yu-kuan Wen-chien [Documents Concerning the Organization of Trade Unions] Shanghai, 1951, pp.4-9.

11. Wu, Yuan-li, An Economic Survey of Communist China, New York, 1956, pp.429-434.

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Sub-committees	Work Groups
3. Education and Recreation	a. Propaganda b. Culture and Education c. Recreation and Entertainment d. Statistics
4. Labor Insurance	a. Information and Regulations b. Medical Works c. Inspection d. Statistics
5. Labor Safety	a. Safety b. Sanitation c. Inspection d. Statistics
6. Daily Life	a. General Service b. Public Facilities c. Dormitories d. Public Kitchens e. Statistics
7. Mutual-Aid Fund	a. Accounting b. Cashier c. Investigation of Loan Applications d. Organization e. Statistics
8. Production Security	a. Protection and Security b. Labor Safety Study c. Statistics

Sub-committees	Work Groups
467 9. Statistics	------
10. Finance	--------
11. Women Workers	a. Liaison b. Sanitation and Welfare c. Family Disputes d. Crêches e. Statistics
12. Workers' Families	a. Organization b. Production c. Sanitation d. Mutual-Aid e. Statistics

The activities of the Communist trade unions are unlike those of their counterparts in Western democracies. Trade unions in Communist China carry out the national production plan and control the life of workers and their families. In a Communist country, trade unions are schools of Communism; in other words, spheres of Party influence and links between the Party and the masses.

468 III. LABOR DISPUTES AND THE LABOR BUREAU

In Communist society, labor and capital are expected to perform different functions

468 while striving for the same goal, i.e., increased production. Accordingly, labor disputes are not to be allowed to develop into strikes, acts of sabotage, or lockouts which would interrupt production. All disputes are to be resolved in accordance with the interests of both labor and capital (or management, in the case of publicly owned enterprises).

The first step toward settling labor disputes is consultation between the trade union (representing the workers) and the owner (in the case of privately owned enterprises), or between the trade union and management (in the case of publicly owned enterprises). If the consultation fails, the disputes may be brought to the labor bureau for mediation and arbitration. Labor bureaus have been established at all levels of the Communist government.

Shanghai suffered more than most cities as the result of inflation during the last days of the Kuomintang regime. The Communists assumed control of a bankrupt economy and a worthless currency. Factories which had closed down during the seige or immediately after the occupation were forced back into production by the Communists. But because of the lack of raw material and continued inflation, the economic situation was at its worst in the second half of 1949 and early 1950. During this period, 9,027 cases of labor disputes were submitted to the labor bureau of the Shanghai Municipal Government for mediation.[12]

12. Compendium of Gov't Reports, Peking, 1950, p. 591.

468 The factory administration committee was the agency for settling labor disputes in publicly owned enterprises; the labor-capital consultative council settled disputes in privately owned enterprises. Most of the labor disputes which occurred in private business were concerned with wages and the discharge of workers. Accordingly to a report made by Ma Ch'un-ku, director of the labor bureau of the Shanghai municipal government, 503 labor capital consultative councils were established during the first half of 1950 in the factories in Shanghai.[13] Capital and labor were equally represented on the council. Besides settling labor disputes, the consultative councils also sought to improve labor discipline and to raise the rate of production. In publicly owned enterprises in Shanghai, factory administration committees had been established to tackle labor disputes. In one report,[14] however, the Communists admitted that the leadership of the trade union in Shanghai made a mistake in the organization of the labor-capital consultative councils and factory administration committees. They treated the councils and the committees as an opportunity for charges and countercharges, complaints and theorizing.

In Tsingtao, there were reports about disputes in cotton mills in the second half of

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13. Liberation Daily, Shanghai, Oct. 16, 1950, p. 2.

14. Chinese Workers' Monthly, July 15, 1950, p. 51.

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468 1950 and early 1951. These cases were handled by the trade unions in an attempt to satisfy both labor and capital.

IV. DEMOCRATIC REFORM AND POLITICAL INDOCTRINATION

467 668 In the course of labor organization, the Chinese Communists discovered that many "reactionary and feudalistic elements" still existed in the labor organization, and that the trade union leaders practiced "bureaucratism" and "commandism." Labor bosses in factories were given the title "Number One" in Shanghai and "pa-t'ou" in Tsingtao.[15] The Communists urged the masses to aid in the elimination of reactionary elements, bossism, and remnants of feudalism. To this end, they initiated "democratic reform" in Central-South China in May 1951, and later extended it to other regions. In East China, reform was accelerated in September 1951.

To initiate a "democratic reform" movement in a factory or a mine or among a group of workers, the union cadres called "criticism" and "self-criticism" meetings at which everyone present was urged to make complaints and accusations. The purpose was "to weld together by ties of sympathy and understanding all who work together." After the movement had been established, changes were made in factory regulations and working

15. Gang-labor chiefs had unlimited authority to exploit the workers.

467 668 relations. In the case of textile mills in Shanghai, Tsingtao, Wu-hsi, and Hangchow, the system abolished the practice of searching workers as they left the mills. At the wharves of Shanghai, Tsingtao, Tsinan, the pa-t'ous (labor bosses) were reported to have been eliminated by "democratic reform." In Huai-nan mining district in Anhwei Province, the gang-master system was abolished. But there were also reports of the persistence of bureaucratic practices among trade union cadres. In Shanghai, the deputy chief of the textile workers' trade union encouraged the workers to register complaints by utilizing a suggestion box. One note dropped in the box suggested that the deputy chief change his habit of pounding tables and using abusive language during union meetings. The next day the deputy chief threatened to burn the box if the anonymous writer did not identify himself.[16] This incident suggests that the "Communist spirit" is never as democratic as it has been ordered to be, and that the legislation of equality will have its abuses.

Other campaigns initiated by the Communists included the Resist-American-Aid-Korea Movement, Suppression-of-Counterrevolutionaries Movement, and Three-Anti and Five-Anti campaigns. These movements and campaigns were to assist in the political awakening of the workers.

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16. Chinese Workers' Monthly, September 15, 1950, p. 11.

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V. LABOR EMULATION AND PRODUCTION

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461 "Labor emulation" was copied from Soviet Russia and practiced by the Chinese Communists in the early 1940's in the Communist-controlled Shensi-Kansu-Ninghsi Border Region. It spread throughout Mainland China in 1950.

In a speech delivered by Lai Jo-yü, then general secretary and later chairman of All-China Federation of Trade Unions, at the Seventh All-China Congress of Trade Unions, it was stated that "the fundamental method in developing production is to lead the masses to take part in labor emulation, which is an effective way of mobilizing the broad masses to achieve the targets of the state plan."[17] In other words, "labor emulation" is a way of increasing labor productivity without increasing the cost of production.

It was the responsibility of the trade union cadres to initiate a labor emulation drive in a factory or a mine. In doing so, the following steps were taken: (1) workers were organized to discuss the state production plans; (2) the trade union, acting on behalf of the workers signed collective contracts with the respective administrations; (3) production meetings were organized to discuss production problems; and (4) workers were organized to work out and submit "rationalization proposals"[18] and to popularize "advanced methods of work."[19]

17. People's China, June 1, 1953, p.9.

[See next page for 18 and 19.]

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In the East China Region, labor emulation drives were accelerated in 1951 after the Communists had intervened in the Korean war. In the early phases, the Communists urged workers to lengthen their working day. In one case in an iron and steel factory in Kiangsu, the men worked sixteen hours a day.[20] The ten-hour working day became the rule in Shanghai, although the Communist labor law stipulated an eight-hour working day. As a result of the increase of working hours and an acceleration of production, industrial accidents and sick leave became more frequent. In July 1952, one-fourth of the workers of the No. 6 Iron and Steel Works in Shanghai asked for leave because of illness after an intensive "labor emulation" [845] drive.[21] In a cotton textile factory in Tsingtao, in the period January to June, 1952, more than half of the women workers who were pregnant suffered miscarriages.[22]

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18. "Rationalization proposals" are proposals submitted by workers to management to increase production through improved techniques, reduced costs of production, and the more efficient use of manpower. See Practical Dictionary of Economic Terms, pp. 9,016-17.

19. The campaign to popularize "advanced methods of work" corresponds to Stahkanovism in Russia as a means of increasing the efficiency of workers by popularizing the efficient methods used by "model" workers; see ibid., p. 9,057.

20. People's China, December 14, 1952, p. 5.

21. Liberation Daily, Shanghai, 8/12/52, p.3

22. China Weekly, Jan.19,1953, pp.7-8.

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461 During a labor emulation drive, those chosen to be "model" workers were honored and their experience and methods were publicized. In Shanghai, 251 "model" workers were awarded medals for their achievements at a conference held in their honor in May 1954. Local government leaders and some 1,200 outstanding workers were present at the ceremony.[23] Tsingtao is the home of the nationally known "labor heroine", Ho Chien-hsiu, who succeeded in cutting the proportion of cotton wasted on the spindles she tended from 1.5 per cent to 0.25 per cent. Her method has been introduced as standard practice throughout the textile industry; it is reputed to increase annual production by 44,460 bales of yarn.[24] Ho Chien-hsiu was sent as a worker's representative to the Chinese People's Political Consultative Conference held in Peking in November 1952.

VI. WAGES AND PURCHASING POWER

465 As a result of the Communist occupation and of continued inflation in East China, the methods of wage payment were in considerable confusion by 1952. The industrial cities of the five provinces of the East China Region had many different systems for paying their workers. Some were paid in terms of "commodity-equivalent" units,[25] and some were paid in terms of

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23. NCNA, June 3, 1954.

24. New China Monthly, Oct. 1951, pp. 160-61.

25. "Commodity-equivalent" units were based on the price of essential commodities and used by Communists as savings deposits.

465 rice or flour, some on a simple cash basis. In March 1952, after the East China Military and Political Committee had issued "Regulations Governing the Unified Calculation of Wage Units in East China,"[26] the method of wage payment was standardized, with only slight variations in different localities, in accordance with the price of local commodities. One wage-unit consisted of the total retail value of 0.8 catty of rice, 0.02 catty of salt, 0.05 catty of edible oil, 2 catties of coal, and 0.2 ch'ih (one ch'ih equals 1.09 feet) of cotton cloth. At the time regulations were issued, the monetary value of one wage-unit was quoted at 2,670 yuan (old currency). The monetary value of the wage-unit was announced daily in local newspapers.

Under the system introduced in 1952, there were eight principal grades of workers, ranging from unskilled to highly skilled. The basic wages within each of these grades were fixed at different levels for each industry in accordance with its importance to the national economy. The basic monthly wage[27] for a skilled worker in Shanghai was reported to be about 400,000 yuan (old currency) in July 1952, equivalent to about U.S. $20. A miner in the Hwai-nan Coal Mine could earn as much as 700,000 yuan (basic wage plus compensation at

26. Liberation Daily, Shanghai, Mar. 30, '52, p. 2

27. Ibid., July 1, 1952, p. 2. Figures worked out from those given in Liu Ch'ang-sheng's speech. He reported that one skilled worker earned 500 catties of rice per month. One catty of rice was sold for 1,500 yuan in July 1952. At that time, one U.S. dollar was quoted in Liberation Daily as equal to 20,000 yuan.

465 piece rates) per month.[28]

the workers of Communist China were told to increase production, but an increase in earnings lagged far behind the increase in production. In the case of the Huai-nan Coal Mine, gross earnings increased only 30 per cent in 1952 above earnings in the previous year, and this was at a time when the industrial output of local and private enterprises had been doubled. Average labor productivity in the East China Region in the first six months of 1952 was reported to be 169 per cent above that of 1949.[29]

434 The Chinese Communists assert that the
465 increase in earnings is reflected in the increase of purchasing power and the standard of living. In East China, purchasing power in 1952 was reported to be 40 per cent higher than in 1950.[30] In Shanghai, the supply of consumer goods in 1952 was more than twice that of 1951. In Nanking, the volume of retail business in the first months of 1952 was 44 per cent higher than the volume reported for the corresponding period in 1951.[31]

454 It is true that the earnings of Chinese work-
465 ers have increased since 1952, but gross income

28. Basil Davidson, Daybreak in China, London, 1953, pp. 100-106.

29. Ibid., pp. 84-85.

30. Economic Bulletin, Hong Kong, February 24, 1953, p. 10.

31. Ibid., September 8, 1953, p. 6; Oct. 20, 1953, p. 2.

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has been subjected to various deductions -- union fees, "voluntary" contributions, and the compulsory purchase of government bonds. For example, the employees of all publicly owned enterprises in Shanghai and Tsingtao "voluntarily" gave up their New Year's bonuses in January 1950 after the Government Administration Council asked them to help the nation increase its capital for national construction.[32] Trade unions urged workers in private enterprises to do the same. When the Communist government issued Victory Bonds in early 1950, 45,000,000[33] points were allocated to the East China Region. Activists and union cadres initiated the sale among the workers. On December 20, 1949, the workers in the Electric Power Company in Shanghai pledged 1,070 points. Seamen in Shanghai bought 10,000 points within two weeks in January, 1950 and pledged to buy bonds to a total of 100,000 points in that year.[34] During the Resist-America-Aid-Korea Movement, workers in Shanghai, Nanking, Tsinan, and Tsingtao contributed a large amount to the war fund.

In mid-1953, the Chinese Communists forced workers to deposit anywhere from 25 to 30 per cent of their monthly income in the local People's Bank.[35] The People's Bank in Shanghai

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32. Workers' Daily, Feb. 1, 1950, p. 4.

33. One point consists of the total values of 6 catties of rice (one catty equals 1.10 lbs.), one catty of flour, 4 chih of cotton cloth (one chih equals 1.09 feet), and 16 catties of coal. See Workers' Daily, Dec. 31, 1949, p. 4.

34. Ibid., Dec. 26, 1949, p. 4; Jan. 14, 1950, p. 4.

35. China Weekly, Jan. 4, 1954, p. 41.

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465 454 revealed that in 1951 the bank had nearly six times as many depositors as in 1950, and the majority of these depositors were industrial workers.[36] The increase of deposits was not necessarily an indication of an increase in earnings; it represents the system of "compulsory savings" which the Communists used to prevent inflation and to cope with the scarcity of consumer goods in Communist China. After "voluntary" contributions and compulsory savings, there was little money left for the workers to spend. Accordingly, the Communist reports of an increase in the standard of living are somewhat suspect.

VII. LABOR WELFARE

A. Labor Insurance and Health

745 466 The Chinese Communist promulgated Labor Insurance Regulations in March 1951 and revised them in January 1953. At first, they were applied only to enterprises employing one-hundred or more workers. After revision, the regulations were broadened to provide insurance for small enterprises. By the end of 1954, more than 5,380,000 workers in Mainland China had been insured against losses caused by death, old age, illness, and disability.[37] Workers' hospitals, sanitoriums, rest homes, and creches were established under the labor insurance regulations.

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36. NCNA, Shanghai, October 7, 1954.
37. People's China, May 1, 1955, pp. 3-5.

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745 In East China, Shanghai was a showcase
466 for Communist labor welfare; marked improvements in working conditions had been made since 1950. There were 189 sanitoriums and rest homes in that city, and 96 hospitals in Shanghai were giving free medical treatment to workers in 600 industrial enterprises.[38] In Tsingtao, there were two large rest homes, each with 48 rooms, for textile workers.[39]

The procedure for applying labor insurance benefits was complicated. For example, a worker in a Shanghai textile factory who asked for insurance benefits when sick was told that he had to show certificates from his doctor, from the chief of his department in the factory, and from the labor insurance cadre of his union, and that his application must be discussed and ratified by his department and by the trade union. He was so bewildered by the complications that he forfeited his rights to the benefits. Cases of this kind are reported to be very common in China under the Communists.[40]

B. Labor Safety and Industrial Accidents

466 The Chinese Communists claim that the Central People's Government in the period 1949-53

38. NCNA, Shanghai, Nov. 23, 1954; Jan. 18, 1955.

39. Liberation Daily, Shanghai, Sept. 20, 1952, p. 5.

40. China Weekly, May 24, 1954, p. 15.

466 enacted 119 decrees, rules, and regulations concerning labor safety and sanitation in factories and mines.[41] At the end of 1949, the Communist government began a nationwide investigation of labor safety and sanitation and found that the conditions in factories and mines were very bad. In the case of Chia-wang Coal Mine in Kiangsu Province,[42] there was no sewage disposal system and no drinking water supply (in China only boiled water is drinkable). The more than 10,000 miners had to drink dirty water from ditches. In the mines, no provisions had been made to pump fresh air in; workers received about one-third of the amount needed to maintain their normal health. The death rate of miners in East China in 1949 was estimated to be three men for every 10,000 tons of coal mined.[43] To eliminate some of these problems, the Communist government issued a series of decrees and regulations concerning labor safety and sanitation in factories and mines. Conditions were reported to have improved in 1950. For example, in Huai-nan Coal Mine in Anhwei Province, the death rate of miners in the autumn of 1950 was only 0.196 per 10,000 tons of coal mined, and the injury rate was 3.413 men per 10,000 tons, approximately 63 per cent lower

41. People's China, July 1, 1953, p. 11.

42. Chinese Workers' Monthly, June 15, 1950, p. 42.

43. Ibid., p. 2.

466 than the rate had been in the summer of that year.

Since 1951, as the result of the acceleration of "labor emulation" and Mao Tse-tung's demand that the cost of production be reduced, the Communists have neglected labor safety measures to an astonishing degree and industrial accidents have been increasing. According to statistics released by the labor bureau of the provincial government in Shantung, from January to June 1952, there were 4,392 persons injured or killed in factories and mines in that province.[45] At No. 6 Iron and Steel Factory in Shanghai, 484 persons, of which 109 were seriously injured, were involved in industrial accidents[46] in 1952. After the beginning of the Communists' first Five-Year Plan, labor safety became of less concern. This fact suggests that conditions in factories and mines on the China Mainland must be growing steadily worse.

C. Housing Conditions

362 466 The Chinese Communists assert that they spent more than 286 million yuan (new currency, equaling US$ 114.4 million) on housing projects for workers in 1952. In 1953, the government approved the construction of 130 million square feet of living quarters for workers.[47] The Chinese

44. Chinese Workers' Monthly, Nov. 15, 1950, p. 33.

45. China Weekly, Jan. 19, 1953, pp. 7-8

46. Tientsin Daily, Aug. 8, 1952; China Weekly, Jan. 26, p. 7.

47. People's China, May 1, 1955, pp. 3-5.

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362 Communists claim that the Central People's
466 Government was the first government in Chinese history to provide housing for workers.

The construction of housing projects for workers in Shanghai began in September 1951. The first housing project, completed in 1952, was Ts-ao-yang Villa[48] on the western edge of the city. The project was comprised of a co-operative store, a clinic, a grade school, a market, and a club. Rent was fixed at approximately 7 per cent of the worker's gross income. Between 1952 and 1954, at least 29 new housing developments, with accommodation for over 100,000 people, are reported to have been completed in Shanghai.

The Communists also planned housing projects for workers in the Huai-nan mining district in Anhwei Province. The Huai-nan coal mine is one of two large industrial enterprises[49] which the Communists intend to develop in the East Region as part of the first Five Year Plan. The housing project was begun in 1952. By the end of 1954, some 1,300 miners and their families had moved into dwelling units. An additional 2,000 units were to have been ready by the end of 1955.[50] Compared with the slums from which these workers came, the new housing developments for workers in Communist China are probably a considerable improvement, but compared with housing projects in Western countries, they would seem meagre and overcrowded.

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48. Liberation Daily, April 28, 1952, p.1; Chinese Youth Enjoys a Happy Life, published by All-China Federation of Democratic Youth, Peking, 1953, p. 13. [See next page for 49,50.]

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D. Labor Education and Recreation

893 Illiteracy is one of the great obstacles
466 hindering industrial development in China. Before the Communists gained control of Mainland China in 1949, some 60 per cent of the workers were semi-literate (i.e., could read less than 1,000 Chinese characters). In June 1950, the Government Administration Council issued "Instructions for Developing Spare-time Education of Workers," which aimed to teach every illiterate worker at least 1,000 characters over a period of three to five years. The Communist trade union regulations stipulate that all enterprises are to allocate a certain sum for the education of workers. The "quick method" of learning Chinese characters evolved by Ch'i Chien-hua, a cultural instructor of the Communist army, increased literacy among the workers.

In 1950, almost every factory in Shanghai, Tsinan, Tsingtao, and Nanking established night classes for the workers. By 1954, more than 10,000 industrial workers and government employees in East China were granted leave to attend technical or secondary schools. Those who attended classes continued

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49. Another project in the first Five-Year Plan in East China is the development of the Ma-an-shan iron mine.

50. NCNA, January 7; April 15, 1955.

873 to receive their original pay. The trade union,
466 the Party, and management were authorized to decide which workers qualified for additional technical training. In 1950 the East China Region sent 174 industrial workers of an advanced intellectual level to the Chinese People's University in Peking[51] as part of the Communist plan to create a new intelligentsia among the working class.

461 The Communists say that recreation -- the
466 privilege of the few in the past -- is now an integral part of the workers' lives. After work, workers may go to their own clubs to play chess, card games, or Ping-pong, or in other ways to enjoy their leisure time. Many factories show films or hold dances on weekends. By the end of 1954, some 11,929 clubs had been established in factories, mines, and other enterprises throughout China; Shanghai alone had over 800 workers' clubs. For the first time, workers had the opportunity to take part in athletic activities. At a provincial track meet in Chekiang Province in 1951, workers and peasants took the first four places in a 10,000 meter race.[52]

The validity of the above reports can be questioned. Workers have the facilities for

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51. Workers' Daily, Jan. 6, 1950, p. 1; NCNA, Shanghai, June 2, 1954.

52. Chinese Youth Enjoys a Happy Life, p. 28; NCNA, Shanghai, September 21, 1954.

461 leisure but are not given the opportunity to en-
466 joy them. Raja Hutheesing, traveling in China in 1951, heard factory whistles blow to signal the end of the working day in Nanking, but saw no workers leaving the factory. He was told that the workers had remained to join in a political discussion.[53] In the Communist China regime, even "leisure" comes under the control of the Party, and many workers may spend sixteen hours a day in the factory at work or attending compulsory meetings.

VIII. UNEMPLOYMENT IN SHANGHAI

464 Since the Constitution of Communist China promises the right to work, the Chinese Communists have maintained that unemployment as it exists in Mainland China is a legacy of their "capitalist predecessors," soon to disappear under a socialist society.

The most serious unemployment situation in Communist China exists in Shanghai. After the Communists assumed control in 1949, many factories in Shanghai were closed for lack of raw materials. Some factories have changed their line of business. For example, a Coca Cola factory was remodeled to produce soya bean sauce. During economic reshuffling in Shanghai in 1949 and 1950, unemployed workers (and their dependents) were estimated at 500,000. In early 1950, the Shanghai Federation of Trade Unions established a "Relief Fund Trust Committee" to collect contributions from workers

53. Raja Hutheesing, The Great Peace, Harper, New York, 1953, p. 118.

464 throughout China to help those unemployed workers who were in urgent need. In June 1950, the "Provisional Relief Committee for Shanghai Unemployed" was established to register the unemployed, train them for new occupations, and to launch the Back-to-the-Villages Campaign. From July 1950 to April 1954, more than 263,000 unemployed workers were reported to have obtained permanent jobs through the labor bureau of ~~the~~ Shanghai municipal government.[54]

The recently intensified Back-to-the-Villages Campaign in Shanghai[55] indicates that unemployment in that city has increased, in spite of the claims of the Chinese Communists. According to Communist statistics, the population of Shanghai increased from 5,000,000 in 1950 to 7,000,000 in April 1955. Only some 2,500,000 people have regular jobs; the remaining 4,500,000 are jobless. An intensified Back-to-the-Villages Campaign began in the summer of 1955; approximately 300,000 persons left the city each day at the height of the campaign. It was the Communists' intention to reduce the Shanghai population by one-seventh. To remove "non-productive" surplus population from Shanghai has been a constant preoccupation of the Communists since they assumed control of that problem city in May 1949, and it will remain a problem facing the Communists for a long time to come.

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54. Liberation Daily, June 28, 1954; quoted in Survey Mainland China Press, Hong Kong, Sept. 23, 1954, No. 894, p. 6.

55. New York Times, Sept. 4, 1955, p. 4; Union Research Service, Hong Kong, Sept. 16, 1955, No. 1.

IX. THE FIVE-YEAR PLAN AND CHINESE LABOR

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493 The Chinese Communists began their first Five-Year Plan in 1953. According to the plan,[56] China's industrial output is to double in value by 1957. Lai Jo-yü, chairman of All-China Federation of Trade Unions, in a speech delivered on July 21, 1955 to the National People's Congress, said, "The enthusiasm and creative spirit of the working masses are the most important guarantees to the realization of the Five-Year Plan. Labor emulation is the concentrated expression of labor enthusiasm and creative spirit of the working masses as well as the basic method of socialist construction."[57] Lai's speech indicated that "labor emulation," as the Communists have termed it, will help to increase production, but it is certain to put a still heavier burden on the shoulders of the Chinese workers.

In the first Five-Year Plan, the Communists scheduled no heavy industrial projects for the East China Region. Apart from the Huai-nan coal mines and the Ma-an-shan iron mines in Anhwei Province, the regime was unwilling to invest added capital in enterprises in this region. But as the center of light industry

56. Far Eastern Economic Review, Hong Kong, July 14, 1955, p. 42.

57. Ta-kung Daily, Tientsin, July 22, 1955, p. 3.

185 in China, Shanghai was to play an important
433 part in the plan, especially as a training center for skilled labor.

Early in 1953, in response to the call of the All-China Federation of Trade Unions for "labor emulation," more than two hundred state enterprises in Shanghai announced their production plans for the year. The Shanghai Electric Appliance Plant had sets its 1953 production goal 46 per cent above the 1952 record for production. The 1953 production plans of over 50 textile mills in East China showed an increase over 1952 records.[58] In 1954, the total value of production in 73 light industries in Shanghai surpassed the 1953 production by an average of 19.46 per cent.[59] A machine-tool factory in Tsinan, Shantung Province, completed its quota for 1953 some 52 days ahead of schedule.[60] In 1954, workers in local industries in Chekiang Province developed a "technical renovation campaign," increasing labor productivity by 20 per cent.[61] These sporadic reports indicate how the "labor emulation" drive in East China has accelerated since the start of the Five-Year Plan. But enthusiasm alone cannot teach a worker to handle a machine or obtain for him a new one. It is of greater importance to raise the technical level of the workers and to train skilled labor. This task has been assigned to the industries of Shanghai under the first Five-Year Plan.

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58. People's China, Feb.1,1953,p.34.
59. Ibid., Feb. 15, 1954, p. 26.
60. Ibid., Dec. 16, 1953, p. 35.
61. NCNA, Hanchow, Jan. 9, 1955.

463 According to a recent estimate,[62] the Chinese Communists will need at least 2,500,000 skilled industrial workers in order to carry out the proposals of the first Five-Year Plan -- and they have no more than 600,000 trained workers. However, Shanghai has been training skilled labor since the Communist conquered the China Mainland in 1949. In the past five years more than 63,000 skilled workers, technicians, engineers, and clerks have been sent from Shanghai to major construction sites and new factories in other parts of the country. From 1951 to May 1954, over 34,000 steam fitters, machine-tool operators, welders, and other skilled workers have been trained in schools established for this purpose. Shanghai factories frequently have been given the job of training contingents of workers for new factories established in Northeast and Northwest China.[63]

466 The first Five-Year Plan has as its goal an increase in labor productivity but does not guarantee to the workers an increase in wages or a better standard of living. When the plan was first announced, the Communists stated that all manpower and materials would be concentrated in order to achieve socialist industrialization, that the improvement of the standard of living would dependent upon the development of production. They called upon the Chinese workers to carry

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62. Cheng Ch-yuan, Chung-kung Wu-nien Chiu-hua P'ou-hsi An Analysis of the Chinese Communists' First Five-Year Plan, Hong Kong, 1955, pp. 317-38.

63. NCNA, Shanghai Oct. 10, 1954.

466 out the plan as if they were engaged in a bitter struggle. And a struggle it will continue to be, as the workers discover how much the present regime can demand of them and how little it offers in return.

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Annex "A," Subparagraph 3h,
Economic Background

FORCED LABOR

I. INTRODUCTION

466
697 "Reform-through-labor" has been the official declared policy since the beginning of the establishment of the Communist regime in China: it is stipulated in the Common Programme[1] of the Chinese People's Political Conference, Mao Tse-tung's On People's Democratic Dictatorship,[2] and in the Constitution of the People's Republic of China,[3] promulgated in September 1954. In these three most important documents[4] as well as in other official documents,

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1. Common Programme, Foreign Language Press, Peking, 1950, Article 7, p. 4.

2. Mao Tse-tung, On People's Democratic Dictatorship, Foreign Language Press, Peking, 1950, p. 18.

3. Constitution of the People's Republic of China, Foreign Language Press, Peking, 1954, Article 19.

4. Regulations Concerning the Establishment of People's Court in Five-Anti Campaign, Jen-min Jih-pao, Peking, March 24, 1952; Regulations Concerning the Establishment of People's Court in Three-Anti Campaign, Jen-min Jih-pao Mar. 30, 1952; Agrarian Reform Law, Foreign Language Press, Peking, 1950, Article 10.

446 696 the Chinese Communists point out clearly that the new regime is going to use the forced-labor system to punish political offenders as well as to achieve the nation's economic plan. This system is practiced in East China as in other regions of Mainland China.

Li Shih-ying, director of the Public Security Department of the Military and Political Committee of East China, in his report (November 1951) on the suppression of counter-revolutionaries, said that the public security and judicial agencies at various levels in East China had followed the call of the Central government to suppress the counterrevolutionaries and had made many arrests. Some of the prisoners who had been "guilty of gross betrayal of the people" were executed; others had had their sentences stayed for two years and had been given a chance at "reform-through-labor."[5] It is estimated in Taiwan that the total number of persons undergoing reform-through-labor from 1949 to 1954 totals 42.3 million.[6] The population of the East China provinces is 27.9 per cent of that of the whole country. If we assume that the proportion of those in forced labor is just about the same as that of the population, then, within five years, the number

5. Chieh-fang Jih-pao [Liberation Daily], Shanghai, Nov. 30, 1951.

6. Fei-ch'ü Nu-kung Kai-shu, [A General Account of Forced Labor in Communist China], Taipei, Sixth Section, Central Committee, the

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466 in forced labor would be around 11,8 million.
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According to the "Regulations Governing Reform-through-Labor" passed and promulgated by the Government Administration Council in August, 1954, there are four types of agencies carrying out reform-through-labor: detention houses, prisons, reform-through-labor corps, and institutions for juvenile delinquents. The detention houses and the prisons are to be established on and above the hsien level. There are 448 municipalities and hsien in East China[7] and it is very conservative to say that there are 448 official agencies carrying out reform-through-labor in that region. The movements of the prisoners in the detention houses and prisons are restricted, and they are employed in indoor occupations, while the reform-through-labor corps may be transferred and are allocated according to the needs of national economic planning.

466 The importance of the above policy of "reform-through-labor" is intentionally

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6. (continued) Nationalist Party, December 1954, p. 17.

7. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung Pao, 1955, pp. 230-39.

466 overemphasized by the Chinese Communists to camouflage another type of forced labor. Millions of civilians have been recruited by the government to join gigantic public projects such as water-conservation works and highway and railway construction, where mass-labor methods are needed in underdeveloped China. The most-talked-about example of mass labor methods is the Hwai River Project.

II. HWAI RIVER PROJECT

A. Origin of the Project

731 653 The Hwai River, 1,021 kilometers in length and covering an area of about 220,000 square kilometers in Honan, Anhwei, and Kiangsu provinces, had afflicted the people in this region since the fourteenth century.

In 1938, the Kuomintang government diverted the Yellow River to prevent the Japanese army from advancing west from Hsuchou. The diversion choked the main Hwai River and most of its tributaries with silt, causing the water brought down by the Yellow River from Shensi and Kansu to flood the whole Hwai region. After the war the Nationalist Government, under the direction of the American engineer, O. J. Todd, put the Yellow River into its old bed, but it was too

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73/ late to prevent the big flood of 1949, which
653 covered 53,000,000 mou (about 8,000,000 acres) of land and made 16,000,000 people homeless, and of this number 700,000 died of starvation and disease.[8]

The People's Government of Communist China decided to harness the river after the flood. By a directive known as "Decisions on the Harnessing of Hwai River"[9] issued by the Government Administration Council on Oct. 14, 1950 a Committee was established to direct the work which was started in November of the same year. The entire undertaking was to be completed in 1955.

B. Recruitment of Labor

466 According to the directive mentioned
653 above and some others[10] issued by the

8. Kung-jen Jih-pao [Workers' Daily], Peking, Oct. 28, 1952, p. 4.

9. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies], Peking, compiled by the Financial and Economic Committee of the Government Administration Council, Peking, March, 1952, Vol. III, pp. 1084-86.

10. Hua-tung-chu Ts'ai-cheng Ching-chi Fa-ling Hui-pien [Compilation of Laws and Regulations Concerning Finance and Economics in East

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466 653 Ministry of Water Conservation in the Spring of 1950, the responsibility of recruiting labor force fell on the shoulders of the committee and the local governments of the hsien level. Not one word was mentioned in these directives about the funds of this huge project and the wages supposed to be paid to the workers. Because such employment offered no economic advantage, the committee and the hsien governments had to resort to methods of patriotic appeal and political coercion. Over 500,000 Party members and 100,000 cadres, members of the Youth Corps and even college students were organized into teams and spread over the districts of the three provinces to activate and mobilize the peasants.[11] Meetings, slogans, and processions were organized. The effectiveness of these methods was indicated in the fact that 2,200,000 people[12] responded to the call of Mao Tse-tung to harness the Hwai River and joined

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10. (continued) China], Shanghai, 1951, Vol. I, pp. 1276-86.

11. Jen-min Jih-pao [People's Daily], Peking, Oct. 15, 1950, also Raja Hutheesing, The Great Peace, New York, 1955, pp. 101-14.

12. This figure was admitted by Fu Tso-yi, Minister of Water Conservation, Chieh-fang Jih-pao [Liberation Daily], Shanghai, July 4, 1951.

466 the project in the first year. Most of the
653 laborers were peasants, some were refugees from the flood, and still others were unemployed people in the cities. In 1952, the number of workers increased[13] to 2,400,000. In 1953, when the project had been established on a permanent basis, the workers decreased[14] to about 1,500,000. The fact that a total of more than 6,000,000 people had joined at one time or another a public project during a three year period is unheard of in Chinese history.

C. Organization of the Labor Force

466 In addition to recruited civilian workers,
708 large numbers of the People's Liberation Army
653 joined the project. They were supposed to do the harder jobs and act as model workers; in reality, they were to keep surveillance over the recruited workers.

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13. Chin-pu Jih-pao [Progressive Daily], Tientsin, Aug. 3, 1952.

14. Jen-min Jih-pao [People's Daily], Sept. 16, 1955.

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Organization of the Labor Force on the Hwai River*

National Committee
of
Hwai River Harnessing

↓

Headquarters of Provincial Committee
of
Hwai River Harnessing

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Headquarters of Hsien Committee
of
Hwai River Harnessing
(There were five departments under each provincial and hsien unit)

1. Organization Department
2. Propaganda Department
3. Cultural Department
4. Recreation Department
5. Statistics Department

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Regiment (The number of regiments formed in one hsien is in proportion to the number of recruited men in that hsien.)

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Battalion (Four battalions make a regiment.)

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Company (Four companies make a battalion.)

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Platoon (Four platoons make a company.)

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Squad (Four squads make a platoon.)

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Section (Four sections make a squad; one section consists of 17 workers. the total number of workers in one regiment amounts to 43,520).

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* Chang Chao-feng, Chung-kung Chih-huai Nei-mu [The Inside Story of the Chinese Communist Conservation Works on the Hwai River], Hong Kong, 1953, p. 64.

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466 The above diagram suggests the military
708 character of the huge labor force organization
653 working on the Hwai River and how different it is from the organization of labor groups in the free world. Besides, all the responsible persons in this organization are either Party members or veterans of the Communist army.

D. Working Conditions

466 The Hwai River Project was planned on
653 the assumption that it would cost the Communist treasury nothing except grains to feed the millions. Recruited workers must bring their own tools, clothing, bedding, and even cooking utensils. The directive mentioned above indicated that the wages of one laborer should be calculated according to the number of cubic feet of earth he digs in one day. But in all the official reports of the Communists about the success of the Hwai River Project, nowhere is there given the amount one worker really received for his day's work. In the directive entitled "Provisions Concerning the Standard Payment of Allowance to the Water Conservation Workers during Rainy Days,"[15] issued by the

15. Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies, Peking, March 1952, Vol. III, pp. 1084-86.

1:Stanford U. S-4, 5 1956 AF15 East China
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466 653 Ministry of Water Conservation, it was stated that the workers during involuntary work stoppages on rainy day did not have enough to eat; therefore, the Hwai River authorities were instructed to pay an allowance of 1 5/8 catties of millet to each worker for every rainy day. This directive shows clearly that the workers had just enough to eat for their day's work.

Another directive concerning the water conservation workers, issued on April 27, 1951 by the same ministry, indicated that the water conservation workers on the Hwai River who were recruited from the refugees of the flood should have one to four catties of rice per day for each worker to take care of his family.[16] One catty of rice was worth about 1,300 yüan in East China at that time and was equivalent to 6.5 cents in American money.[17]

The men of the Hwai River project were supposed to work not more than ten hours a day, but the Communists used the same tactics

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16. Ibid., Vol. I, pp. 1276-86.

17. Exchange rate between U. S. dollar and People's Bank yuan was $1 to 20,000 in 1951.

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in the labor camps as they used in the factories -- emulation drives, patriotic appeals, model worker elections -- to increase production. The 14-hour working day was common practice on the project. Activists among the workers themselves made a common compact to forfeit their New Year's vacation, and to contribute working days and tools, etc., in order to reach the norm of 6 cubic meters of earth work per day per person.[18]

The Communist newspapers lavished praises on the "enthusiasm" and "sacrifice" of the workers. One report from Anhwei said that "450,000 civilian workers in Szu-hsien passed their New Year's on the bank of the Hwai River dredging the river under the snow."[19] "Every evening, tiring after a hard working day, the men dragged back go their snow-covered straw huts. Shivering in their straw beds, they were waiting for another hard working day."[20]

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18. Chang Chao-feng, op. cit., Hong Kong, 1953, p. 67.

19. Ta-kung-pao [Ta-kung Daily], Hong Kong, March 14, 1951.

20. Ta-kung Daily, April 14, 1951.

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653 Because of the bad working conditions and the lack of nourishment and proper medical care, the mortality rate among the workers of the Hwai River Project reached 10 per cent in 1951.[21]

E. Achievements of the Hwai River Project

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653 The first stage of the Project was completed in 1953, including the strengthening of 2,100 kilometers (1,302 miles) of dikes, drendging 860 kilometers (533.2 miles) of river beds, constructing one water storage reservoir, 12 water detention basins, and 92 sluices. Altogether 200 million cubic meters (6,554 million cubic feet) of earth work had been completed.[22]

An official source stated that the total area of inundation in 1950 was only 60 per cent of that flooded in 1949, in 1951 it was 21, and by September 1952, it was only 8 per cent.[23]

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21. Chang Chao-feng, op. cit., p. 71.
22. Kung-jen Jih-pao [Workers' Daily], October 8, 1952, p. 4.
23. Far Eastern Economic Review, Hong Kong, Oct. 9, 1952, pp. 455-56.

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Fu Tso-yi in his report on the water conservation work, said that the Hwai River Project covered 280,000 kilometers (about 173,986 miles) of area, no serious flood was reported in 1954, and the Tientsin-P'uk'ou Railway Line had not been interrupted as before. Altogether 2,900,000,000 cubic meters (95,033 million cubic feet) of earth work had been completed by the laborers with their bare hands. Hsü Kai, director of the Bureau of Surveying and Planning of the Ministry of Water Conservation, affirmed that the work of the Hwai River Project had passed the test of the second highest watermark of the flooding river in 1954.[24]

All the reservoirs and detention basins constructed on the river and its tributaries by the end of 1954 were capable of storing 16,500 million (540,705 million cubic feet) cubic meters of water and protecting 2 million hectares (about 2.47 million acres) of farmland from attack of flood and drought.[25] The latest Communist report said that most of the important parts of the first stage of the Hwai River Project, including the Fo-tzu-ling and Nan-wan reservoirs,

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24. Jen-min Shou-tse [People's Handbook], Peking, 1955, pp. 513-15.

25. NCNA, Penpu, July 3, 1954; quoted from Survey of Mainland China Press, Hong Kong, No. 842, July 5-7, 1954, p. 40.

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731 653 had been completed in July 1955.[26]

All the reports from Mainland China and some from Hong Kong praised what the project had done for the improvement of living conditions of the people in the Hwai River area. Such reports imply that the millions of peasants who continue to toil on the banks of the river for a few bowls of rice a day have no reason to complain.

III. "REFORM-THROUGH-LABOR" IN EAST CHINA

A. Reform-through-Labor Camps in Shanghai

697 466 As a result of the drive for suppression of counterrevolutionaries which started in the Spring of 1951 and the Three-Anti and Five-Anti campaigns which followed, the number of prisoners sentenced to reform-through-labor reached 200,000 in Shanghai by the end of that year. Reform-through-labor camps are scattered all over the suburbs of the big city. Most of the prisoners are employed in municipal constructions, road building, and light industries. The following is an example given by the Communists through the official channel New China

26. Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 5, 1955, p. 2.

1:Stanford U. S-4, 5 1956 AF15 East China
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697 News Agency showing how much the Communists
466 had done for one ex-prisoner:

Tao Chieh, a criminal in Shanghai, after reform-through-labor, achieved a change in his ideology and cultivated the habit of labor. When he was released at the expiration of his term and returned to his home, his wife wrote to the reform-through-labor organ, saying, "When my husband returned home, all our neighbors declared that he had changed and made progress. I feel that the People's Government had not only changed my husband but has brought happiness to our whole famil."[27]

The fact that reports in Taiwan and Hong Kong about life in the Shanghai reform-through-labor camps differ from this official report shows that the latter may be a Communist falsification. One of the Taiwan reports described the life in the Shanghai labor camp as miserable. The report said that the prisoners had to perform dirty work such as sewer dredging, public-lavatory cleaning, and refuse-removing under bayonets. When the prisoners did not show much liking for their work, they

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27. NCNA, Peking, March 30, 1955; quoted from Survey of China Mainland Press, April 1, 1955.

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697 were reminded that they were counterrevolutionaries
466 and should work hard.[28]

B. Rebirth Village in North of Kiangsu

North of the Yangtze River in Kiangsu Province, there are millions of acres of alluvial soil forming new land along the sea-coast of that province. The Rebirth Village was started in the spring of 1950 by the People's Government of Shanghai. Within little more than one year, a whole "new town" had been built in this ast, inhospitable region with 10,000 mou (about 1,518 acres) of cultivated land. The center of the Rebirth Village is in Ssu-ch'a-ho with a transportation system of new highways and new canals built by the villagers. Inside the Rebirth Village, there are all kinds of small-scale industries such as blacksmiths, wood and bamboo works, hosiery works, and sewing factories. According to Communist report, the people in the nearby villages have come to call the new- born city "New Shanghai."

28. Li, T'ien-min, Wu-nien-lai Chung-kung P'o-hai Jen-ch'üan Chi-shih [A Factual Account of the Violation of Human Rights by the Chinese Communists in the Last Five Years 1949-54] Taiwan, March 1955, p. 29.

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466 The labor of the Rebirth Village had been supplied by the criminals and unemployed "vagrants" of Shanghai. Apparently, the latter category includes people who were forced to evacuate from the urban area of Shanghai, then the largest industrial and commercial city in the whole of China, during the slump period after the Communists came in. In addition to light industries, these immigrants were forcibly employed in cultivating cotton fields, drilling wells, and reforesting the seacoast. The main product of the Rebirth Village is cotton. In 1951, the villagers planted 6,800 mou (about 1,143 acres) of cotton fields which produced 3,500 tan [192.5 tons] of cotton with an average of 50 catties (55 pounds) per mou (1/5 acre), 20 per cent above the average in the neighboring villages. With the improvement of irrigation and soil, the Communists hope to supply most of Shanghai's needs in its textile industry in the future.[29]

C. Sung-chiang State Farm

The Sung-chiang State Farm is one of hundreds of state farms spread all over East China, where forced labor is employed. On

29. Chieh-fang Jih-pao [Liberation Daily], Shanghai, Oct. 6, 1951, p. 2.

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697 466 the farm, the usual Communist methods of increasing production were used, such as emulation drives and elections of model workers for higher achievement in production. The activists among the prisoners offered to take care of nine mou (about 1.3 acres) of land as the norm for each person. Through challenges and responses the norm was raised to 15 mou (about 2.3 acres) for each worker. At first, they had no oxen for plowing. Twelve workers were organized into one plowing team and work with their bare hands. In the first winter, among 360 laborers, 7 of them died of cold and 24 became disabled because of severe frost-bites.[30]

According to a report from Taiwan, most of the reform-through-labor corps in East China are working the 718 state farms, totaling 568,000 mou (about 86,239 acres) of land. Among these farms are the Su-pei Collective Farm in Kiangsu, with 30,000 prisoners; the Yen-shan-hsien Farm in Shantung, with 1,000 prisoners; the Ch'ü-chou District Farm in Chekiang, with 3,000 prisoners;

30. Li Tien-ming, op. cit., pp. 30-31.

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697 the Ning-po District Farm in Kiangsu, with
466 5,500 prisoners, the Kao-Yu Farm in Kiangsu, with 4,000 prisoners; and the Nantung Farm in Kiangsu, with 1,500 prisoners. The number of reform-through-labor prisoners was estimated to be about 800,000 to 900,000 in 1952.[31]

The reform-through-labor corps had also been employed by the new regime to rebuild the old dikes along the seacoast of Chekiang and Kiangsu provinces, some 586 kilometers (about 370 miles) in length. Behind the dikes nearly 1,000,000 hectares (about 2,471,140 acres) of rice and cotton fields in the coastal areas are being cultivated in safety now.[32]

It was reported in Hong Kong that the Communists are mobilizing 60,000 laborers to start a new railway line connecting Amoy in Fukien and Ying-t'an in Kiangsi. There is no doubt that the labor force of this planned project also belongs to the category of this study.[33]

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31. Cheng Chu-yuan, op. cit., pp. 80-81.
32. Kuan-ming Jih-pao [Enlightenment Daily], May 27, 1952.
33. Asia Foundation News Bulletin, August 11, 1955.

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IV. COMMENTS

466 668 Despite the fact that the Chinese Communists strongly insist that the laborers employed on the Hwai River Project are working for their own good, the harnessing of the Hwai River has a very strong political factor behind it. Consequently, the indifference and rebellious acts of the people in the Hwai River areas, in the eyes of the Communists, are as dangerous as the evils of the river itself. The harnessing of the river is the harnessing of the people in that area. In the provinces of Shantung, Anhwei, Kiangsu, in East China (and Honan in the Central-South), there were formerly 3,000,000 persons who belonged to different religious sects such as the Hung-ch'iang-hui [Red Spear Society], the I-kuan-tao [Unity Society], the T'ien-ming-tao [Dawn Society], and others. Some of the sects have several hundred years of history and tradition behind them. On many points they did not agree with the tenets of Marxism and Leninism. The cases of peasants refusing to join the Peasants' Associations and sabotaging land reform were too many to handle individually. In addition to the religious differences, the people of the Hwai River basin are famous for their fierceness and obstinacy. The Communist Hwai River Harnessing Project absorbs these unstable millions into the orbit of the Communist system. The military character of the organization of the labor force and the emphasis on the political indoctrination of the

46 laborers showed very clearly the real
68 intention of the Chinese Communists.

It is doubtful that the Communists could in a short time brainwash these millions whose ideology was formed by their religious beliefs through many generations. Given a chance, this portion of the Chinese population might rise against the new regime and go back to their old ways of life.

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Annex "A," Subparagraph 3i,
Economic Background

FOREIGN TRADE AND EXCHANGE

439 Of the five provinces of East China, only Anhwei has no direct outlet to the sea. The provinces of Shantung, Kiangsu, Chekiang, and Fukien, on the other hand, provide virtually the entire eastern and southeastern seaboard of the Chinese Mainland. Furthermore, access to the inland provinces is especially facilitated by the Yangtze River via the port of Shanghai. These geographical facts served in the past to make East China one of the most important areas of foreign contact, if not the most important. Foreign investors followed the footsteps of foreign merchants and the trade ports became in turn centers of manufacturing, which further encouraged their development as focal points in foreign commerce.

Customs Offices and Principal Ports

502 The identity of the principal ports of the East China provinces today may be seen from the distribution of Communist China's customs establishments in this area.[1]

1. Lun-hsien-hou Ti Ta-lu [Mainland under Occupation], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1953, pp. 140-41.

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Location of Customs Establishments in East China

Province	Main Office	Branch Office	Sub-Office
Shantung	Tsingtao	Yentai (Chefoo)	Lien-yün-chiang
Kiangsu	Shanghai	-	Wu-sung
Chekiang	-	-	Ningpo
			Wen-chou
Fukien	Foochow	-	Han-chiang
			San-tu-ao
	Amoy	-	Chin-chiang
Anhwei	-	-	-

502 Apparently, the above tabulation represents the result of the streamlining of the customs administration as former customs offices at such river ports as Wu-hu (Anhwei Province), Nanking, Soochow, and Chen-chiang (Kiangsu Province) have been eliminated. Moreover, seaports like Lung-k'ou and Wei-hai-wei -- both in Shantung Province -- do no appear on the list. While foreign trade may still be conducted through such points, there is no doubt that the twelve ports given in the table above now constitute the principal points of contact in East China's trade with foreign countries.

Relative Importance of East China Ports in Imports and Exports

504 439 During 1936, the last year of relative peace before the resumption of the Sino-Japanese War, the East China ports accounted for 70.9 per cent of the country's imports and 62.6 per cent of its exports. At the end of World War II, because of civil war activities in North China and their adverse effect on trade, and because of the large import of consumer goods demanded by the population of the coastal cities, the relative importance of the East China ports was further enhanced so that 87.4 per cent of the country's imports and 66.3 per cent of its exports were funneled through these ports

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in 1946.[2]

As far as imports are concerned, the principal ports of entry in 1936, arranged in diminishing order of their trade volume and exclusive of river ports, were (1) Shanghai, (2) Tsingtao, (3) Amoy, (4) Chefoo (Shantung Province), (5) Foochow, (6) Hangchow, (7) Lung-k'ou (Shantung Province), (8) Ningpo (Chekiang Province), (9) Wei-hai-wei (Shantung Province), (10) Wen-chou (Chekiang Province), and (11) San-tu-ao (Fukien Province). At the same time, the corresponding list for exports was: (1) Shanghai, (2) Tsingtao, (3) Chefoo, (4) Foochow, (5) Amoy, (6) Lung-k'ou, (7) Wei-hai-wei, (8) Wen-chou, (9) Ningpo, and (10) San-tu-ao.[3] The two lists are in agreement in placing Shanghai and Tsingtao as the first and second busiest ports on the East China coast, but differ somewhat on the relative significance of the remaining ports. As far as statistics of any one year can be taken as an indication of normal conditions, the lists above seem to point to a greater role for the Shantung ports (other than Tsingtao) in relation to the remaining East China ports, in China's export trade, than in the country's import trade.

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2. Chinese Maritime Customs, Statistical Series, Trade of China 1936 and 1946, Shanghai, passim.

3. Ibid.

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439 The phenomenon that the East China ports as a whole were more important as import channels than as export channels in China's foreign trade in the past and that, with the exception of Shanghai and Tsingtao, the individual East China ports also exhibited a similar dichotomy in relation to one another is a reflection of the following factors. First, the volume of imports handled by any port or area is determined primarily by the latter's importance as a center of manufacturing and consumption and by its capacity to serve as a point of entry for other similar centers. Second, the volume of exports that pass through any port or area is chiefly dependent upon accessibility to areas producing such goods. It was for these reasons that East China, which contains the large manufacturing and consumption centers of Shanghai and Tsingtao, was more important in the country's import trade than in its export trade. It was probably for the same reasons that, in relation to other East China ports, the Shantung ports of East China (except Tsingtao) seemed to be more important as export centers than as import centers while the Fukien and Chekiang ports presented the opposite case. As the underlying economic factors change, the relative position of these ports with respect to imports and exports will, of course, also undergo corresponding adjustments.

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The Changing Role of East China in Foreign Trade

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Some adjustments have already taken place under the Communist regime. For instance, during the nine-month period from June 1949 to February 1950, Shanghai recorded only US $15.3 million worth of imports and US$ 9.9 million of exports.[4] At these rates the annual amounts would be US$ 20.4 million and US$ 13.2 million, respectively, and would be no more than 11.4 per cent of the country's total imports and 8 per cent of the total exports, a far cry from the pre-Communist period when Shanghai accounted for well over one-half of the total exports and from 80 per cent (1936) to 90 per cent (1946) of the total imports. The situation was not much improved in the following year when Shanghai registered an export volume of US$ 44 million,[5] which corresponded to less than 10 per cent of the country's estimated total export trade.[6]

A number of reasons were responsible for this sudden decline of the share of Shanghai,

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4. Ching-chi Chou-pao [Economic Weekly], Shanghai, May 25, 1950, p. 9.

5. Far Eastern Economic Review, Hong Kong, April 19, 1951, p. 486. This may also be compared with India's export of $ 1,140 million in 1950; cf. United Nations, Economic Survey of Asia and the Far East, 1950, New York, 1951, p. 312.

(continued next page)

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439 and hence that of East China as a whole, in Chinese foreign trade during the first phase of Communist rule. One vital factor in this development during 1949-50 was undoubtedly the Nationalist blockade which extended at one time well to the north of Shanghai and all along the southeastern coast. This blockade was apparently more effective in reducing the usefulness of these ports than one might have been inclined to believe at the outset. However, the loss of the Chou-shan (Chusan) archipelago and the subsequent evacuation of various coastal island groups by the Nationalists has whittled down the effectiveness of the blockade to a token level affecting the Fukien ports only.

Underlying Economic Factors

The complete elimination of this non-economic and exogenous influence would not mean that East China in general and Shanghai in particular would reassert their predominance in China's foreign trade, inasmuch as several basic economic changes have taken place under the Communist regime. First, Shanghai has ceased to be the most important manufacturing center of China and does not represent a major center for further intensive development under

6. Yuan-li Wu, An Economic Survey of Communist China, chap. XIII. New York, Bookman Associates, 1956.

439 the Five-Year Plan. The same may be said of the entire lower Yangtze valley served by Shanghai in comparison with other areas of the Mainland. Secondly, near self-sufficiency in raw cotton has reduced, or perhaps removed, the need to import cotton to feed the large cotton textile industry of Shanghai and Tsingtao. Thirdly, as a result of general austerity and import restriction, such coastal cities as Shanghai, Tsingtao, and Amoy, as well as inland urban centers like Nanking, have ceased to be areas of concentrated demand for imported consumer goods. Finally, intensive development of North China, South China, and Manchurian ports, together with land transportation lines in the west and north, have opened up alternative channels of foreign trade which, developed at a time when the coastal blockade was a serious threat to the Communists, would not diminish in importance even if such military threat were completely removed.

Exports from East China

On the basis of the above analysis, it would appear that in the future East China will reverse its traditional role in China's foreign trade and become relatively less important in imports than in exports, i.e., both as outlets for exports in general and as the producer of exportable goods. In this connection, it may be noted that major exports from Shanghai in the second half of 1949, arranged in

439 diminishing order of their respective magnitudes, were: (1) tea, (2) furs and skins, (3) wood oil, (4) wool, (5) feathers, (6) cotton yarn, (7) egg products, (8) textiles other than cotton, (9) cotton piece goods, (10) intestines as casing, (11) raw silk, (12) straw hats, and (13) peppermint.[7] Of these, tea, raw silk, straw hats, and textiles may be regarded as products indigenous to East China. A similar listing for Shanghai exports in 1950 consisted of (1) ground nuts, (2) menthol, (3) wood oil (4) tea, (5) lace, (6) vegetable oils other than wood oil, (7) cotton yarn and cloth, (8) cereals and other edible products, (9) peppermint oil, (10) straw hats, (11) gallnuts, and (12) hemp.[8] The second list generally corresponded to the first and both reflected the predominance of agricultural and handicraft products in China's exports.

If the traditional importance of certain exports from East China may be regarded as an

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7. Far Eastern Economic Review, Hong Kong, July 20, 1950, p. 74.
8. Ibid., April 19, 1951, p. 486.

439 indication of future development, one might also expect some expansion in the export of bristles, which had suffered a decline in the early phase of the Communist regime, in addition to export of tea and wood oil. On the other hand, it is entirely possible that shipments through East China of such ores and metals as antimony and wolfram may not be revived to former levels because the bulk of such shipments is now destined for countries within the Soviet orbit and may take different routes.

Moreover, in line with Communist China's policy to expand the export of manufactured products, Shanghai and Tsingtao, as principal centers of light manufacturing industries, may be expected to contributed substantially to the effort. According to a recent report, for instance, the Shanghai branch of the China Industrial Products Export Company is said to have undertaken the organization of the export of various manufactured goods to African and Asian countries, including such items as electric fans, window screens, thermos flasks, sheets of asbestos, knitted wear, piece goods, and pharmaceuticals.[9] That this type of activity will be continued and expanded in the future may be taken for granted.

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9. Hua-ch'iao Jih-pao [China Daily News], New York, June 27, 1955.

439 The above trend has been further confirmed in a recent report from a Communist paper in Hong Kong which, while alleging a substantial increase in Shanghai's export trade in 1954 as compared with 1936, also stated that the volume of exports exceeded that of imports. Various manufactures were again mentioned as among the exports while former imports such as newsprint, glycerine, caustic soda, and pure soda, were no longer imported.[10]

Nationalization of Foreign Trade

471 439 A number of developments in East China under the present regime are especially symbolic of the radical change in China's foreign economic relations in recent years. One of the first things to be noted is the gradual elimination of private business from the foreign trade field. There were, for instance, as many as 1,434 registered private import firms in Shanghai prior to the Communist occupation.[11] By 1952, the total number of registered private importers and exporters had dropped to 800 for the country as a whole.[12] Even prior to

10. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 22, 1955.

11. Far Eastern Economic Review, Hong Kong, April 19, 1951, p. 483.

12. Ching-chi Chou-pao [Economic Weekly], Shanghai, Oct. 2, 1952, pp. 775-76.

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439 the Five-Anti Campaign, government trading
471 already accounted for 67 per cent of Shanghai's exports and 54 per cent of the city's imports. Moreover, only 10 per cent of the private foreign trade business was accounted for by non-Chinese firms.[13] This trend of nationalization and naturalization of foreign trade has by now been carried to its logical conclusion.

In the second place, it may be noted that as early as October 1949, when there was no United Nations embargo against Communist China, a trade agreement was concluded between the USSR and East China, under which 8,000 tons of Russian newsprint and paper pulp were bartered for 1,024 quintals of bristles and 800 bags of raw silk.[14] While no other regional trade pacts have been concluded by East China thereafter, in this case the reorientation of China's foreign trade toward the Soviet orbit can be clearly seen.

Black Market Foreign Exchange

457 However, one would be mistaken if one
439 were to conclude that such East China ports as Shanghai and Amoy, which were focal points

13. Ibid.
14. Economic Weekly, Shanghai, May 25, 1950, p. 9.

439 of private financial and economic activity, have
457 entirely discarded every trace of business methods common in the pre-Communist period of monetary inflation. A most notable case in this respect is the continued practice of conducting private remittances between Shanghai and Amoy, on the one hand, and the British Crown Colony of Hong Kong, on the other hand, in defiance of the Communists' exchange and trade controls. Quotations for such remittances can be obtained in Hong Kong and business is usually carried on in terms of gold bars or U. S. dollars, albeit on a small scale. Although gold and U. S. dollars are not actually shipped -- i.e., smuggled -- in each transaction, the possibility apparently exists. Moreover, there would appear to be black markets in both gold and U. S. dollars in these former treaty ports. While this state of affairs will undoubtedly change, it nevertheless points to the existence, for the present at any rate, of what to the Communist authorities must be an "insidious influence" born of the days of dominance of Chinese "bureaucratic" capitalism and foreign "exploitation" in East China's economic relations with the outside world.

Control of Foreign Exchange

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The Bank of China, as designated by the People's Bank, handles what few foreign-exchange transactions there are, including the

457 fixing of exchange quotations, transfers, clearings of barter deals, overseas Chinese remittances, and the occasional surrender of privately own foreign currencies. Since the domestic price structure is fully controlled and foreign trade has become a government monopoly, exchange-rate adjustments are unimportant, and there have been almost no changes in the official rates since the end of 1952.

Remittances by overseas Chinese had long been handled through traditional channels, including private firms, the Bank of China, and a few overseas Chinese banks. The volume of remittances in Fukien was second only to Kwangtung; a great number of Fukienese live in Southeast Asia, and most of their remittances came through Amoy. After the Communists assumed control all foreign remittances were converted into People's Bank notes before payment, including those made through Hong Kong banks. Thus the Communists have prevented overseas remittances from reaching the black market, but their actions, as well as restrictions in countries of origin, have reduced the flow of family remittances to about 10 per cent of its former volume.

In the early days of Communist control, recipients of foreign funds were often coerced to open bank accounts and often they found it

457 difficult to make withdrawals. Acting on complaints of overseas Chinese and in an effort to stem the decline of remittances from abroad, a State Council Order was issued on March 2, 1955 (NCNA, Peking) affirming the right of free use of overseas remittances by recipients, who were not to be subject to coercion. But a simultaneous statement "encouraging" investment of money from abroad in production or in state investment companies counteracts the spirit of the Council Order.

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APPENDIX A

CONSTITUTION OF COMMUNIST CHINA

I. INTRODUCTION

000 The general character of the Chinese Communist Constitution -- and its relation to the 1936 Soviet Constitution -- may be indicated by an account of the way in which it was produced. In January 1953, a constitutional-drafting committee was formed, consisting of thirty-two members, of which a majority of seventeen were from the Communist Party. The drafting committee then sat idle for a year without a meeting. The Communist members made necessary revisions and decided on a draft without consulting the other members of the committee. According to a leading party theoretician, Liu Shao-ch'i,

> "While drafting the Constitution, the committee for drafting the Constitution referred to all the constitutions, past and present, of the Soviet Union as well as to the constitutions of the People's Democracies. It is obvious that the experience of the advanced socialist states, headed by the Soviet

000 Union, has been of great help to us. Our draft constitution embodies the experience of our own country and that of other countries. It is not only the product of the People's Revolutionary Movement in China, but also a production of the international socialist movement."[1]

This draft was presented as a finished product to the Constitutional Drafting Committee at its first meeting in March 1954. The Central Government announced that the Draft Constitution would be discussed by the Political Consultative Conference, the governments of the regions, the provinces, the municipalities, the democratic parties, the local branches of the People's organizations, and the military forces. This was little more than a gesture to enlist popular support. When the National People's Congress was convened, nineteen days were devoted to organizing the work of the congress, and then the Constitution was unanimously passed within one hour. The only changes made were minor changes in wording.

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1. Liu Shao-ch'i, Report on the Draft Constitution; see Current Background, No. 294, Hong Kong, American Consulate-General, Sept. 20, 1954, p. 8.

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000 The Chinese Communist Constitution contains a few features which are reminiscent of the highly authoritarian and centralized imperial Chinese state and a number which are reminiscent of the structure of the Kuomintang after 1924. But in the present context the resemblance to Chinese precedent is of less significance than the resemblance to the Stalin Constitution of 1936. This is scarcely surprising in view of the manner in which the document was written. In analyzing either constitution, it is essential to remember that to the Communists a constitution is not a statement of abstract and enduring principles but one of many instruments forged to speed the struggle toward a socialist, and ultimately Communist society. Therefore, every article must be examined in the context of what seem to be the ultimate goals of the international Communist movement.

The Chinese and Russian Constitutions are generally similar not only in basic principles, but also in wording and style, as the following juxtaposed passages will show:

USSR	COMMUNIST CHINA
Art. 1. The Union of Soviet Socialist	Art. 1. The People's Republic of China

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Republics is a socialist state of workers and peasants	is a democratic state led by the working class and based on the alliance of workers and peasants.
Art. 2. The political foundation of the USSR is the Soviet of Working People's deputies which grew and became strong as a result of the overthrow of the power of the landlords and capitalists and the conquest of the dictatorship of the proletariat.	Art. 2. All power in the People's Republic of China belongs to the people. The organs through which the people exercise power are the National People's Congress and the local People's Congress. The preamble of the Chinese Constitution says: The Chinese People led by the Communist Party finally achieved their great victory in the People's revolution against imperialism, feudalism, and bureaucrat-capitalism.
Art. 4. The economic foundation of the USSR is the socialist system of economy	Art. 5. At present the following basic forms of ownership of means of production exist

000 and the socialist ownership of the instruments and means of production...

Art. 5. Socialist property in the USSR exists either in the form of state property (belonging to the whole people) or in the form of co-operative and collective farm property.

Art. 6. The land, its mineral wealth, waters, forests, mills, factories, mines, rail, water, and air transport, banks, communication...are state property, that is, belong to the whole

in the People's Republic of China: state ownership, that is ownership by the whole people; co-operative ownerships, that is, collective ownership by the working-masses; ownership by the individual working people; and capitalist ownership.

Art. 6. Socialist Ownership: All Mineral resources and water, as well as forest, undeveloped land, and other resources which are state-owned by law, are the property of

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people.[2] the whole people.[3]

II. THE NATIONAL PEOPLE'S CONGRESS AND THE SUPREME SOVIET

While the USSR and the Supreme Soviet is composed of two chambers, the Soviet of the Union and the Soviet of Nationalities, the Chinese People's National Congress is a unicameral system. The Chinese State has been unitary for two millennia and the Communist Constitution contains no provision parallel to those concerning the Federal Republics of the Soviet Union.

USSR	COMMUNIST CHINA
Art. 30. The highest organ of state power in the USSR is the Supreme Soviet of the USSR.	Art. 21. The National People's Congress is the highest organ of state authority in the People's Republic of China.

2. J. H. Meisel and E. S. Kozera, Material for the Study of the Soviet System, Ann Arbor, The George Wahr Publishing Co., 1950, p. 243.

3. The Constitution of the People's Republic of China, Peking, The Foreign Languages Press, 1954.

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Art. 32. The legislative power of the USSR is exercised by the Supreme Soviet of the USSR.

Art. 22. The National People's Congress is the only legislative authority in the country.

As the power of a national congress in a unitary state is unlimited, it can make laws on any subject. The drafters of the Chinese Communist Constitution failed to understand the distinction between the Soviet federal state and the Chinese unitary state and have quite unnecessarily specified the powers of their national congress as if China were a federal union.

The Chinese National People's Congress is indirectly elected. According to Article 23 of the Constitution: The National People's Congress is composed of deputies elected by the provinces, autonomous municipalities directly under central authority, the armed forces, and the Chinese residents abroad. There are several electoral levels within each province. The hsiang is the lowest unit of local government, and the congress of a hsiang is elected by the population. Above it, the county congress is composed of deputies elected by the hsiang congresses, and the provincial congress is then composed of deputies elected by the county congresses. Members of the National People's Congress

are elected by the provincial congresses. Under this system of election, the intermediate layers -- the hsiang congress, the county congress and the provincial congress -- make it difficult for the public to see the true relation between promises made by members of congresses and their fulfillment to their ultimate constituencies. The Chinese Communist Party can easily manipulate the small number of deputies involved on each level.

After the military conquest of the Mainland, Communist prestige reached a new high. When the election of people's congresses was instituted, the Communists generally won a majority of at least 60 per cent on all levels of government. The Chinese Communist Party is confident of its powerful influence over the people and over all other political groups.

This one-party rule is somewhat obscured because other democratic groups are allowed to exist and to sit in the National People's Congress. Their leaders have been elected as deputy-chairmen under Liu Shao-ch'i. The preamble of the Constitution explicity states: "In the course of the great struggle to establish the People's Republic of China, the people of our country forged a broad people's democratic united front, composed of all democratic classes, democratic parties, and groups, and

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popular organizations, and led by the Communist Party of China."[4] In reality, these non-Communist leaders have no power and are used by the Communists as a facade.

III. THE CHAIRMAN OF THE PEOPLE'S REPUBLIC OF CHINA AND THE STATE COUNCIL

The position of Mao Tse-tung as the Chairman of the People's Republic of China is unique in the Communist world. This position is found neither in the Soviet government nor the "People's democracies." Stalin said, "The USSR should not have an individual president elected by the entire population on an equal basis with the Supreme Soviet, who might essay to stand out against the Supreme Soviet."[5] It was explained by Soviet jurists that Stalin was referring to men like Napoleon and Hindenburg who rose above the state they were to serve. This consideration does not appear to have concerned the Chinese Communists. While the president of the Presidium

4. The Constitution of the People's Republic of China, Peking, The Foreign Language Press, 1954.

5. Julian Towster, Political Power in the USSR, Oxford Press, New York, 1948, p. 263.

of the USSR is a titular head, Mao Tse-tung represents the People's Republic in its relations with foreign states, commands the armed forces of the country, promulgates laws and decrees, and appoints or removes the Premier, Vice-Premier, and ministers. It is clear that Mao is an individual president, deviating from the collective presidency system of Soviet Russia, regardless of Liu Shao-ch'i's statement that "Ours is a collective head of state."[6]

Another divergence from the Soviet Constitutional pattern is the Chinese State Council. In the USSR the Council of Ministers, including its chairman or premier, is appointed by the Presidium of the Supreme Soviet, but in China the premier is recommended first by the Chairman of the People's Republic and then accepted or rejected by the National People's Congress. Again, the ministers of the State Council are not, like the Council of Ministers in the USSR, appointed by the Presidium, but are recommended first by the premier and then accepted or rejected by the National People's Congress, or by the Standing Committee when the Congress is in recess. The Chinese Standing Committees'

6. Liu Shao-ch'i, op. cit., p. 15.

inability to appoint the premier means that it is less powerful than its counterpart, the Presidium of the USSR. The division of powers to appoint the premier and ministers in China may in part result from concern over the personal relations of the three top leaders. Mao Tse-tung, as Chairman of the Republic, may wish to have a share in the choice of Premier; Chou En-lai may be reluctant to have his premiership decided by Liu Shao-ch'i, who, as Chairman of the National Congress and the Standing Committee, would then appear superior to Chou.

In both China and the Soviet Union the ministers are directly subordinate to the State Council. In the Constitution of the Soviet Union, thirty all-union ministries are enumerated Communist China has the following, similar list: Internal Affairs; Foreign Affairs; National Defense; Public Security; Justice; Control; State Planning; State Construction; Finance; Food; Commerce; Foreign Trade; First Ministry of Machine Building; Second Ministry of Machine Building; Fuel Industry; Geology; Building-Industry; Textile Industry; Local Industry; Railways; Communication; Post and Telecommunication; Agriculture; Forestry and Reclamation; Water Conservation; Labor; Cultural Affairs; Higher Education; Education; Public Health; Physical Education; Nationalities

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Affairs; and Overseas Chinese Affairs. Eight administrative offices attached to the State Council co-ordinate the elaborately subdivided work of the ministries.

IV. THE STANDING COMMITTEE AND THE PRESIDIUM OF THE SUPREME SOVIET

The functions of the Standing Committee in China are the same as those of the Presidium of the USSR, except that the Standing Committee's power of appointment is limited to vice-premiers and ministers.

USSR	COMMUNIST CHINA
Art. 49. The presidium of the Supreme Soviet of the USSR: (a) convenes the session of the Supreme Soviet of the USSR: (b) issues decrees; (c) gives interpretations of the laws of the USSR in operation; (d) dissolves the Supreme Soviet of the USSR in conformity with	Art. 31. The Standing Committee of the National People's Congress exercises the following functions and powers: (1) to conduct the election of deputies to the National People's Congress; (2) to convene the National People's Congress; (3) to interpret the laws; (4) to adopt

000 Article 57 of the constitution of the USSR and orders new elections; (e) conducts nation-wide polls (referendum) on its own initiative or on the demand of one of the Union Republics; (f) annuls decisions and orders of the Council of Ministers of the USSR and of the council of ministers of the Union Republics if they do not conform to law; (g) in the intervals between sessions of the Supreme Soviet of the USSR, releases and appoints ministers of the USSR on the recommendation of the Chairman of the council of ministers of the USSR subject to subsequent confirmation by the Supreme Soviet of the USSR; (h) institutes decorations decrees; (5) to supervise the work of the State Council, the Supreme People's Court, and the Supreme People's Procuratorate; (6) to annul decisions and orders of the State Council which contravene the Constitution, laws, and decrees; (7) to revise or annul inappropriate decisions issued by the government authorities of provinces, autonomous regions, and municipalities directly under the central authority; (8) to decide on the appointment or removal of any Vice-Premier, Minister, head of commission, or secretary-general of the State Council when the National People's Congress is not in session; (9) to appoint or remove the vice-presidents, judges,

(orders and medals) and titles of honor of the USSR; (i) awards orders and medals and confers titles of honor of the USSR; (j) exercises the right of pardon; (k) institutes military titles, diplomatic ranks, and other special titles; (l) appoints and removes the high command of the Armed Forces of the USSR; (m) in the intervals between sessions of the Supreme Soviet of the USSR, proclaims a state of war in the event of military attack on the USSR or when necessary to fulfill international treaty obligations concerning mutual defense against aggression; (n) orders and other members of the Judicial Committee of the Supreme People's Court; (10) to appoint or remove the deputy chief procurators, procurators, and other members of the Procuratorial Committee of the Supreme People's Procuratorate (11) to decide on the appointment or recall of plenipotentiary representatives to foreign state; (12) to decide on the ratification or abrogation of treaties concluded with foreign states; (13) to institute military, diplomatic and other special titles and ranks (14) to institute and decide on the award of state orders, medals, and titles of honor; (15) to decide on the granting

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general or partial mobilization; (o) ratifies and denounces international treaties of the USSR; (p) appoints and recalls plenipotentiary representatives of the USSR to foreign states; (q) receives the letters of credence and recall of diplomatic representatives accreditied to it by foreign states; and (r) proclaims martial law in separate localities or throughout the USSR in the interest of the defense of the USSR or of the maintenance of public order and the security of the state.

Art. 48. The presidium of the Supreme

of pardons; (16) to decide, when the Natio People's Congress is not in session, on the proclamation of a state of war in the event of armed attack on the country or in fulfillment of international treaty obligations concerning common defense agains aggression; (17) to decide on general or partial mobilization; (18) to decide on the enforcement of martial law throughout the country or in certain area; and (19) to exercise such other functions and powers as are vested in it by the National People's Congress.

Art. 33. The Standing Committee of the

Soviet of the USSR is accountable to the Supreme Soviet of the USSR for all its activities.[7]

National People's Congress is responsibl to the National People' Congress and reports to it.[8]

V. THE JUDICIARY

Article 78 of the Chinese Communist Constitution states that in administering justice the People's Court is independent, subject only to the law. And, according to Article 85, "citizens of the People's Republic are equal before the law." However, the first article of the Constitution says that the People's Republic is based on the alliance of the workers and peasants. This wording clearly shows that capitalists and landlords are much less privileged than workers and peasants.

The president of a People's Court is not a judge appointed for life. He is elected by the People's Congress on the corresponding level. In addition to the judge, there are assessors, according to Article 25 of the

7. The Constitution of the People's Republic of China, Peking, The Foreign Languages Press, 1954.

8. Meisel and Kozera, op. cit., p. 236.

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organic law of People's Courts and People's Procuratorates. With the exception of those deprived of political rights, citizens who have reached the age of twenty-three, and have the right to elect, may be elected as assessors.

Cases of the first instance in the People's Courts are heard in full court composed of judges and People's assessors. The People's Court is responsible to the People's Congress on the corresponding level; it is not independent. The Six Codes instituted during the Kuomintang period have been declared null and void; the newly issued Communist laws and ordinances are instruments of Communist political policy.

The judicial systems of Soviet Russia and Communist China are similar in spirit and letter, as the following comparisons will show.

USSR	COMMUNIST CHINA
Art. 112. Judges are independent and subject only to the law.	Art. 78. In administering justice the people's courts are independent, subject only to the law.
Art. 103. In all courts cases are tried with the	Art. 75. The system of people's Assessors

participation of people's assesors, except in cases specially provided for by law.

Art. 110. Judicial proceedings are conducted in the language of the Union Republic, autonomous republic, or autonomous region, persons not knowing this language being guaranteed the opportunity of fully acquainting themselves with the material of the case through an interpreter and, likewise, the right to use their own language in court.[9]

applies, in accordance with law, to judicial proceeding in the People's Courts.

Art. 77. Citizens of all nationalities have the right to use their own spoken and written languages in court proceedings. The People's Court are to provide interpretations for any party unacquainted with the spoken and written languages commonly used in the locality.[10]

9. The Constitution of the People's Republic of China, Peking, The Foreign Languages Press, 1954.

10. Meisel and Kozera, op. cit., p. 236.

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VI. LOCAL GOVERNMENT

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An examination of the powers of annulment in local govenment from the province down to the hsiang will show how the power of governing the localities is centralized according to an hierarchical principle. The fourth paragraph of Article 40 of the Constitution reads, "The People's Congresses at county level and above have power to revise or annul inappropriate decisions issued by People's Congresses at the lower level as well as inappropriate decisions issued by People's Councils at the next lower level."[11]

VII. CITIZENS RIGHTS

Communists believe that class determines the rights of the individual in society. They disavow the theory of natural rights, and argue that the rights of landlords and capitalists should be eliminated. When the proletarian dictatorship was established in Soviet Russia, the property of the landlords and the capitalists was confiscated. The same thing happened to Chinese landlords and capitalists throughout the country after 1949. Under the Chinese Communist Constitution,

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11. Ibid.

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the right to property is not guaranteed.

With regard to other rights, the language of the Chinese Constitution is generous only on the surface. According to Article 87: "Citizens ... have freedom of speech, freedom of press, freedom of assembly, freedom of association, freedom of procession, and freedom of demonstration. By providing the necessary material facilities, the state guarantees to citizens enjoyment of these freedoms." However, "freedom of association" in Communist China does not apply to groups which are deemed subversive, and anything which challenges orthodox Communist teaching is deemed subversive. The great majority of the newspapers are government-owned or Party-owned, and the news to be published is under the control of the New China News Agency; the newspapers of the other democratic groups can only publish or write as they are instructed.

Article 89 says that "freedom of the person of citizens . . . is inviolable." In reality, each person is a member of the urban street office, or urban inhabitants' committee, with the result that he is under the watch of Party members. Each must deposit his cash in a bank, which is situated at the corner of a street, and his bank account can be examined, so there is

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little freedom to dispose of one's own money. A Party member or a policeman may question anyone about his neighbors, and visitors must be reported.

The Russian Communists call the modern Western European and American views of civil rights "formal." By this, they insinuate that, while according to the letter of the Western European and American constitutions each citizen supposedly enjoys the same rights, in fact, however, a workman or a peasant never enjoys the same rights as a landlord or a capitalist. The Russians claim to reject this Western interpretation and to look at the question in the light of the common practice. Stalin says in his article, "The Principal Specific Features of the Draft Constitution,"

> "Bourgeois constitutions usually confine themselves to stating the formal rights of citizens, without bothering about the conditions for the exercise of these rights .... What distinguishes the draft of the new Constitution is the fact that it does not confine itself to stating the formal rights of citizens, but stresses the guarantees of these rights, the means by which these rights can be exercised. It does not merely proclaim equality of rights

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for citizens, but insures it by giving legislative embodiment to the fact that the regime of exploitation has been abolished, to the fact that the citizens have been emancipated from all exploitation."[12]

VIII. CONCLUSION

Because the Chinese Communist Constitution is only a legal document, one must seek the reality behind it.

The Chinese Communist Party has always aimed at seizing and maintaining power; its war machine, its organizations, its propaganda, and its discipline are directed to this end.

In order to attain a monopoly of power, the Chinese Communists have worked to remove all obstacles. From Lenin, they have learned that civil rights are an obstacle, that separation of powers is an obstacle, that direct elections are an obstacle. Since there had been little knowledge of these democratic ideas among the people of China, their elimination have proved relatively easy. The Chinese Communists

12. Meisel and Kozera, op. cit., p. 236.

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have been able to use new and effective techniques of control to consolidate a dictatorial power beyond the dreams of earlier Chinese autocrats.

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/For details of Communist policies toward various sociological, political, and economic aspects of present-day China, see the entire text in category 116./

214 Are the people in East China reading these books and pamphlets? According to the aforementioned reported by the official New China Bookstore, on the average, every eighth person in China bought an item from this bookstore between April and November 1950. This was better than the average scored in Central-South China at about the same tim (In Central-South China, every tenth person bought o item during the twelve months from September 1949 to August 1950.) While the Communists might have exaggerated the statistics for propaganda effect, it must be noted that the above figure quoted did not include books sold by the other fifty bookstores in Shanghai. Anti-Communist press reports have given accounts of how people on the Mainland were forced to buy books. Some of these reports may have a factual basis; the Communist cadres, intent on carrying out Peking's orders, demanded popular response to the book-promotion program. Similar cases have been reported in the Communist press with regard to the promotion campaigns to enlarge the circulation of newspapers. When the third volume of Mao Tse-tung's Selected Works cam off the press on April 10, 1953, the Communist press said that "many people braved the rain to go to the bookstores in Shanghai to buy that item." An old reader, the report related, dug deep into his pocket and unwrapped layer after layer of paper to get out his "book purchasing certificate," saying "I have waited a long time for this!"[27] Such expressions of exuberant enthusiasm on the part of book buyers may not be a common occurrence in East China as the Communists would like the world to believe, but undoubtedly books are read.

27. Kuang-ming Jih-pao [Enlightenment Daily], Peking, April 11, 1953 p. 1.

217 4. Libraries and Cultural Centers Small libraries have been established throughout this region to cater to the workers, farmers, and shopkeepers. In November 1950, 216 libraries were open to the public in northern Kiangsu Province, and there were some eighty small libraries in the city of Shanghai. The plan for 1951 was to add 2,500 similar libraries in the farm areas, 1,000 in factories, government offices and schools, and 3,000 in units of the armed forces within the region.[28] By July 1951, rural libraries in East China[29] numbered 1,400 and those in factories totaled 400.

The cultural center is a version of the Communist cultural "palace" on a smaller scale. Both are provided for Communist-conducted cultural activities such as discussion group meetings, political rallies, and reading classes. The larger centers have facilities for showing motion pictures. Most reserve some space for reading rooms.

In conjunction with the libraries and cultural centers, there are also popular science education centers. Through exhibits, movies, lectures, and other available means, these centers strive to furnish the public with a basic knowledge of the natural sciences.

208 D. Application and Effectiveness of the Press
204 As a Propaganda Medium

28. SCMP, No. 20, Nov. 30, 1950, p. 7.
29. Ibid., No. 136, July 17, 1951, p. 15.

208 Communist cultural and educational work-
204 ers are ready to claim success in bringing the press closer to the masses. There is evidence to support the conclusion that Communist press control in East China is thorough, in spite of the fact that Shanghai before 1949 had the largest number of independent newspapers of all the cities in East China. Under a rigid system of control, the effectiveness of the press as a medium of public information and propaganda is restricted or aided by certain characteristics.

1. Thought reform. The remolding of a newspaperman's thought is not a new subject in East China. One of the recent official expressions on this subject was pronounced at the Shanghai Branch of the East China Study Committee. The committee was organized by leaders of the cultural circles in this region to study Marxist, Leninist, and Maoist theories. The occasion was a meeting held by the committee to discuss thought reform among newspapermen. At the end of the meeting, the following conclusions were reached: (a) freedom of the press was wavering objectivism without a definite viewpoint; (b) effort to improve the appearance of the newspaper such as the format and graphic beauty was but trifling formalism; (c) the belief that a journalist was "a king without a crown" was anarchism that defied government organization and discipline.[30] The last reference to the professional freedom of

30. Chin Ta-k'ai, "Chung-kung Ti Ch'u-pan K'ung-chih" ["The Communist Control on Publications,"] China Weekly, No. 56 Jan. 25, 1954, pp. 7-9.

208 a newspaperman as a "king without a crown"
204 was an expression popular in Chinese press circle. By reaching the conclusion the Communist have fired a salvo at all the traditional standards and principles held by the newspapermen. A new professional standard is established for Chinese journalists -- to report the facts selected for them in order to educate the readers to support government policy.

2. Easy to read and believe. The Communists are always keenly aware of the importance of making newspapers easy to read. Early in their underground days they used as a motto O. A. Piatnitskii's remark that "revolutionary newspapers must be written in plain and popular language so that they can be understood by the masses."[31] Especially in Shanghai, where a concentration of workers presented the first challenge to Communist propaganda agents, the newspapers and other publications catering to uneducated and semi-educated readers are carrying out the long-established Communist policy of "explaining the political problems in the simplest possible terms."[32] Local expressions and trade jargons are freely adopted. To a person trained in classical Chinese and accustomed to

31. Translation appears in Hung-chi [Red Flag], Jan. 15, 1932. Osip Aronovich Piatnitskii, author of such standard treatises on Communist propaganda and agitation as World Economic Crisis: the Revolutionary Upsurge and Tasks of the Communist Parties, and World Communists in Action, was idolized by Chinese Bolsheviks in early 1930's.

32. Red Flag, March 10, 1932.

208 reading the serious writings of pre-Communist
204 days, the new language of the Communist press would sound strange if not silly. But the new style does increase the popular appeal of the publications.

3. Opportunity to learn through propaganda. The Communists also bring to the public a good quantity of much-needed rudimentary knowledge on the natural sciences and public health, and sanitation. The unskilled laborer, who had no opportunity to learn anything except what he acquired in his daily routine, now can gain something from the special columns and feature stories in the newspapers. The Liberation Daily prints regular columns on literature, health, and science Smaller newspapers in East China have their columns tailored to suit the literacy level and specific need of their respective reader groups. In addition, there is at least one magazine catering to each of the professional strata in East China, and for each periodical on a certain subject, there are dozens of pamphlets published every year to reach readers of varying degrees of education. The propaganda angle in most of these publications is obvious. Even in the most technical treatises, the general slant is to contrast the present with the past. The evils of the past are blamed on the "reactionary Kuomintang" or "American imperialism." The present is praised and the credit goes to Mao Tse-tung or to Communism. Take the case of an article on tractors, for example. The articles does not openly attack the technical excellence of American

208 tractors; but it insists that America gave guns to
204 the Nationalists, not tractors to the peasants. Having described Russian-made tractors, the article concludes with the assertion that Mao Tse-tung and the Russians are working to bring tractors to the peasants. The technical aspects of the subject are not neglected, but the propaganda line is skilfully underscored throughout the text. Readers who need the technical information contained in articles of this sort are continually exposed to a propaganda bombardment.

4. Cultivation of News Reading. It would be greatly misleading to compare the Chinese Communist press with the American press and to judge the former's effectiveness thereby. The Chinese press has never permeated community life to the degree that the American press has. Except for small sections of China's urban population, no Chinese would feel at a loss if he had no morning paper to read at the breakfast table. By and large the Chinese Communists are cultivating the newspaper-reading habit The entirely new experience of reading the newspapers or of having them explained is exciting to the average man on a lower Yangtze River farm or in the southern Fukien hills. It is believable that Li Ch'un-yü, a 52-year-old worker at a P'eng-lai factory in Shantung Province, pasted the day's newspaper above his head and read it every morning and every night; or the woman worker Shen Mei-li of the Shanghai Textile Factory felt that her day's work was not done until she had finished reading the newspaper.[33] Li and Shen

33. Liberation Daily, June 2. 1952, p. 3.

have no previous experience with which to contrast the present one; therefore, they do not know what might be expected of a newspaper. To people like Li and Shen, the press in East China obviously has a great appeal. As to the section of the urban population which has had some experience in reading non-Communist newspapers, some people have embraced Communism and therefore welcome the Communist press, and others are forced to accept the Communist press, because there is no alternative. The only section of the population which probably does not want to read the Communist press at all is the storekeepers and some of the middle-class readers in larger cities. Having been among the supporters of what might be described as China's yellow journalism, which had a limited popularity in the larger cities in pre-Communist days, these people have no incentive to read the dull and drab Communist newspapers.

5. Delayed reporting. Another general criticism against the Chinese Communist press is that it contains no news and that it is history. With the unwieldy system of checking and double-checking, news dispatches are often delayed. The report on Malenkov's downfall, for instance, did not reach this region until announced by Tass three days later. But lack of promptness in reporting certain political events apparently does not impair the effectiveness of the controlled East China press, and certainly will not reduce its appeal to the unsophisticated masses.

6. Limited circulation. Quantity may not be a reliable criterion to gauge the effectiveness of the press in East China. According to Commu-

208 nist statistics in 1951 there was one copy of a
204 daily newspaper to every 150 persons, and one copy of a magazine to every 280 persons. While this may appear to be limited circulation, other methods of news dissemination supplement the regular press.

7. Slanting the news and restricting coverage. Two developments may fatally damage the effectiveness of the press in East China. The newspapers in this region, like those in many other areas, slant the news for propaganda purposes. No gross inaccuracies have been reported, but as the readers become more sophisticated, inaccuracy of news reports will destroy confidence in the press.[34] The Communists have also attempted to restrict the circulation of local newspapers to their respective districts.[35] This was done under the pretext of avoiding duplication and waste in the distribution of newspapers. While the move may be necessary in view of East China's planned economy at the present stage, the effectiveness of the press as a medium of mass communication is curtailed when the newspapers cannot freely purvey news from one locality to another. Magazines, pamphlets, and books in this region are as yet free from this restriction.

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34. Jen-min Jih-pao [People's Daily], Peking, Sept. 26, 1951.

35. Central News Agency dispatch, quoted in Review of Hong Kong Chinese Press, No. 174 Hong Kong American Consulate-General, Sept. 19-20, 1953.

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III. RADIO

A. Facilities and Control

207 The development of radio networks in East China followed a series of official directives. Upon the establishment of the Peking regime in 1949, the Common Program, which formed the basis of Communist China's Constitution, specified that "People's radio and publication work shall be developed."[36] A central agency in charge of radio administration was established in Peking. In April 1950 the information administration at Peking issued a directive on the "establishment of a radio broadcast receiving network." The provincial and special administrative district authorities in East China issued in the same year their instructions on the establishment of broadcast receiving networks. According to these announcements, the radio networks (broadcasting as well as receiving) were to come under the joint jurisdiction of the local People's government, the Communist Party's local branch, and the regional radio station which directly received instructions from the Central People's Radio Station in Peking. After the "regional" administrations were abolished in 1954, it is presumed, provincial and municipal radio stations receive direct instructions from Peking, but they are still

36. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Language Press, 1949, p. 18.

207 subject to control by local People's governments and the Communist Party's branch offices.

The mutiple system of control is necessary in the eyes of the Communists, because the Peking regime has made it amply clear that radio is one of the most effective instruments of mass education to prepare the masses for the "socialis construction of China."

One characteristic of radio control in China and in other Communist countries is its extent, covering not only the broadcasting networ but receiving stations as well. Organizing "receiving stations" may serve two purposes: one is to ameliorate the shortage of facilities, the other is to insure thatavailable facilities are used in a manner approved by the government. The service of private owners of radios are enlisted by the government to expand the radio network. These owners are called "friends of radio." They receive free program announcements from the government and some free maintenance services. In turn they are expected to reciprocate by reporting the listener's reactions to the government Each of these privately owned radios may serve as a receiving station, or as a base for a listener group, if the owner is willing. In addition, the Communist authorities have been trying to place enough sets in the hands of trained cadres who will man the official receiving stations.

The receiving stations are established on the hsien (county), city, hsiang (group of villages and, at certain places, down to the individual

207 village level. Within a larger city, more than one station may be maintained on the public square, at the public library, in schools, government offices, factories, and other industrial institutions. Outlying industrial and mining districts also have them. The Communists assign high priority to the development of receiving stations in industrial centers as an essential measure dovetailed with the over-all propaganda system. Each complete receiving station is equipped with a radio set and manned by a monitor (called a "receiving officer") who records news and other important broadcasts, and a technician who is responsible for the maintenance of the set.

As a supplement to the receiving stations, whose audiences are limited in number, there are public address systems either directly hooked up to the radio receivers or operated separately. The Communists call these systems "wire broadcast" (one type of radio diffusion exchange) in contradistinction to "wireless." When a "wire broadcasting" station is operated separately, the receiving officer organizes a separate program based on the news and important broadcasts he has monitored. To these materials he adds whatever answers to local needs. In a large factory, the public address system may have a number of loud speakers distributed among the departments on the premises.

The receiving officer at a station without supplementary public address systems is usually required to run a news bulletin. The frequency of issuing the bulletin may range from daily to semi-weekly, and the method of publication also varies

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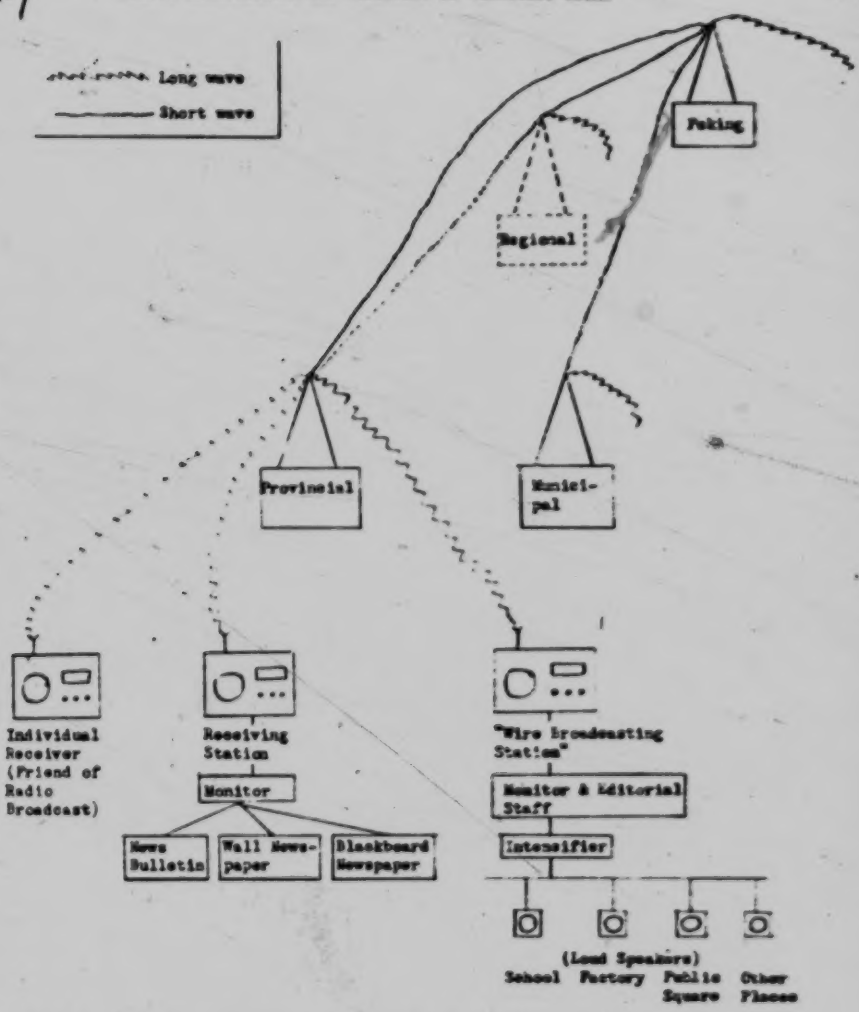
RADIO BROADCASTING AND RECEIVING IN COMMUNIST CHINA



Similar receiving arrangements are repeated at all levels.

(Chart faces p. 647)

207 according to the location of the station and the audience it serves. Whatever limitation of supplies dictates, the radio receiving officer may also be required to run a "blackboard newspaper" which is nothing more than a conspicuously placed blackboard on which are summarized the news items he has monitored.

A few terms in connection with the Communist radio work may be somewhat puzzling to the Western observer. Lieh-ch'e Kuang-po [broadcast on the train] is a "wire broadcasting" system installed on a train for the benefit of the passengers. T'u Kuang-po [native broadcast] and Wu-ting Kuang-po [rooftop broadcast] are Communist cadres shouting through megaphones (trumpet funnels) the monitored news items. When they do so at a street corner, they are performing "native broadcasting." If they appear on the rooftops they constitute a "rooftop broadcast." These cadres are identified with "propaganda officers," about whom more will be said later. All these forms of broadcasting are in use in East China

The relationship between these broadcasting stations and receivers and the chain of control can best be demonstrated in the chart following

207 Recent statistics on radio facilities in East China are not available. Earlier reports, however, show that this region had the largest concentration of radio stations and receiving equipment among all the areas in China. In the city of Shanghai alone, there were two government stations and 22 private station[37] in 1951. A year later, as the government stations expanded their operation and radio control began to assert itself, three private stations went off the air and three others were merged with their competitors; thus only 16 stations were still maintained by private interest in Shanghai in 1952.[38]

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37. Hsia Yen (chief of the Cultural Bureau of the Shanghai Municipal Government), "Shanghai Wen-chiao Kung-tso Kai-k'uang Yü Chin-hou Jen-wu" ["Cultural and Educational Work and Its Future Mission in Shanghai"], Compendium of Government Reports, p. 612.

38. Jen-min Shou-ts'e, 1952 [People's Handbook, 1952], Shanghai, Ta-kung pao, 1952, p. 436.

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Table 7. Independent Radio Broadcasting Stations in Shanghai (1952) */

Name	Kilocycles
Ya-mei, Lin-chi	670
Yüan-ch'ang	750
Ho-chung	750
Ta-lu, Ta-chung-hua	930 and 92,332
Hu-cheng	[illegible],070
Ta-hu	[illegible],070
Tung-fang, Hua-mei	[illegible],310 and 65,490
Min-sheng	1,340
Chung-hua-tzu-yu	1,340
Ta-chung	1,370
Chiu-chiu	1,370
Chin-tu	1,400
Chien-ch'eng	1,430
Hsin-sheng	1,430
Ta-chung-kuo	1,460
Ya-chou	1,490

207 By late 1953 government interests had invaded more than ten of the private broadcasting companies in Shanghai, and it is doubtful if there are any totally independent stations left in that East China metropolis.[39] Among the government stations the East China Regional People's Broadcasting Station, operating on 800, 5,985, and 9,730 kilocycles, presumably has been relegated to a provincial status to serve Kiangsu Province upon the abolishment of the Greater Administrative Region political subdivisions in China in 1954. Although caution has been voiced by Communist officials against "blind expansion of radio networks" there are indications that more government stations, possibly at least one major station to each province, have been established since 1952. But, instead of continuing with the construction of more broadcasting stations, the emphasis has been rather on the development of receiving stations in the industrial cities in East China. In October 1951 Communist China had altogether 2,254 such stations in the cities.[40] This number increased to 3,519 by March 1954.[41] In East China even the smallest hsien in the most inaccessible area has at least one receiving station, and there is frequent mention in the East China press of reactions to these stations by worker-audiences.

B. Operation and Audience

The programs of these broadcasting stations

39. Chin Ta-k'ai, loc. cit.

40. Jen-min Hua-pao (People's Pictorial), Peking, Oct. 1951.

41. Jen Chung, loc. cit.

207 are organized to deliver and explain a political message to the audience. The pattern is fixed and changes in content occur only at the command of the central authority. If the current issue is "Resist-America-Aid-Korea," then the programs are permeated with anti-American propaganda. If it is "Production Emulation to Greet Labor Day," then every speech or news item has something to do with labor models and labor "heroes." The following is a survey of the features described as "important" by the East China Regional People's Broadcasting Station and the Shanghai Municipal People's Broadcasting Station:

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207 Table 8. Percentage of Important in East China Radio Programs */

Subject Matter	Regional Station	Municipal Station
	(in per cent)	
Popular Science..	48.6	20.0
International situation	24.3	6.8
Political and Economic affairs	2.8	5.1
Life of peasants and workers....	2.5	13.1
Industrial and comm'l progress	10.8	22.8
Thought reform.....	2.9	5.8
Children's programs	0	13.8
Three-Anti Campaign	2.7	5.2
Program broadcast in local dialects	0	5.7
Water conservation	5.4	1.7

*/ Based on program announcements in the June 1952 issues of the Liberation Daily.

Popular science programs include lectures on public health and sanitation designed to give the audience a basic knowledge of common diseases and their prevention. Both stations in Shanghai in June 1952 were engaged in propaganda, their main subject being the so-called "germ-warfare" supposedly waged by American troops in Korea. Items bearing on the international

207 situation stressed the Soviet peace movement, with frequent reference to the "Resist-America-Aid Korea" Movement. The talks on political and economic affairs voiced Communist theories and policies, rendered in terms understood by the average citizen of East China. Because the Communists at this stage prefer not to explain ideology in the abstract, this part of the programs is comparatively light. At the hours assigned to telling stories about the life of the peasants and workers living under a Communist regime, program directors interview workers from farms and factories who relate their own experiences. The farmer tells of how happy he was when he received a tractor. The lathe operator gives an account of the recreational facilities in his factory, made available by the generosity of Mao Tse-tung. The shopkeeper explains how he learned to read at one of the public night schools. The Municipal Station which serves the immediate vicinity of Shanghai features more programs of this sort than does the Regional Station which serves a larger and more varied audience.

The extensive coverage of industrial and economic progress includes items on production records, "heroic feats" by labor models, and the development of co-operative stores. The thought-reform program is generally aimed at the youth; at least, it was so in June 1952. College and occasionally high-school students appear on this program to explain how they freed themselves from "bourgeois and feudalistic" ideas. The Regional Station refrains from presenting children's programs and leaves them to the municipal and

207 and other stations of local nature. Music and songs eulogizing the country and Mao Tse-tung constitute the bulk of children's programs; the remainder consist of stories exhorting the young listeners to behave themselves like "good children of the Communist Party." Adapted fair tales, of both Chinese and Western origin, are offered to the young audience.

The Three-Anti Campaign was not the central issue in June 1952; the emphasis was placed on increasing production. Programs having direct bearing on the Movement, therefore, did not consume too much radio time. Like children's programs, features in dialect for minority nationalities are the concern of local stations. The programs devoted to the publicizing of water conservation projects on the Municipal Station is apparently limited by the fact that Shanghai continually bristles with industrial activities, and stories on industrial developments crowd out the by-now familiar accounts of the Hwai River and lower Yellow River projects.

In addition to regularly scheduled features, the usual pattern of the programs also includes music, drama and Chinese traditional opera, all tailored to support the central theme of the day. News briefs are given the same treatment as they are in the press. It is worth noting that European classical music has not been completely barred from the programs. The Shanghai Municipal Station, for instance, featured the works of Beethov A special program to teach Russian was inaugurated by the East China Regional Station in 1952. According to the announcement, the action was taken by

207 popular request after more than 14,000 listeners registered a wish to learn the language.[42] This program was designed to serve audiences of three language levels -- beginner, intermediate, advanced -- three times each day for each level, totaling three and a half hours.

Other provincial and municipal stations rebroadcast verbatim important regional programs. Announcers normally use Mandarin. No commercials or dramatic serials are broadcast; calisthenics lessons are usually presented every morning and musical programs are broadcast at convenient hours so that audiences may gather to sing songs. Literacy hours are also featured on some stations; small groups are organized to follow these programs in order to gain facility in reading.

C. Application and Effectiveness of Radio as a Propaganda Medium

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The Communists in East China claim that their radio networks, with the minor shortcomings noted, have been a success. To examine this claim critically, it is necessary to take into consideration the observations outlined below.

1. Station Control. The control of broadcasting stations has been thorough, even in a place like Shanghai where private interests may still maintain a toehold in radio operation. However, since every aspect of radio is closely supervised by the government and the Party, the

42. Liberation Daily, June 15, 1952, p. 3.

207 entire system soon showed signs of the weakness-
208 es that generally bedevil an unwieldy bureaucracy. Every move originates from Peking and meticulously follows the orthodox Party line. No station manager is allowed to use his own initiative; if he tries, he will be accused of deviation and subject to extreme penalties.

207 2. Expansion of radio. Lack of facilities remains a stumbling block to radio expansion. In addition to such measures as "wire broadcasting stations," radio news bulletins, blackboard and wall newspapers, the Communists in East China are sending radio teams to the countryside. These mobile teams carry radio sets with them and, upon reaching a village, organize listening groups to hear some of the special programs. This measure has proven effective when the Communists have a special campaign to carry out.

While impressive results may have been achieved during such campaigns, lack of facilities makes success necessarily sporadic. The Communists admit that: (a) the listening groups are not very well-organized, for they die out as soon as they are formed. (b) The programs are not closely related to the issues foremost in the minds of the audience in the various localities. (c) There is an acute shortage of radio personnel to carry out successfully the mission assigned by the Regional Station. (d) Local radio personnel fail to keep close contact with their superiors, and the blame for this lack of co-ordination must be shared by both parties. (e) Local governments, particularly those of outlying hsien, are not sufficiently aware of the importance of radio work, and much

207 that could be accomplished has therefore been neglected.

3. Need of trained personnel. The Communists in this region assign only trusted Party members to key positions in the radio network, but there are apparently not enough well-trained personnel (technical and otherwise) to meet the need. As a result, each provincial broadcasting station has been conducting a personnel training program. While much may have been done to improve them, these training programs were begun in 1950-51 with a great deal of unsound expediency. Many of the radio receiving officers are given only two months' training. During this short period, these candidates were supposed to "elevate the level of their political understanding and formulate a new revolutionary outlook on life." Actually, some of these trained receiving officers failed even to acquaint themselves with Mandarin, resulting in complaints against their inability to understand the messages broadcast from Peking or from provincial stations. Radio technicians are, in most cases, given a six-month training course. Their doubtful competence, plus the shortage of radio parts, has caused many receiving stations to operate sporadically.

4. Student broadcasters. One impressive success of the Communist radio program is to be found among the students. Radio listening has been made a part of the regular school curriculum. With Communist Youth Corps members

207 acting as leaders, daily news items are discussed and debated until the students are found to be in favor of the Communist regime. When the news that Seoul had fallen into Allied hands was broadcast in 1951, receiving officers were directed to explain the development as a strategic necessity, not as a sign of defeat, lest the students become skeptical about the Communist slogan that "the United States is but a paper tiger." There are evidences that most of the students were convinced by this line of argument.

207 208 5. Propaganda. A national hookup used to support propaganda campaigns is probably the most effective means of dissemination. Co-ordinated with the press, these radio programs receive advance attention and the masses are psychologicall prepared for the scheduled programs. In the Communist Land Reform Movement, this technique was employed to increase agitation against the landlords. In the "Aid-Korea" Movement and the subsequent "Germ Warfare" campaigns, students and soldiers were encouraged to broadcast their hatred of "American warmongers." One skillful propaganda twist was employed during the campaign to "oppose America's effort to revive Japanese militarism" in 1951. The Communists in East China mobilized those who had lived under Japanese occupation or had encountered Japanese troops during World War II. Japanese atrocities were publicized. Atrocities were presented as eye-witness accounts. In conclusion, all these broadcasts ended with the warning that "the United States must not be allowed to support the Japanese militarists in re-enactment of the

207 tragedies visited upon the Chinese people in
208 1937-45." Such propaganda stirred up national resentment against both the Americans and the Japanese. During this particular propaganda campaign, the Communist claimed that over three-fourths of Nanking's population were reached by national-hookup "live" broadcasts.[43] Similar technique was used in the Three-Anti and Five-Anti campaigns, when citizens were urged to report on "corrupt officials" and inefficiency in government agencies. A national survey showed that from March 1 to May 31, 1951, the forty-nine people's broadcasting stations throughout Mainland China organized 380 such nation or regional hookup broadcasts. Over 36,000,000 people were said to have listened to the programs, and the stations received 186,000 letters, telegrams, and telephone calls as evidence of the people's respone.[44] Photographs are available in Communist publications showing old peasant women crying under a loudspeaker which is supposedly relaying a live broadcast of the mass trials; or a youth shouting in response to the call for suppression of counterrevolutionaries; or a young country girl beaming broadly upon hearing the news of the promulgation of the Marriage Law. These pictures, of course, may be the opposite of what the captions claim. But there is no denying that the Communists have succeeded in a large measure in mastering the art of mass persuasion and that radio is being fully exploited in Communist China.

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43. People's Pictorial, October 1951.

44. Ibid.

IV. STAGE AND SCREEN

208 The stage and screen are effective media
536 for bringing messages to the illiterate and semi-
iterate. The Communists realize this and have been fully exploiting the possibilities of both forms of mass communication. A summary of the developments in this region follows:

A. Stage

1. Control. The key directive in the Communist policy for development of the stage as a medium of mass communication is the consolidation and reform of the available facilities and personnel before expansion is begun. This approach was adopted by officials concerned with dramatics in East China immediately upon the establishment of new local governments in 1949. The system of control includes both professional and amateur dramatic groups. Professional actors, playwrights, and stage workers have their respective associations led by a provincial federation of such associations. In larger cities, artists also have their organizations belonging to the same pyramid. Amateur dramatic groups are encouraged and aided by these associations. Before abolishment of the Greater Regional governments, the provincial federation received orders from regional authorities. Now the provincial federations work hand in hand with provincial governments and Communist Party branches, receiving direction from the Cultural and Information administrations under the State Council in Peking. The Drama Reform Bureau

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208 under the Cultural Administration is directly
536 and exclusively responsible for interpreting broad policies laid down by the Communist Party. In East China, Ch'en Wang-tao, as chief of the Cultural Bureau for this region, remained the highest authority in charge of development of drama until June 1954 when regional agencies were abolished. Ch'en Wang-tao, a noted leftist writer in East China, has had a long literary career.

The control system in this region was organized rapidly; by April 1950, most of the provincial federations had had at least one conference of delegates from local associations.[45]

2. Development. The development of the new-type stage plays in this region dates from the May 4th Movement of 1919. New dramatic troupes have gone a long way in expanding their activities to reach throughout the countryside. In 1950, over 300 plays new and old scripts revised, had successful runs in Shanghai. Most of these plays were widely circulated in this region. In the spring of the same year, a dramatic contest was held. Over ninety theaters and 4,000 actors participated in the contest; ninety-two plays were judged successful by popular acclaim. Professional actors and actresses were registered for indoctrination classes. In July 1950 the second class in Shanghai graduated over 1,000 trainees from all parts of East China Together with the training program in Nanking, about 3,000 actors and actresses had received political indoctrination by the middle of 1950.[46] At the same time, 2,572

45. Compendium of Government Reports, p. 648
46. Ibid., pp. 563, 611.

208 village dramatic troupes were performing in
536 Shantung Province.

Although recent statistics on the development of the stage in East China are not available, national figures found in the Communist press indicate that many new plays have been published and staged and the number of trained professionals has been on the increase. Many of the new plays were written by local amateurs among whom were workers and students. Being adaptations of stories of local origin, most of the plays have a distinct local flavor; but their central themes show very little variation: they praise the new regime and glorify those who support government policy.

The conversion of old operas and stories, substituting Communist ideas for traditional ideas of filial piety and loyalty to friends is a more delicate job. One of these pieces is Liang Shan-po yü Chu Ying-tai, a one-act opera with thirteen scenes. The story originated in Chekiang Province many years ago and has been adapted [illegible] opera. The East China Drama Academy revised it as a modern Chinese opera in August 1951.[47] Since then the script has been printed in many national literary magazines and staged in various partsof China, and it was made into a motion picture in 1953. Although technical adjustments have been made, the plot

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47. Hua-tung Ti-fang Hsi-chü Ts'ung-k'an [East China Drama], No. 1, Shanghai, Hsin-wen-i ch'u-pan-she, 1954, p. 3.

208 and the theme remain unaltered. The original
536 story tells of the experience of a girl who, failing to marry the man she loves prefers death to marrying the man chosen for her by her parents. This is one of the few revised pieces that have survived waves of criticism and attacks by orthodox Communist cultural workers Many others did not fare so well. Playwrights in East China have been ordered to revise old operas and stories. The Communists realize that since the old stories have been accepted and symbolize certain concepts in the minds of the audience, the job of remolding them without damaging their effectiveness and classic content is a difficult one.

Song and dance are used extensively both on and off stage. Their versatility as media of information and propaganda has long been recognized by the Communists. As early as 1950, the Communist-organized Association of Musicians in Shanghai had already turned out 1,405 new songs, of which 155 received official blessing and were given wide circulation.[48] Musical and dance number arranged to depict a political theme are frequently presented at the cultural centers and by propaganda teams traveling in the countryside. (For more discussion on song and dance, see the chapter on Literature and Artistic Expressions in this handbook.)

3. Recent Trends. Chairman Shu T'ung of the Cultural and Educational Commissions of East China at a conference in Peking in January 1953 was told to pay closer attention to the choice of plays and actors. He was to devise a system for a rigid screening of the players and closer supervision of the plays. Now the Regional Government

48. Compendium of Gov't Reports, p. 563.

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208 is no longer in existence, but this official policy
536 will be expected of responsible officials at the provincial level.

B. Motion Pictures

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208 1. Control. The Communist consolidation of control of the motion picture industry and its activities followed a pattern of similar design to that of the control of the stage. The seizure of existing facilities and the indoctrination of personnel preceded a planned expansion. Motion picture production in this region is but a part of the nationally centralized undertaking. At this writing, there seems to be no independent film-production company in East China to complicate the problem of control. The regional, or -- after June 1954 -- provincial Cultural and Educational Commission is responsible for executing Peking's orders on control of the movie industry and is subject to supervision by Communist Party propaganda agencies at appropriate levels. To handle administrative details, there are branches of the Motion Picture Association of China in all provinces and major municipalities. The association co-ordinates film production and distribution, again under the supervision of the government control system. Movie actors and workers are organized and are supervised by the Motion Picture Association of China. It would be a fine network of co-ordination for business promotion, if the industry were independent. But as it is in East China, the system amounts to a complicated machine in which every part of the movie industry is hamstrung by overnment orders and none can function individually.

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To bar "undesirable" European and American films, censorship has been established on the regional and provincial levels.

2. Development. The Shanghai Motion Picture Producing Company is among the three government concerns established immediately after the founding of the Peking regime in late 1949. The company combines the former first and second Central Motion Picture Production companies of the Kuomintang, the former China Motion Picture Production Company, and the Experimental Movie Factory.[49] Its establishment concentrates all of the major movie-producing facilities in the East China Region. Seven small private companies were still in operation in East China in late 1950. However, the fact that these firms were "helped by the East China People's Government to resume operation"[50] indicates they could no longer have a voice in supervision of production.

The first motion pictures made by the Communist-controlled companies in East China were documentaries and newsreels. No significant film was made in 1949 or in the spring of 1950. By summer of 1950, the first new film with an integral plot was made in this region. Entitled "The Thought Problem," the film deals with the ideological transition from traditional Chinese concepts, and Westernized "bourgeoisie" Chinese attitudes popular among the metropolitan Chinese to the Marxian mode of thinking. It was hailed in East China as a turning point in Chinese motion

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49. Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow Ch'ang-chiang jih-pao she, 1950, p. 252.

50. Compendium of Gov't Reports, p. 563

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208 pictures. Since 1951, much progress has been claimed by the Communists, but there are evidences of continuing deficiency. The literary purges that have been going on in East China exert restrictive influence on script-writers. Scarcity of suitable scripts is the constant complaint of those in charge of motion picture production. The theaters are forced to supplement their meager supply with newsreels depicting the progress of China's economic reconstruction and a steady flow of Russian films. A Japanese journalist reported upon his return from a visit to Red China in 1953 that the average theater in a large Chinese city needed about eight films a month, that the government could only supply one or two; the rest were Russian films.[51]

To handle distribution, the East China Region had as early as 1949 a branch of the national China Motion Picture Distribution Company, another government-directed agency. The company itself also functions as a clearinghouse and a censor while doling out the films on a planned quota. Apparently no theater is permitted to have direct dealings with any producer, domestic or foreign. In 1950, the distribution company was already serving about one hundred theaters in Shanghai, Nanking, and the provinces of Kiangsu, Chekiang, and Anhwei. So far there has been no report on any large-scale construction

51. Chao Ts'ung, "I-nien-lai Chung'kung Ti Wen-hua Kung-tso" ["The Chinese Communist Cultural Work during the Past Year"], China Weekly, Jan. 4, 1954, p. 36.

546 of theaters in this region. However, a program
208 for building "cultural palaces" with facilities for showing films is under way. Eventually the government aims at having one such "palace" in every city, large village, and industrial and mining center. Meanwhile mobile motion picture projection teams keep their regular routes to serve the countryside. Early in 1950, a total of over one hundred such mobile teams were traveling throughout Mainland China. In East China, Chairman Shu T'ung of the Cultural and Educational Commission for this region said in July 1950 that more personnel were being trained to expand the mobile teams. By October 1951 there were 60 mobile projection teams serving this region.[52]

3. Recent Trends. For movie production in East China, the recent trend is either to translate or copy "progressive films" of foreign vintage. The Shanghai Motion Picture Producing Company planned to copy, in collaboration with the Northeast Motion Picture Producing Company, over forty foreign films in 1954. Most of these films were Russian. A few East German, Czechoslovakian, North Korean, Japanese, and Italian products were also included. "Bicycle Thief" was among the Italian movies slated for translation.[53] For one thing, translation and copying of foreign films already approved by Communist theoreticians must be a relief to the purge-haunted East China script-writers. Moreover,

52. Liberation Daily, Oct. 1, 1951, p. 10.
53. Enlightenment Daily, Peking, April 6, 1954, p. 2.

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208 the Chinese movie-goers, especially those in such metropolises as Shanghai and Nanking, are accustomed to foreign films, especially American products. Russian films are equally attractive. In Shanghai, often more than a dozen theaters show the same film simultaneously.[54] Anti-Communist writers tend to attribute this fact to the short supply of films, and the popularity of theaters to the boredom of life in a Communist state. Chinese films such as "Liang Shan-po yü Chu Ying-t'ai" and the "White-Haired Girl" have extensive showings in East China. American films were not immediately banned in East China, but Communist authorities in 1950 discouraged people from patronizing theaters showing American films. In April 1950 American films in Shanghai were drawing some 570,000 patrons a month.[55] This figure represented a drop in attendance of approximately 50 per cent as compared with the record in pre-Communist days. Attendance continued to decline until today no American film is advertised in the newspapers of this region.

C. Lantern Slides

In April 1950, the Peking government established an agency in charge of the manufacture

54. Liberation Daily, June 27, 1952, p.3.

55. Compendium of Government Reports, p. 563.

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of lantern slides and projectors. At the government-operated Nanking Scientific Apparatus Factory, production of slides and projectors was also assigned top priority. By 1952, there were 31 units in China producing such equipment to supply "cultural centers" and libraries. Among the slides produced, the most popular series bore such titles as "100 Years of American Aggression in China," "The Angry Fire of the Resist-America-Aid-Korea Movement," and "Oppose the Re-arming of Japan by American Imperialism." Almost 200,000,000 people were said to have seen these and other slides[56] in 1951. In East China by the end of September 1951, there was at least one projector in use in each hsien.[57] According to Wang Yü, deputh director of the Social Cultural Affairs Department for East China, these projectors were to be used to inform the public on current affairs, government policies, and the popular sciences. Mobile motion picture teams and propaganda units frequently make use of slides to aid their operation. Slides are prized because they can be easily adapted to local conditions. Each propaganda unit may suggest ideas to the manufacturers, who tailor the materials to suit specific needs.

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56. People's Handbook, 1952, p. 444.

57. Liberation Daily, Shanghai, October 1, 1951, p. 10.

V. MASS ORGANIZATIONS AS MEDIA OF PUBLIC INFORMATION AND PROPAGANDA

203 208 575 The Communists are fond of using the word "network" for all activities pertaining to public information and propaganda. Already discussed in this study are the news-gathering network, radio network, library and book-distribution network, the motion-picture-showing and cultural-center network. Included in the Communist term of "cultural network," however, are many mass organizations, all contributing to the over-all public information, education, and propaganda scheme.[58]

One of these organizational networks is the Sino-Russian Friendship Association. Established on October 5, 1949, in Peking, this organization expanded rapidly and by February 1952 had 64,200 large and small branches with a total membership[59] of 23,000,000. Under the over-all direction of Liu Shao-chi, whose position in the Party hierarchy is said to be second only to that of Mao Tse-tung, this association through its omnipresent branches organizes, indoctrinates, and propagandizes people of all professional strata. The daily contribution to public information and propaganda takes the form of group discussions and meetings.

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58. A list of 96 such national mass organizations is found in People's Handbook, 1955, pp. 7-8.

59. People's Handbook, 1952, p. 258.

203 208 575 At these small group gatherings, Soviet theories and practices are discussed. When there is a national propaganda campaign, the association mobilizes all its branches to give concerted support to the government. These mass organizations have their own "cultural departments," which in reality are information and propaganda units. Altogether the "cultural network" of an average size hsien may easily contain 4,000 units, with over 30,000 people actively participating.[60] When applied to cities like Shanghai and Nanking in East China, these figures are but moderate estimates.

V. PERSONAL CONTACT

203 208 Any study of public information and propaganda in Communist China would be greatly amiss if it discounted the importance of personal contact. This particular medium of communication is essential to the Communist public information and propaganda scheme, and it works most effectively in a country like China where 80 per cent of the population is illiterate.

The Central Committee of the Chinese Communist Party, on January 1, 1951, issued a directive on the "Establishment of a Propaganda Network Aimed at the Masses." The directive points out that" (a) in the past propaganda work has been neglected; no permanent

60 Chao Ts'ung, op. cit., p. 36.

203 208 personnel had been assigned to conduct person-to-person propaganda, counteracting rumors and clarifying government policies; (b) all Party branches henceforth will assign propaganda officers; all guiding agencies in the Party will appoint reporting officers; enthusiastic activists, although non-Party members, may also be enlisted as propaganda officers; (c) under the direction of the Party, propaganda officers will conduct propaganda through personal contact, and will report on the people's reaction and response; (d) the reporting officers, all responsible Party members serving at the various Party and government agencies, will make political reports to mass assemblies at least once every two months. Their reports are subject to clearance by Party authorities.[61]

Execution of the foregoing directive in East China resulted in the registration of 650,000 propaganda officers by the end of 1951. The reporting officers during the same period gave political talks to some 19,790,000 people.[62] It was admitted by the same Communist source, however, that "some of these propaganda officers were not sufficiently effective."

In the summer of 1953, Communist authorities moved to strengthen the system of

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61. Chien-li Hsüan-ch'uan-wang [Establishing a Propaganda Network], Shanghai, Hua-tung jen-min ch'u-pan-she, 1951, pp. 1-6.

62. People's Handbook, 1952, p. 437.

203 personal propaganda by establishing what might
208 be described as "coaching stations" for propaganda officers. At these stations propaganda officers met twice a month, each session lasting about two hours. With the help of well-seasoned agitators acting as coaches, the propaganda officers received on-the-spot instructions on how to operate most effectively. In June 1953 over 50 per cent of the sub-districts and hsiang in East China had such stations in operation.[63]

Anti-Communist sources conclude that the establishment of such "coaching stations" is a testimony to the collapse of the Communist person-to-person propaganda system.[64] Communist reports, on the other hand, claim that propaganda and reporting officers have come to be regarded by the people as "information bureaus," "thought doctors," and "messengers of Chairman Mao Tse-tung." If these titles reflect the popular conception of these propaganda officers, then there is reason to believe the claim that personal contact has exerted decisive influence on the masses in the movements to suppress counterrevolutionaries, carry out land reform, "Resist-America-Aid-Korea," and increase industrial and agricultural production.[65]

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63. Chin Ta-k'ai "Chung-kung Hsüan-ch'uan-wang Ti Fa-chan Chi Ch'i P'o-ch'an" ["The Development and Collapse of the Chinese Communist Propaganda Network"], in China Weekly, No. 70, May 3, 1954, p. 12.

64. Ibid.

65. People's Handbook, 1952, pp. 436-37.

203 The significance of the part played by
208 personal contact in the Communist propaganda scheme is well described in a People's Daily editorial. The Party had been relying on separate propaganda campaigns to achieve its goals, the editorial said, and Party members had thought constant personal contact not essential to the success of propaganda. Now everyone admits that "propaganda officers are trail-blazers without whom no work can be undertaken."[66]

VII. CONCLUSION

A. The Extent of the System

208 The Communist propaganda machine, which uses all types of public-information media, is co-ordinated with mechanical precision. The highest policy-making body in the Party hierarchy decides on the issues to be propagandized; an order from this body is enough to start a chain reaction. Take the 1951 movement to "suppress counterrevolutionaries," for example: the decision was made in Peking in February 1951. To borrow a cliche from the Communists, the movement "spread like a forest fire,": and by October of the same year, all the tools of propaganda had been brought into play. Major newspapers, radio stations,

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66. People's Daily, Peking, January 1, 1, 1952, p. 3,

208 group discussions, special rallies with lantern slides and skits were concentrated upon the suppression of counterrevolutionaries. During the same period, 800 exhibits pertaining to the campaign were opened in Shanghai. One of the pamphlets, Penal Code for Counterrevolutionaries, sold 2,400,000 copies, or enough to supply half the population of Shanghai. In response, 33,000 letters were received from residents of Shanghai, reporting "counterrevolutionary activities" to the government; and 29,000 of those accused were brought to court. The campaign was reported to have been carried out with equal intensity throughout East China.[67] The figures themselves may be exaggerated. But saturation campaigns of this sort had been effective in this area even before the Communist occupation of East China. During the war against Japan, the Nationalists organized propaganda teams which succeeded in arousing the villagers of western Fukien to the support of Chiang Kai-shek as the nation's leader and to participation in the war that was threatening the very life of the country.

B. The Thoroughness of Operation

Western journalists visiting the Communist area during a lull in the Nationalist-Communist struggle were surprised at the assimilation of Communist political jargon shown by grade-school children. This achievement of Communist indoctrination and propaganda suggests how thoroughly the Communist propaganda

67. Statistics from People's Handbook, 1952, pp. 41-42.

208 system operates. From his first years, a child is subject to persistent Communist indoctrination. The first word he learns in grade school is Communism, and from then on he lives and breathes Communism. He would be a rare person if he did not become a devout Communist as an adult. To be sure, the distrust of the old and wise and the cynicism of the urbane will work against Communist propaganda, but in Communist China the old and wise are dying and the urbane are only a small fraction of the population. In twenty years, the Communist-trained youth of today will control the country.

C. Prospects of Success or Failure of Communist Public Information and Propaganda

Lacking evidence to the contrary, it seems correct to say that the majority of the population in East China are willing to accept the Communist regime or, for that matter, any leadership which promises to bring a measure of order and stability to their community after so many years of chaos. For them, freedom of expression is not of vital importance to their way of life. The reaction of the remainder of the population is difficult to discover, since only a few people from East China has escaped. Even if the testimonies of the refugees were coherent and comprehensive, it would be ill-advised to accept their stories as accurate measurements of popular reaction to Communist propaganda in East China.

208 It is impossible to say what kind of counterpropaganda will be needed to offset Communist propaganda. However, there is at least one weakness innate in the Communist propaganda system. After the masses have been taught to read and write, these people may become curious about the outside world and demand to know more facts concerning it. Russian people maintain their curiosity about the We st in spite of nearly forty years of Communist indoctrination.[68]

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68. See, for example, "Mr. Kleiner's Russian," Newsweek, Sept. 5, 1955, p. 17.

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Annex "A," Subparagraph 2h,
Political Background

BIOGRAPHICAL SKETCHES OF KEY PERSONALITIES

I

647 In studying the distribution of power among key personalities in East China, we are concerned with 61 men who occupy a total of 150 positions. Through an analysis of the distribution of the administrative positions which these men hold, we can add to our knowledge of Chinese Communist techniques for channeling authority from Peking throughout the provincial administrations. To begin with, we find an overlapping of personnel in regional and national positions, and a concentration of key jobs in the hands of a relatively small group of senior leaders.

Beyond this, the concurrent political functions of the various administrators tell us much about the extent of Communist Party control at key points throughout the provincial units. The men who represent the central government in the provincial administration also carry out the theoretically distinct functions of directing Party instruments of control on local levels, and of directing non-Party organizations which are, in fact, fronts, or devices for mass control and for presenting

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an appearance of wide democratic participation in the affairs of the nation.

I. JOB CLASSIFICATIONS

The positions which the 61 incumbents hold can be divided into three general classifications: national posts, administrative jobs on provincial levels, and functions in political parties or in organizations which are instruments for political control.

On the national level we find 42 positions held by men from this group. These positions, at the time of writing, include delegate to the First National People's Congress (NPC), member of the Standing Committee of the First NPC, member of the Standing Committee and the Second National Committee of the Chinese People's Political Consultative Conference (Chinese People's P.C.C.), member of the National Defence Council, Deputy-Premier of the State Council, Chief of Staff of the People's Liberation Army, Minister of Commerce, Ambassador to the USSR, and Procurator-General of the People's Republic of China.

Sixty-four regional, provincial and municipal jobs are held by these 61 men. Their jobs include commander of military districts, director of the Department of Political Affairs, and political commissar of military districts; member, deputy-governor, and governor of

647 provincial People's governments; deputy-mayor and mayor of Shanghai; member of Provincial Committees of the Chinese P.C.C.; president of People's higher courts; and Army commanders of various echelons.

At the same time, these 61 incumbents hold 44 positions of a political nature. Included in these are membership in the Communist Party, membership in other political groups such as the Democratic League and the Kuomintang Revolutionary Committee, high ranking positions in mass organizations such as the New Democratic Youth Corps (NDYC) and the Sino-Soviet Friendship Association, and the presidency of institutions of higher learning.

After examining the distribution pattern of administrative positions, we shall appraise the significance of the concurrent political functions and note the background of the men who hold these positions. Finally we shall look at the characteristics of the incumbents -- as a group -- in each post.

II. INCUMBENTS HOLDING ONE POSITION

Twenty-two of the 61 men studied hold only one administrative position. In every case the position is a provincial one: one governor, eleven deputy-governors, three deputy-mayors of Shanghai, five presidents

47 of People's higher courts, one chairman of a provincial committee of the Chinese People's P.C.C., and one commander of a provincial military district. We have very little information about the careers of most of these incumbents. In the recent past, nine held lesser administrative posts (member and vice-chairman of provincial People's governments, director of departments of public safety, and member of the East China Military and Political Committee and of the East China Administrative Committee). The only knowledge we have of seven is their present position.

The remaining four incubents are exceptions to this general picture. Chao Chien-min, the governor of the Shantung Provincial People's Government, has, according to our data, no other official function. We know that he is a former deputy-minister of Railways of the Central People's Government and a former member of the Southwest China Military and Political Committee, but other than this we have no information about him.

The other three men with only one position are distinguished from the rest by their membership in the Communist Party. Wang Cho-ju, deputy-governor of Shantung, is a former member of the Central Committee of the CPC. During World War II he was director of the Po-hai Area People's Government and secretary of the Hopei-Shantung Border

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47 District Committee of the Shantung Sub-bureau of the Central Committee of the CPC; his present Party position is now known, but it is safe to assume that Wang probably has more prestige than other deputy-governors who hold only one position.

Li Shih-nung, deputy-governor of the Anhwei Provincial People's Government, is a former member of the North Anhwei Regional Committee of the CPC and a former director of the Department of Organization of the same committee. Hsu Chien-kuo, deputy-mayor of Shanghai, was director of the Department of Social Affairs of the Shansi-Chahar-Hopei Sub-bureau of the North China Bureau of the Central Committee of the CPC and also, from 1948 to 1954, director of the Department of Public Safety of Tientsin, the East China M.P.C., and Shanghai. As in the case of Wang Cho-ju, we do not know the exact present Party status of either Li Shih-nung or Hsü Chien-kuo, but we may assume that in terms of real authority it gives them more weight than their counterparts in the provincial administration.

A summary of this data, then, reveals that among the men who hold only one administrative position, four incumbents -- 18 per cent of this category -- have rank either in the administrative hierarchy or in the Party,

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647 a circumstance which indicates the probability of greater prestige than among the other incumbents in this single-job group.

III. INCUMBENTS HOLDING TWO POSITIONS

Twenty-three of the 61 men who constitute the official leadership of East China hold two administrative posts. Twelve of these fall into the same general patterns as the group with only one position. We know very little about their backgrounds, and their positons are lesser ones in the hierarchy of both provincial and national administration. The regional posts include commander of military districts, commander of Army corps, Provincial Committee member of the Chinese People's P.C.C., president of People's higher courts, deputy-governor, and deputy-mayor of Shanghai. The only national position held by men in this group is delegate to the First NPC.

Three men who hold national positions on a higher level are former Kuomintang officials. Their positions include membership on the Standing Committee of the First NPC, membership on the Second National Committee of the Chinese People's P.C.C., and membership on the National Defence Council.

647 Three other exceptions to the general pattern are the governors of the Kiangsu, Anhwei, and Chekiang provincial People's governments. These three men are also delegates to the First NPC and no other administrative position is attributed to them. Huang Yen, the governor of Anhwei, is probably a ranking member of the CPC; he is a former deputy-secretary of the North Anhwei Regional Committee of the CPC and his Communist career goes back at least as far as 1941, when he was defence director of the area west of the Tientsin-Pukow Railway. Hui Yü-yü, the governor of Kiangsu, is a former director of the North Kiangsu People's Government, and Sha Wen-han, the governor of Chekiang, was formerly president of the Chekiang National University. We have no other data on these two men.

The remaining five men in this group are senior Communist Party members: T'an Cheng-lin, Shu T'ung, Chang Ting-ch'eng, Liu Hsiao, and Tseng Shan. All hold key positions on the national level and all are veteran Communist leaders.

In the group of men with two positions, therefore, we find an almost equal division between two types of incumbents: men with two provincial or relatively less important positions, and men who hold top rank regionally or nationally or both. The latter group includes

447 Party members, former Kuomintang officials, and governors.

IV. INCUMBENTS HOLDING THREE POSITIONS

Eight men hold three jobs each. Only one of them -- Tseng Hsi-sheng -- is known to be a Party official. He is secretary of the Anhwei Provincial Committee of the CPC, and holds the positions of chairman of the Anhwei Provincial Committee of the Chinese People's P.C.C., political commissar of the Anhwei Provincial Military District, and delegate to the First NPC.

Two non-Party men who supported the Communists from the early 1950s also hold three positions. Sheng P'i-hua, a prominent Shanghai industrialist who took part in the "Anti-Civil War" and "Resist-America" campaigns, is a member of the committee on the budget of the First NPC, a member of the Standing Committee of the Second National Committee of the Chinese People's P.C.C., and deputy-mayor of Shanghai. Ch'en Chia-keng, a famous educator and humanitarian, has held key positions in the Communist administration since 1949 and is now a delegate to the First NPC, a member of the Standing Committee of the First NPC and vice-chairman of the Second National Committee of the Chinese People's P.C.C.

647 Two former Kuomintang officials each hold three positions: Ma Ying-ch'u, whose KMT affiliation may not have been strong, and Ch'en Shao-k'uan. Both are delegates to the First NPC; Ma is also a member of the Standing Committee of the First NPC and a member of the Second National Committee of the Chinese People's P.C.C., and Ch'en is a member of the Second National Committee of the Chinese People's P.C.C. and deputy-governor of the Fukien Provincial People's Government.

Three men, Li Ch'eng-chih, Yang Shih-i, and Chao Che-fu, hold positions as deputy governors, delegates to the First NPC, and members of a provincial committee of the Chinese People's P.C.C.

To summarize, men with three positions can also be divided into two general classifications. One group includes administrators who would logically be expected to have senior status: one Communist Party official, two prominent leaders with records of Communist sympathies, and two ex-Kuomintang leaders with long experience. The other group is comprised of three officials on whom we have little information beyond their present positions, but who, on the basis of their triple jobs, may well be among those next in line for key positions.

V. YEH FEI, SU YÜ, AND CH'EN I

647 The remaining three administrators -- Yeh Fei, Su Yü, and Ch'en I -- hold four, five and seven jobs respectively. All are veteran Communist military leaders and all hold key positions. Yeh Fei is governor of the Fukien Provincial People's Government, member of the National Defence Council, Commander of the 10th Army Corps of the People's Liberation Army, and commander of the Fukien Provincial Military District. Su Yü is Chief of Staff, member of the National Defence Council, delegate to the First NPC, commander of the 3rd Field Army, and commander of the East China Military District. Ch'en I is Deputy-Premier of the State Council, vice chairman of the National Defence Council, member of the Second National Committee of the Chinese People's P.C.C., delegate to the First NPC, mayor of Shanghai, commander of the 3rd Field Army, and commander of the East China Military District.

This survey of the allocation of administrative positions among the 61 men under study reveals that despite a certain obvious amount of overlapping and concentration of key personnel in top posts, a large number of key jobs are held by non-Party members or by Party members who hold only one or two

647 positions, and at the same time there are a number of Communist officials who do not hold jobs equal in number or cumulative rank to those held by non-Communists. This can undoubtedly be explained by the shortage of Party men qualified for top positions, by the fact that East China was so thoroughly overwhelmed by Communist forces as to make close spacing of Party men less necessary than in an area like Central-South China, and by the ready availability of highly-trained or prominent non-Party personnel in this region.

Except for the three men in the very top category -- Yeh Fei, Su Yü, and Ch'en I -- we do not find a direct correlation between Party membership and the number of jobs held simultaneously. The largest number of Party members is found in the group of men who holds two jobs, and the next largest number among the men who hold only one job.

On the other hand, except for Chekiang Province, we find a significant distribution of Party members throughout the provincial administrations. Both the governor and one deputy-governor of the Anhwei Provincial People's Government are Communists; the governor and the chairman of the Provincial Committee of the Chinese People's P.C.C. in Fukien Province are also members of the Fukien Provincial Committee of the CPC.

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647 In both Kiangsu and Shantung we find one Communist deputy-governor, and in Shanghai both the mayor and one deputy-mayor are Party members.

VI. OFFICIALS OF MASS ORGANIZATIONS

Of key importance to the Communist system of control is the existence of mass organizations -- the New Democratic Youth Corps, the Sino-Soviet Friendship Association, and so on -- which have been devised for almost every possible social and economic grouping. Under the leadership and direction of the Party, and disciplined through democratic centralism, these organizations serve to regiment a wide variety of activities which in a non-Communist state would be considered non-political. In addition to such organizations, there exist a number of political groups which serve, at least theoretically, to give an appearance of wide non-Party participation in political movements.

It is significant that among the men under investigation we find 23 officials of such organizations: the Sino-Soviet Friendship Association (8); the New Democratic Youth Corps (7); the Democratic League (3); the Kuomintang Revolutionary Committee (2); the China Democratic Construction Association (2); and the China Association for the Promotion of Democracy (1).

647 Furthermore, three men are university presidents -- a circumstance which assumes significance against the well-known background of Communist reorganization and supervision of schools as instruments for the reshaping of society.

VIII. BACKGROUNDS OF EAST CHINA LEADERS

The backgrounds of the men who constitute the leadership in East China reveal both a variety in political experience and a pattern of long and successful participation in Party and governmental activities, in military service, and in private business and professions.

There are seven veteran Communist leaders whose careers date from the 1920s: Ch'en I, Chang Ting-ch'eng, T'an Cheng-lin, Yeh Fei, Su Yü, and Tseng Shan. The careers of these men include participation in revolutionary uprisings and guerrilla warfare, top rank in the New 4th Army, and membership on the Central Executive Committee of the All-China Congress of Soviets.

Five other men are Party members whose careers can be traced back to the Sino-Japanese War and World War II. Kuan Wen-wei and Tseng Hsi-sheng were division commanders in the New 4th Army, and Wang Cho-ju, Hsü Chien-kuo and Huang Yen were Communist

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647 Party officials in Border Districts during World War II.

Among the non-Party men in the upper echelons of the Communist administration, we find three officials who took part in the revolutionary movement under Sun Yat-sen: Liu Ya-tzu, a famous poet, went on to become a member of the Central Executive Committee of the Kuomintang, from which he was expelled in 1940 because of his criticism of Chiang Kai-shek; Pao Ta-san abandoned active politics in 1927 and pursued a successful business career until 1946, when he participated in the "Shanghai All-Circles' Petition Committee" and consequently was arrested by Kuomintang authorities; Ting Ch'ao-wu, one-time counsellor to Sun Yat-sen, was an active Kuomintang leader until 1949.

Two administrators in addition to Pao Ta-san had successful business careers prior to joining the government. Sheng P'i-hua, a prominent Shanghai industrialist, supported the Communists from the 1930s, and has been deputy-mayor of Shanghai since 1949; Leng Yü, also a Shanghai businessman, was formerly a member of the People's Political Council established by the Kuomintang regime during the Sino-Japanese war, but since 1949 has been active in Communist administration.

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647 Two men were well-known educators. Ma Ying-ch'u taught economics for over twenty years between 1914 and 1928; from 1928 until 1944 he was a member of the Legislative Yuan of the Nationalist Government in Nanking. In 1944 he was put under surveillance for criticism of the financial and economic policies of the Nationalist Government, and in 1949 he joined the Communist administration. Ch'en Chia-keng, leader of the Chinese community in Singapore, founded the Chi-mei School in Amoy and the Amoy University. In 1940 he made an extensive inspection tour of the territories controlled by both the Kuomintang and the Communists, and he subsequently became very critical of the Kuomintang regime. He came out openly in favor of the Communists in 1946.

Two men whose careers are of unusual interest are Chi Fang, who is at present deputy-governor of the Kiangsu Provincial People's Government, delegate to the First NPC and a member of the Central Executive Committee of the Democratic League, and Ch'en Shao-k'uan, now deputy-governor of the Fukien Provincial People's Government, member of the National Defence Council, and member of the Committee on the Budget of the First NPC.

647 Chi Fang began his career as an instructor at the Whampoa Military Academy, and later became an official in the Department of Political Affairs of the headquarters of the Kuomintang's Northern Expeditionary Forces. After the Kuomintang purge of 1927, Chi went to Shanghai to edit leftist magazines and was subsequently co-founder of the Third Party and of the Fukien People's Government (in 1933). When that government fell, he continued anti-Nationalist underground activities in Shanghai, and from the time of the outbreak of the Sino-Japanese War he collaborated openly with the Communists.

Ch'en Shao-k'uan began his career in the Chinese Navy after graduating from the Foochow Naval Academy, and rose to the rank of Commander-in-Chief of the Navy. He was also a member of the Central Executive Committee of the Kuomintang until 1944.

The careers of two other men were cut short by Party purges in 1955. Jao Shu-shih had been a leader of the students' and workers' movements in Shanghai while a student at the Shanghai University in the early 1920s, and he took an active role in the "May 30th Incident" in 1925. After the failure of the Communist uprising in 1927, Jao went abroad and worked as a manual laborer in the United States and in Eastern European countries. On his return

647 to China, he entered the Soviet district in Kiangsi and became a prominent leader in the Land Reform Movement. He assisted in the organization of the New 4th Army, and, from 1941 on, was a member of the Central Committee of the CPC. Prior to being purged, he served as political commissar of the East China People's Liberation Army, the Third Field Army, and the East China Military District.

The second purged Communist is P'an Han-nien, the brother of another prominent Communist, P'an Tzu-nien. He played an active role in the leftist literary movement in Shanghai during the period of the Kuomintang's Northern Expedition, and after the failure of the Communist uprising in 1927 he entered the Soviet district in Kiangsi and joined the CPC. He made an inspection tour of the Soviet Union and European countries for the Party in 1933, and, after his return, participated in the Long March. He engaged in underground activities in Shanghai and Hong Kong during the early years of the Sino-Japanese War and in Chungking and Hong Kong during World War II. Before being purged in 1955, he was a member of the Shanghai Municipal Committee of the CPC and deputy-mayor of Shanghai.

647 The career patterns of these men reveal, then, both the variety of backgrounds from which the Communists have drawn their leaders in East China and the outstanding careers not only of the Party men in these key positions, but even more particularly, the non-Party office-holders -- the Kuomintang administrators, the military men, the educators and the literary figures, the industrialists and businessmen -- upon whom Peking has depended. Undoubtedly the prestige value of these men has been at least as important to the Communist regime as their administrative services.

VIII. PROVINCIAL POSITIONS

A survey of East China incumbents according to their provincial positions fails to reveal any significant patterns or trends.

Among the five governors, we find two veteran Communists: Yeh Fei of Fukien Province and Huang Yen of Anhwei Province. Sha Wen-han, of Chekiang Province, is first known as a delegate to the Chinese People's P.C.C. in 1949, vice-chairman of the Chekiang Provincial People's Government (1949-1952) and a member of the Committee on Cultural and Educational Affairs of the East China M.P.C. (1949-1952). Nothing else is known of his career. The two other governors --

647 Chao Chien-min of Shantung and Hui Yü-yü of Kiangsu -- are known only since 1950: Hui was director of the North Kiangsu People's Government and Chao was an official in the Southwest China M.P.C. and Deputy Minister of Railways of the Central People's Government (1953-1954).

Among the deputy-governors we find three Party officials, three former Kuomintang leaders, ten men with previous administrative experience in the Communist administration, and four about whom nothing is known except their present positions. Their previous administrative experience includes the following: membership on the Government Administration Council (only one deputy-governor, Leng Yü, had this positoon); president of the East China Branch of the People's Supreme Court (Liu Min-sheng, deputy-governor of the Shantung Provincial People's Government held this position); director of People's governments (3); vice-chairman of provincial People's governments (11); member of provincial People's governments (5); delegate to the First Chinese P.C.C.(6); director of the Department of Public Safety (1); member of the East China M.P.C. and of the East China A.C. (10).

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647 The five deputy-mayors of Shanghai have all had previous administrative experience. In their backgrounds we find two directors of People's governments, two delegates to the first Chinese People's P.C.C., and one Party official with a career dating back to the Border Region period.

Among the seven members of the Provincial Committees of the Chinese People's P.C.C., we find two known Communist Party members -- one whose career goes back to the Border Region period and one who is known only since 1949. According to our data, only three others have had administrative experience; these are all deputy-governors also, and are men who have held administrative positions on provincial levels since 1949.

We have background information on only two of the remaining incumbents: Wei Ming, president of the Shanghai People's Higher Court, was director of the South Anhwei People's Government from 1949 to 1952 and president of the East China Branch of the People's Supreme Court from 1952 to 1954; Wang Pi-ch'eng, commander of the Chekiang Provincial Military District and of the 7th Army Corps of the People's Liberation Army, was commander of the 2nd Brigade of the 1st Division of the New 4th Army and concurrently commander of the 2nd military sub-district of the Central Kiangsu Military District during World War II.

647 All nine of the incumbents holding key positions on a national level have had long and outstanding experience -- seven with the Communist Party, one in the Kuomintang, and one as a businessman in Shanghai.

To summarize our data on the other incumbents, we find that 23 have careers dating from the 1940s, the available records on 15 begin with the 1950s, and we have no information on the others beyond their present positions.

One of the more persistent facts emerging from this study of key personalities in East China is the lack of adequate biographical data from which to draw meaningful conclusions. This is particularly true in connection with the incumbents of the lower echelons. It is clear, however, that the structure of controls in East China is essentially what one would expect to find in a Communist state. The high proportion of non-Party senior leaders does not alter the basic pattern of centralized Party control.

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000 For the sake of brevity, certain abbreviations have been used in the biographical sketches which follow.

A-C FL -- All-China Federation of Literature
A-C FDY -- All-China Federation of Democratic Youth
A-C FDW -- All-China Federation of Democratic Women
Centr. Com. of CPC -- Central Committee of the Communist Party of China
C.A.P.C. -- China Association for Promotion of Democracy
CPC -- Communist Party of China
Chinese People's P.C.C. -- Chinese People's Political Consultative Conference
D.L. -- Democratic League
East China A.C. -- East China Administrative Committee
Exec. Com. -- Executive Committee
East China M.P.C. -- East China Military and Political Committee
JCRR -- Joint Commission on Rural Reconstruction
KMT -- Kuomintang
NPC -- National People's Congress
NCNA -- New China News Agency
NDYC -- New Democratic Youth Corps
P. A. -- Peasants' Association

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000 R.C. of KMT -- Revolutionary Committee of Kuomintang
WDP -- Workers' Democratic Party

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CHANG PEN

Current Career: Sec. of Shanghai Municipal Com. of the NDYC (1953-).

CHAO CHE-FU

Origin: b. 1894, Honan Province.

Background: Dir. of the Dept. of Education of Shansi-Hopei-Shantung-Honan Border Region Govt. (during World War II); mem. of the North China People's Govt. (1948-49); Chm. of the P'ingyüan Provincial People's Govt. (1949-52); del. to the Chinese People's Pol. Cons. Conf. (1949-54); V-C. of Shantung Province People's Govt. (Nov. 1952-Jan. 1955); mem. of the East China A.C. (Jan. 1953-54).

Current Career: del. to 1st NPC (Sept. 1954-); Dep.-Gov. of Shantung Provincial People's Govt. (1955-); V-C. of Shantung Provincial Com. of the Chinese People's P.C.C (1954-).

CHAO CHIEN-MIN

Background: Dir. of Dept. of Communications of the Southwest China M.P.C. (1950-53); mem. of Com. on Financial and

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000 Economic Affairs of Southwest China M.P.C. (1950-53); Dep.-Minister of Railways of Central People's Govt. (1953-54).

Current Career: Gov. of Shantung Provincial People's Govt. (1955-).

CHANG K'AI-FAN

Background: V-C. of Anhwei Provincial People's Govt. (1952-54); mem. of Com. on Cultural and Educational Affairs of same (1952-54).

Current Career: Sec. of Anhwei Provincial Com. of NDYC (1952-); Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

CHANG TING-CH'ENG

Origin: b., 1897, Yung-an Hsien, Fukien Province, son of a poor peasant.

Background: attended Peasant Movement Institute at Canton when Mao Tse-tung was lecturing at the institute (1922); after purge of Communist elements by the KMT in 1927, Chang began guerrilla warfare with Teng Tzu-hui in Western Fukien and became Chm. of the Western Fukien Soviet Govt.; Comdr. of 5th Red Army (1931); mem. of the Central Exec.

000 of All-China Congress of Soviets (1934-?); after main forces of Red Army withdrew to Northwest China, Chang remained active in guerrilla warfare in Fukien-Kiangsi border region; after outbreak of Sino-Japanese War in 1937, Chang's guerrilla forces were incorporated into New 4th Army; Comdr. of 7th Div. of New 4th Army (1941-?); mem. of Centr. Com. of CPC (1945-); mem. of 1st Natl. Com. of Chinese People's P.C.C. (1949-54); mem. of East China M.P.C. (1949-52); Sec. of Fukien Provincial Com. of VPC (1950-?); Chm. of Fukien Provincial People's Govt. (1950-54); Pol. Commissar of Fukien Provincial Milit. Dist. (1950-54); mem. of Commission of Overseas Chinese Affairs of the Govt. Adm. Council (1949-54); V-C. of the East China A.C. (Jan., 1953-54)

Current Career: 1st NPC (Sept., 1954-); Procurator-General of the People's Republic of China (Sept., 1954-). For more information, see the handbook on China as a whole.

CHAO K'O-MING

Background: mem. of the People's Control Com. of Chekiang Provincial People's Govt. (1949-54).

Current Career: Sec. of Chekiang Provincial Com., of the NDYC (1949-).

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000 CH'EN CHIA-KENG

Origin: b., 1874, T'ung-an, Fukien Province.

Background: famous leader of Chinese Community in Singapore; founder of Chi-mei School in Amoy (1913); founder of Amoy Univ. (1922); active in humanitarian activities throughout the years;in 1940 returned to China and made an extensive inspection tour in territories controlled by both the KMT and the Communists; following tour, became very critical of the KMT regime and sympathetic to the Communists; in 1946 he published his memoir, calling for a pro-Communist movement; del. to Chinese People's P.C.C. and mem. of standing com. of 1st Natl. Com. of Chinese People's P.C.C. (1949-54); mem. of Central People's Govt. Council (1949-54); mem. of Commission of Overseas Chinese Affairs of the Govt. Adm. Council (1949-54)' mem. of the East China M.R.C. (1940-52); V-C. of the East ChinaA.C.(Jan., 1953-54); del. to NPC and mem. of the Standing Com. of 1st NPC (Sept., 1954-); mem. and V-C. of 2d Natl. Com. of the Chinese People's P.C.C.; del. to the 2d Natl. Congress of the Sino-Soviet Friendship Assoc. (1954-).

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000 CH'EN I

Origin: b., 1905, Lo-chih, Szechwan Province.

Background: studied at the Univ. of Communications (Shanghai); went to France in 1920 as student and worker; joined the Socialist Youth Corps in France; returned to Chungking in 1921 and served on the editorial staff of Hsin-shu Pao, (New Szhechwan Daily) for two years; went to Peking in 1923 and joined the CPC; Comdr. of 1st Column of the New 4th Army (1938-40); acting Comdr. of the New 4th Army after its comdr. was captured by KMT forces in South Anhwei; mem. of the Milit. Com. of the Centr. Com. of CPC (1942-4?); gained fame after repeated victories over the KMT forces in North Kiangsu during the last years of World War II; Comdr. of East China People's Liberation Army (1946-49); led the Communist forces in North Kiangsu and South Shantung in winning battles against KMT forces (1946-47); annihilated famous 74th Division of KMT in Meng-liang Ku (May, 1947); captured K'ai-feng and annihilated approximately 60,000 of KMT forces in eastern Honan Province (June, 1948); captured Chi-nan, making definite gain for Communist cause in Chinese civil war (Sept., 1948); captured Shanghai (April, 1949); chm. of the Shanghai Milit. Control. Com. (1949-?); Mayor of Shanghai (1949-54); mem. of East China M.P.C.

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000 (1949-52); del. to Chinese People's P.C.C. (1949-54); mem. of the Central People's Govt. Council (1949-54); V-C. of the People's Revolutionary Milit. Council (1949-54); mem. of Exec. Com. of Sino-Soviet Friendship Assoc. (1949-54); mem. of East China A.C. (Jan., 1953-54); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954).

Current Career: Comdr. of 3d Field Army (1949-); Comdr. of East China Milit. Dist. (1949-); Second Sec. of East China Bureau of Central Com. of CPC (1949-); del. to the 1st NPC (Sept., 1954-); Dep.-Premier of State Council (1954-); V-C. of Natl. Defence Council (1954-); mem. of 2d Natl. Com. of the Chinese People's P.C.C. (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc.(1954). For more information about Ch'en, see handbook on China as a whole.

CH'EN SHAO-K'UAN

Origin: b., 1888, Ming-hou, Fukien Province.

Background: graduate of Foochow Naval Acad.; naval attache at Chinese Legation in London (1916); Vice-Admiral of the Chinese Navy (1925); Comdr. of the 2d Fleet (1926); mem. of Milit. Council of the Natl. Govt. (1927); Minister of the Navy (1931-38); mem.

000 of Central Executive Com. of the KMT (1935-44); Commander-in-Chief of the Navy (1938-46); retired from Chinese Navy after V-J Day; mem. of the East China M.P.C. (1950-52); mem. of 1st Natl. Com. of the Chinese People's P.C.C. (1951-54); V-C. of Fukien Provincial People's Govt. (1952-54); mem. of the East China A.C. (Jan., 1953-54).

Current Career: del. to 1st NPC (Sept., 1954-); mem. of Com. on the Budget of 1st NPC (1954-); mem. of the Natl. Defense Council (1954-); Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

CH'EN YÜAN-LIANG

Current Career: Pres. of Anhwei People's High Court (1955-).

CHI FANG

Origin: b., 1894, Hai-men, Kiangsu Province.

Background: graduate of Pao-ting Milit. Acad.; instructor at the Whampoa Milit. Acad. (1925); Section Chief of the Dept. of Political Affairs of the KMT's Northern Expeditionary Forces headquarters (1926); close friend of Gen. Teng Yen-ta, then Dir.

of Dept. of Pol. Affairs of above-mentioned forces; following the purge of Communist and leftist elements by the KMT in 1927, went to Shanghai to edit leftist magazines; later founded Third Party in co-operation with Gen. Huang Ch'i-hsiang; helped found Fukien People's Govt. (1933) and after its fall continued anti-Chiang Kai-shek underground activities in Shanghai; in early years of Sino-Japanese War, appointed special commissioner by Gen. Li Chi-shen to engage in guerrilla warfare in Chekiang Province, and openly collaborated with New 4th Army; incurred animosity of the KMT authorities on account of Communist collaboration; followed the remnants of New 4th Army in their flight to the northern bank of Yangtze River later in 1940 after the so-called South Anhwei Incident; engaged in administrative affairs in Communist territory in North Kiangsu during later years of Sino-Japanese War when the Communist forces were winning against KMT; after V-J Day, was charged by Communists with the responsibility of indoctrinating the surrendered generals of KMT who were mostly Chi's former students at Whampao Milit. Acad.; del. to the Chinese People's P.C.C. (1949-54).

Current Career: mem. of the Central Com. of Democratic League (1945-); Dep.-Min. of Communications (1949-54); del. to 1st NPC (Sept. 1954-); Dep.-Gov. of Kiangsu Province People's Govt. (1955-).

000 CHIA CHIU-MIN

Current Career: Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

CHIANG HUA

Current Career: Chm. of the Chekiang Provincial Com. of the Chinese People's P.C.C. (1955-).

CHIANG I-CHEN

Current Career: Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

CHIN CHUNG-HUA

Origin: b., Chia-hsing, Chekiang Province.

Background: commentator on international affairs; editor-in-chief of the K'ai-ming Book Co. (Shanghai) (prior to World War II); founder and editor of the Shih-chiai Chih-shih (World Affairs); editor of Hsin-tao Jih-Pao (Singapore Daily News) (1938-41); del. to the Chinese People's P.C.C. and mem. of the 1st Natl. Com. (1949-54); mem. of East China M.P.C. (1949-52); Dep. Dir. of the

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000 Dept. of Cultural Affairs (1949-52); mem. of East China A.C. (Jan., 1953-54); Dep.-Mayor of Shanghai (1954-55);

Current Career: editor-in-chief of Hsin-wen Jih-pao (News Daily), Shanghai (1949-); Dir. and mem. of the executive council of the Chung-kuo Hsin-wen She (China News Agency) (Oct. 1952-); del. to the 1st NPC (Sept. 1954-).

CHOU K'O

Background: mem. of the People's Control Com. of Kiangsu Province People's Govt. (1952-54).

Current Career: Sec. of Kiangsu Provincial Com. of the NDYC (?-); mem. of the Central Com. of NDYC (1953-).

HSIANG NAN

Current Career: Sec. of East China Com. of NYDC (1949-); mem. of the Standing Com. of the Central Com. of NDYC (1953-).

HSÜ CHIEN-KUO

Background: Dir. of Dept. of Social Affairs of Shansi-Chahar-Hopei Sub-bureau

of the North China Bureau of the Centr. Com. of CPC (1938-?); Dir. of the Dept. of Public Security of the North China People's Govt. (1948-49); Dir. of the Dept. of Public Security of the Tientsin Municipal People's Govt. (1949); mem. of the Tientsin Municipal People's Govt. (1949); mem. of the Supreme People's Procuratorate (1950-54); Dir. of the Dept. of Public Security of the East China M.P.C. (1950-53); Dep.-Mayor and Dir. of Dept. of Public Security of Shanghai Municipal People's Govt. (1954).

Current Career: elected Dep.-Mayor of same govt. (1955-).

HSU SHIH-YU

Origin: b., Honan Province.

Background: Comdr. of the East Shantung Milit. Sub-District (World War II); mem. of the East China M.P.C. (1949-52); mem. of the East China A.C. (Jan., 1953-54).

Current Career: Comdr. of the 11th Army Corps of the People's Liberation Army and Comdr. of Shantung Provincial Milit. Dist. (1949-); del. to the 1st NPC (Sept. 1954-).

000 HUANG YEN

Background: Defense Dir. of the area west of Tientsin-Pu-k'ou Railway (1941-?); Sec. of the North-Anhwei-North-Kiangsu Border Region Com. of CPC (last years of World War II); Dep.-Sec. of North Anhwei Regional Com. of CPC (1949-?); Political Dep. Commissar of the North Anhwei Milit. Dist. (1949-?); del. to the Chinese People's P.C.C. (1949-54); Dir. of North Anhwei People's Govt. (1950-52); mem. of the Com. on Land Reform on the East China M.P.C. (1949-52); V-C. of the Anhwei Provincial People's Govt. (Aug. 1952-54).

Current Career: del. to 1st NPC (Sept., 1954-); Gov. of Anhwei Provincial People's Govt. (1955-).

HUO SHIH-LIEN

Background: Dir. of the Dept. of Civil Affairs of the Chekiang Provincial People's Govt. (194-54); V-C. of Chekiang Provincial People's Govt. (1952-54).

Current Career: Dep.-Gov. of Chekiang Provincial People's Govt.

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000 HUI YÜ-YÜ

Background: Dir. of North Kiangsu People's Govt. (1950-52).

Current Career: del. to the 1st NPC (Sept., 1954-); Gov. of Kiangsu Provincial People's Govt. (1955-).

JAO SHU-SHIH

Origin: b., 1901, Lin-ch'uan, Kiangsi Province.

Background: graduate of Kiangsi First Middle School; enrolled at Shanghai Univ. and while studying there became leader of students' and workers' movements in Shanghai; took active role in "May 30th Incident" (1925); after failure of Communist uprising in 1927, worked as manual laborer in United States and in some eastern European countries, subsequently, returned to China and entered Soviet district in Kiangsi and soon became an able leader in Agrarian Reform Movement: after outbreak of the Sino-Japanese War in 1937, helped Gen. Yeh T'ing and Gen. Ch'en I organize New 4th Army; called to Yenan, later returned to the base of New 4th Army in South Anhwei (1939); captured by KMT forces during so-called "South Anhwei Incident" (1940) but escaped to northern bank of Yangtze

000 River because KMT soldiers failed to recognize him; appointed Dep.-Sec. of East China Bureau of Central China's CPC and dir. of Dept. of Propaganda (1941) succeeded Liu Shao-ch'i as Sec. of East China Bureau upon Liu's return to Yenan (1943); elected mem. of Central China's CPC (1945); pol. adviser to Gen. Yeh Chien-ying, who was Communist representative at Mil. Mediation Com. at Peking (1946); Communist representative on Northeast Milit. Mediation Team (1946) and upon disbandment of commission, appointed Pol. Commissar of the Northeast China People's Liberation Army (1947); in 1948 transferred to East China and served as Pol. Commissar of East China People's Liberation Army as Pol. Commissar of 3d Field Army (1949-55); Pol. Commissar of East China Milit. Dist. (1949-55); Sec. of Shanghai Municipal Com. of CPC (1949-55); Chm. of East China M.P.C. (1949-52); mem. of Preparatory Com. of NDYC (1949); mem. of Central People's Govt. Council (1949-54); Chm. of East China A.C. (Jan., 1953-54); dir. of Dept. of Organization of the Centr. Com. of CPC (summer, 1953-?); purged by central authorities of the CPC for "anti-Party" activities (1955).

000 **KUAN WEN-WEI**

Origin: b., Tan-yang, Kiangsu Province, son of a middle-class peasant family.

Background: graduate of normal school; joined New 4th Army with two brothers at beginning of Sino-Japanese War; Comdr. of 1st Col. of 1st Div. of the New 4th Army (1941-?); Chm. of North Kiangsu Adm. Com. (World War II); Dir. of Central Kiangsu People's Govt. and Dir. of Dept. of Political Affairs of Central Kiangsu Com. of the CPC (during later years of World War II); mem. of East China M.P.C. (1949-52); chm. of Wu-hsi Milit. Control Com (1950-?); Dir. of South Kiangsu People's Govt. (1950-52); V-C. of Kiangsu Provincial People's Govt. (1952-54); mem. of East China A.C. (Jan., 1953-54).

Current Career: del. to the 1st NPC (Sept., 1954-); Dep.-Gov. of Kiangsu Provincial People's Govt. (1955-).

KUEI LIN-HSI

Current Career: Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

000 LAN JUNG-YU

Current Career: Pres. of Fukien People's High Court (1955-); V-C. of Fukien Provincial Com. of Chinese People's P.C.C. (1955-).

LENG YU

Origin: b. Kiangsu Province.

Background Chm. of board of directors of Ssu-i Seed Improvement Farm; a prominent citizen of Shanghai; sometime member of People's Political Council (established by KMT regime during Sino-Japanese War) and served on a seven-member com. of same council sent to Yenan in 1941 to mediate the dispute between KMT and the Communists over the "New 4th Army Incident" late in 1940; del. to Chinese People's P.C.C. and mem. of the 1st Natl. Com. of same (1949-54); mem. of the Commission on Financial and Economic Affairs of Govt. Adm. Council (1949-54); mem. of East China M.P.C. (1949-52); dir. of Dept. of Water Conservation of the East China M.P.C. (1949-52); V-C. of Kiangsu Provincial People's Govt. (Nov., 1952-54); mem. of the East China .A.C.(Jan., 1953-54).

Current Career: mem. of standing com. of the China Democratic Construction Assoc.

000 (1949-); del. to 1st NPC (Sept., 1954-); Dep.-Gov. of Kiangsu Provincial People's Govt. (1955-).

LI CH'ENG-CHIH

Background: Dir. of the Dept. of Education of Chi-nan Municipal People's Govt. (1949-54); mem. of Com. on Cultural and Educational Affairs of East China M.P.C. (1949-52).

Current Career: del. to 1st NPC (Sept., 1954-); Dep.-Gov. of the Shantung Provincial People's Govt. (1955-); mem. of Shantung Provincial Com. of Chinese People's P.C.C. (1955-).

LI FENG-NIEN

Background: Dir. of Dept. of Public Security of Chekiang Provincial People's Govt. (1949-54); V-C. of same (1954).

Current Career: Dep.-Gov. of Chekiang People's Govt.

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000 LI SHIH-NUNG

Background: mem. of North Anhwei Regional Com. of the CPC and Dir. of the Dept. of Organization of same (1949-52); mem. of People's Control Com. of East China M.P.C. (1949-52).

Current Career: Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

LIU CHI-P'ING

Background: Dep.-Dir. of the South Kiangsu Peopel's Govt. and Dir. of the Dept. of Cultural and Educational Affairs of same govt. (1949-?); mem. of the Commission on Cultural and Educational Affairs of East China M.P.C. (1949-52).

Current Career: Dep.-Mayor of Shanghai (1954-).

LIU FEI

Current Career: Comdr. of Anhwei Provincial Milit. Dist. (1952-).

LIU HSIAO

Origin: b., Hunan Province.

000 Background: mem. of Central Exec. Com. of All-China Congress of Soviets (1934-?); Sec. of Kiangsu Provincial Com. of CPC (1924-?); Second Sec. of Shanghai Municipal Com. of CPC (1949-54); del. to the Chinese People's P.C.C. and mem. of the First Natl. Com. of same (1949-54); Chm. of People's Control Com. of East China M.P.C. and mem. of East China M.P.C. (1949-52); mem. of East China A.C. (Jan., 1953-54).

Current Career: mem. of Exec. Com. of Shanghai Municipal Federation of Trade Unions (1949-); ambassador to USSR (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. and mem. of the 2d Exec. Council of same (1954-); mem. of 2d Natl. Com. of the Chinese People's P.C.C. and mem. of standing com. of 2d Natl. Com. of same (1954-); and reserve mem. of Central Com. of the CPC (1945-).

LIU HSIEN-SHENG

Background: Dep.-Dir. of North Kiangsu People's Govt. (1949-52).

Current Career: Comdr. of Kiangsu Provincial Milit. Dist. (1952-); mem. of the Kiangsu Provincial People's Govt. (1952-).

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000 LIU MIN-SHENG

Origin: b., Shantung Province.

Background: V-C. of Shantung Provincial People's Assembly (1949); mem. of East China M.P.C. (1949-52); reserve del. to the Chinese People's P.C.C. (1949-54); Pres. of East China Branch Court of the Supreme People's Court (1949-52); V-C. of Shantung Provincial People's Court (1952-54); mem. of East China A.C. (Jan., 1953-54).

Current Career: del. to 1st NPC (Sept. 1954-); Dep.-Gov. of Shantung Provincial People's Govt. (1955-).

LIU SHAO-TANG

Current Career: Pres. of Kiangsu People's High Court (1955-).

LIU SHUN-YÜAN

Background: Dep.-Dir. of the Dept. of Personnel of the East China M.P.C. (Sept., 1952-?); Dep.-Dir. of the Bureau of Planning of East China M.P.C. (Sept., 1952-?); Sec.-General of East China A.C. (1952-54).

Current Career: Dep.-Gov. of the Kiangsu Provincial People's Govt. (1955-).

000 LIU YA-TZU

Origin: b., 1886, Wu-hsien, Kiangsu Province.

Background: famous poet and mem. of Nan-she (the Southern Society of Poetry); joined T'ung-meng Hui in Japan and took part in revolutionary movement of Dr. Sun Yat-sen; long-time mem. of Central Control Com. of KMT; expelled from KMT in 1940 for criticism of Chiang Kai-shek; del. to Chinese People's P.C.C. (1949-54); mem. of Central People's Govt. (1949-54); V-C. of East China A.C. (Jan., 1953-54).

Current Career: mem. of Central Exec. Com. of Democratic League (1945-); mem. of standing com. of Central Com. of KMT Revolutionary Com. (1949-); del. to 1st NPC and mem. of the standing com. of 1st NPC (Sept., 1954-); del. to 2d Natl. Congress of the Sino-Soviet Friendship Assoc. (1954-).

MA YIN CH'U

Origin: b., 1882, Cheng-hsien, Chekiang Province.

Background: graduate of Pei-yang Univ.; received his Ph.D. in economics from Columbia Univ. (1914); taught economics at various universities (including Peking Univ.) for

000 20-odd years following return to China from America; mem. of Legislative Yüan of Natl. Govt. in Nanking (1928-44); put under surveillance by Chiang Kai-shek in 1944 for criticizing financial and economic policies of Chiang; del. to Chinese People's P.C.C. and mem. of Natl. Com. of same. (1949-54); mem. of Central People's Govt. Council (1949-54); V-C. of Com. on Financial and Economic Affairs of the Govt. Adm. Council (1949-54); V-C. of East China M.P.C. (1949-52); V-C. of Chinese delegation to International Congress for the Preservation of World Peace (April, 1949); Pres. of Chekiang Univ. (1950); mem. of 1st Exec. Council of Sino-Soviet Friendship Assoc. (1951-54); Minister of Education (1951-53); V-C. of East China A.C. (Jan. 1953-54).

Current Career: mem. of standing com. of Natl. Com. of Chinese People's Committee for Preserving World Peace and Opposing American Agression (1950-); Pres. of the Natl. Peking Univ. (1951-); del. to 1st NPC and mem. of standing com. of 1st NPC (Sept., 1954-); mem. of 2d Natl. Com. of the Chinese People's P.C.C. (1954-); mem. of standing com. of 2d Natl. Com. of same (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954-); V-C. of the Sino-Soviet Friendship Assoc. (1954-).

Publications: Chung-hua Ying-hang Lun [On the Banking System of China] (1929);

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000 Chung-kuo Kuan-shui Wen-t'i [China's Tariff Problems] (1932); Ma Ying-ch'u Ching-chi Lun-wen Chi [Ma Ying-ch'u's Essays on Economics] (1932); Chung-kuo Ching-chi Kai-tsao [On the Reform of China's Economy] (1935); Ching-chi-hsüeh Kai-lun [Introduction to Economics] (1941).

P'AN HAN-NIEN

Origin: b., 1904, I-hsing, Kiangsu Province; brother of P'an Tzu-nien, another prominent Communist.

Background: joined CPC in his thirties; playe d active role in the leftist literary movement in Shanghai during period of the KMT Northern Expedition; entered Soviet district in Kiangsi after failure of Communist uprising in 1927; made inspection tour in Soviet Union and some European countries on order of the CPC (1933); participated in Long March of Communist forces; engaged in secret activites in Shanghai and Hong Kong during early years of Sino-Japanese War; called back to Yenan for short period, then went to Chungking and Hong Kong (1943); Dep.-Mayor of Shanghai (1949-54); mem. of Shanghai Municipal Com. of CPC (1949-55); mem. of East China M.P.C. (1949-52); mem. of East China A.C. (Jan., 1953-54); elected Dep.-Mayor of Shanghai (1955); purged by CPC in July, 1955.

PAO TA-SAN

Origin: b., 1883 (?), Cheng-hai, Chekiang Province.

Background: studied in Japan prior to founding of Republic; took part in Revolution of 1911; active in politics (1911-29); turned to commercial pursuit in 1927 and founded the Lan-shih Chemical Factory; founder of North Kiangsu Salt Refining Company; general-manager of the Hsin-i Real Estate Co. of Shanghai; joined China Democratic Construction Assoc. in 1946; participated in "Shanghai All-Circles' Petition Com." and went to Nanking with Com. to petition Natl. Govt. for peaceful solution of disputes between the govt. and Communists (1946); del. to Chinese People's P.C.C. and mem. of 1st Natl. Com. of same (1949-54); V-C. of Chekiang Provincial People's Govt. (1949-54); mem. of East China M.P.C. (1949-52); mem. of People's Control Com. of East China M.P.C. (1949-52); mem. of the Executive Council of Sino-Soviet Friendship Assoc (1951-54); mem. of the East China A.C. (Jan., 1953-54).

Current Career: mem. of standing com. of China Democratic Construction Assoc. (1949-); Chm. of Shanghai Provisional Municipal Com. of the China Democratic Construction Assoc. (1949-); mem. of Exec. Com. of the All-China Assoc. of Industry and

and Commerce (1953-); del. to 1st NPC (Sept., 1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954-); Dep.-Gov. of Chekiang Provincial People's Govt. (1955-).

SHA WEN-HAN

Background: del. to the Chinese People's P.C.C. (1949-54); V-C. of Chekiang Provincial People's Govt. (1949-52); mem. of Commission on Cultural and Educational Affairs of East China M.P.C. (1949-52).

Current Career: Pres. of Chekiang Natl. Univ. (1952-); del. to the 1st NPC (Sept., 1954-); Gov. of Chekiang Provincial People's Govt. (1955-).

SHEN TZU-HSIU

Origin: b., Anhwei Province.

Background: Dep.-Dir. of North Anhwei People's Govt. (1949-52); mem. of East China M.P.C. and mem. of Commission on Cultural and Educational Affairs of East China M.P.C. (1949-52); V-C. of the Anhwei Provincial People's Govt. (Aug., 1952-54); mem. of East China A.C. (Jan., 1953-54).

000 Current Career: mem. of Central Com. of the Democratic League (1945-); chm. of Anhwei Provincial Com. of same (1949-); Dep.-Gov. of Anhwei Provincial People's Govt. (1955-).

SHENG P'I-HUA

Origin: b., Ning-po, Chekiang Province.

Background: lead a life of poverty during early years; first served as store clerk, then manager, and finally prominent industrialist in Shanghai; following the Mudken Incident, Sheng took lead in organizaing boycott movement against Japanese products; gave aid and assistence to 19th Route Army in its fight against Japanese forces in Shanghai (1932); gave support to guerrilla forces in Manchuria prior to outbreak of the Sino-Japanese War in 1937; general-manager of Shang-yüan Enterprise Company (Shanghai); took part in "Anti-Civil War" and "Anti-America" campaigns prior to fall of the KMT regime in 1949; Dep.-Mayor of Shanghai (1949-54); del. to Chinese People's P.C.C. (1949-54); mem. of 1st Natl. Com. of the Chinese People's P.C.C. (1949-54); mem. of the East China M.P.C. (1949-52); mem. of Commission on Financial and Economic Affairs of Govt. Adm. Council (1949-54); Chm. of prep. com. of Shanghai Municipal Assoc. of Industry and

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Commerce (1949-?); V-C. of East China A.C. (Jan., 1953-54); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954).

Current Career: mem. of standing com. of executive council of China Assoc. for Promotion of Democracy (1949-); mem. of China Assoc. for Promotion of International Trade (1952-); V-C. of executive com. of All-China Assoc. of Industry and Commerce (1953-); V-C. of standing com. of the Executive Com. of All-China Assoc. of Industry and Commerce (1953-); del. to 1st NPC (Sept. 1954-); mem of 2d Natl. Com. of Chinese People's P.C.C. (1954-); mem. of standing com. of 2d Natl. Com. of Chinese People's P.C.C. (1954-); elected Dep.-Mayor of Shanghai (1955-).

SHU T'UNG

Origin: b., Tung-tu, Kiangsi Province.

Background: graduate of Kiangsi First Normal School (1927); took part in famous "Long March" of the Communists; Dir. of Dept. of Pol. Affairs of Shansi-Hopei-Chahar Border Region Milit. Dist. (1939-?); mem. of East China M.P.C. and Chm. of Com. on Cultural and Educational Affairs of East China M.P.C. (1949-52); mem. of East China A.C. (Jan. 1953-54).

000 Current Career: Dir. of Dept. of Propaganda of East China Bureau of Central China CPC (1949-); Dir. of Dept. of Pol. Affairs of East China Milit. Dist. (1949-); Pres. of East China People's Revolutionary Univ. (1949-); del. to 1st NPC (Sept. 1954-).

SU YÜ

Origin: b., 1908, Hunan Province.

Background: first served under Yeh T'ing who was then a Regiment Comdr. of 4th Army of KMT's Northern Expeditionary Forces (1926); joined the CPC at age of 18; after main forces of Red Army withdrew to Northwest China, remained active in guerrilla warfare in Chekiang-Fukien-Kiangsi-Hunan border region; Su's forces were incorporate into New 4th Army after Sino-Japanese War broke out in 1937; appointed Comdr. of 1st Div. of New 4th Army in 1941 and concurrently Comdr. of Central Kiangsu Milit. Dist.; reserve mem. of Centr. Com. of CPC (1945-); Su fought KMT forces in North Kiangsu seven times and won seven battles; comdr. of an army corps of the 3 d Field Army (1949-?); captured Nanking and became its mayor in 1949; del. to Chinese People's P.C.C. and mem. of 1st Natl. Com. of the Chinese People's P.C.C. (1949-54); mem. of People's Revolutionary Milit. Council (1949-54); V-C. of East

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000 China A.C. (Jan., 1953-54).

Current Career: Dep.-Comdr. of East China Milit. Dist. (1949-); del. to 1st NPC (Sept., 1954-); mem. of Natl. Defense Council (1954-); del. to 2d Natl. Congress of Sino-Soviet Friendship Assoc. (1954-); Chief-of-Staff (1954-). For additional information, see the handbook on China as a whole.

SUNG JIH-CH'ANG

Background: Dir. of Dept. of Food Supply of the New 4th Army (World War II); Dir. of North Anhwei People's Govt. (?-1949); dir. of the Dept. of Civil Affairs of East China M.P.C. (1949-52).

Current Career: Dep.-Mayor of Shanghai (1955-).

T'AN CHEN-LIN

Origin: b., 1903, Hunan Province.

Background: a laborer in Wuhan in early years of life; took part in "1927 Hunan Autumn Harvest Uprising"; Pol. Commissar of 12th Red Army; Comdr. and Pol. Commissar of Fukien-Kwangtung-Kiangsi Border Region

Milit. Dist.; after withdrawal of main forces of Red Army from Kiangsi to Northwest China, continued to direct guerrilla forces in Fukien-Kwangtung-Kiangsi border region under leadership of Chang Ting-ch'eng and Teng Tzu-hui; after outbreak of Sino-Japanese War in 1937, proclaimed himself "Comdr. of South China Volunteer Forces"; subsequently became Comdr. of 3d column of New 4th Army and Pol. Commissar Comdr. of 6th Div. of New 4th Army (1941-?); Sec. of North-Anhwei-North-Kiangsu Border Region Com. of CPC (1942-?); Pol. Commissar of 2d Div. of New 4th Army (1943-?); Dir. of Hanchow Milit. Control Com. (1949-?); Sec. of Chekiang Provincial Com. of CPC (1949-?); chm. of Chekiang Provincial People's Govt. (1949-52); mem. of East China M.P.C. (1949-52); V-C. of Common Agrarian Reform of East China M.P.C. (1949-52); Chm. of Kiangsu Provincial People's Govt. (1952-54).

Current Career: mem. of Centr. Com. of CPC (1945-); Dep. Pol. Commissar of 3d Field Army (1949-); V-C. of East China A.C. (Jan., 1953-); mem. of 2d Natl. Com. of Chinese People's P.C.C. and mem. of standing com. of 2d Natl. Com. of Chinese People's P.C.C. (1954-).

000 TSENG CHING-PING

Current Career: Chm. of Fukien Provincial Com. of the Chinese People's P.C.C. (1955-); Dep.-Sec. of Fukien Provincial Com. of CPC (?-).

TSENG SHAN

Origin: b., 1904, Kiangsi Province.

Background: mem. of Central Executive Com. of All-China Congress of Soviets (1931-?); Chm. of Kiangsi Provincial Congress of Soviets (prior to the "Long March"); one-time Dir. of Dept. of Organization of Central China Bureau of CPC; Pres. of Central China Construction Univ. (1945); mem. of Commission on Financial and Economic Affairs of North China People's Govt. Adm. Council (1949-54); Minister of Textile Industry (1949-53); manager of the East China Branch Office of People's Bank of China (1949-?); V-C. of East China M.P.C. and Chm. of Commission on Financial and Economic Affairs of East China M.P.C. (1949-52); Chm. of the Hwai River Water Conservation Commission (1951-54); V-C. of the Commission on Financial and Economic Affairs of Govt. Adm. Council (1953-54); Minister of Commerce (1953-54); V-C. of East China A.C. (Jan., 1953-54).

000 Current Career: mem. of 2d Natl. Com. of Chinese People's P.C.C. (1954-); Minister of Commerce (1954-).

TING CH'AO-WU

Origin: b., 1884, Shao-wu, Fukien Province.

Background: graduate of K'o-chih Acad.; teacher at Shao-wu Middle School; mem. of House of Representatives of Chinese Parliament (1912-23); joined T'ung-ment Hui and later China Revolutionary Party; counselor to Dr. Sun Yat-sen when latter proclaimed himself Generalissmo of Military Government of China at Canton (1917); Chm. of Fukien Branch of KMT (1921); withdrew from Pariliament in Peking protesting election of Gen. Ts'ao K'un as President of China (1923); del. to 1st Natl. Congress of KMT (1924); reserve mem. of 2d Central Exec. Com. of KMT (1926-29); reserve mem. of 3d Central Exec. Com. of KMT (1929-31); mem. of 4th Central Exec. Com. of KMT (1931-35); mem. of 5th Central Exec. Com. of KMT (1935-45); mem. of 6th Central Exec. Com. of KMT (1945-49); mem. of Fukien Provincial Govt. and Dir. of Dept. of Construction of same (1927-?); mem. of Legislative Yüan (1933-?); Special Inspector of Party Affairs in Kiangsi Province (1934); Control Commissioner

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for Kiangsu Province (1935-?); Chm. of the Fukien Province Assembly (1946-?); chm. of preparatory com. of the Shanghai Municipal Com. of KMT Revolutionary Com. (1949-?); mem. of East China M.P.C. (1949-52); V-C. of Fukien Provincial People's Govt. (Nov., 1952-54).

Current Career: mem. of East China A.C. (Jan., 1953-); mem. of 2d Natl. Com. of Chinese People's P.C.C. (1954-); Dep.-Gov. of Fukien Provincial People's Govt. (1955-).

TSENG HSI-SHENG

Origin: b., Hunan Province.

Background: graduate of Whampao Milit. Acad.; sometime staff of Central Revolutionary Milit. Com. of CPC; Comdr. of the 7th Div. of New 4th Army (1941-?); Sec. of North Anhwei Regional Com. of the CPC (1949-52); Comdr. of North Anhwei Milit. Dist. (1949-52); mem. of East China M.P.C. (1949-52); Chm. of Anhwei Provincial People's Govt. (Aug., 1952-54); mem. of East China A.C. (Jan., 1953-54).

Current Career: Sec. of Anhwei Provincial Com. of CPC (1941-); Pol. Commissar of Anhwei Provincial Milit. Dist.

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000 (1952-); del. to 1st NPC (Sept., 1954-); Chm. of Anhwei Provincial Com. of Chinese People's P.C.C. (1955-).

WANG CH'I-HSIANG

Current Career: Sec. of Fukien Provincial Com. of the NDYC (1953-).

WANG CHO-JU

Origin: b., Honan Province.

Background: Sec. of Hopei-Shantung Border District Com. of Shantung Sub-bureau of Centr. Com. of CPC and Dir. of Po-hai Area People's Govt. (World War II); mem. of the Shantung Provincial People's Govt. (1949-54); V-C. of same govt. (Jan., 1953-54).

Current Career: elected Dep.-Gov. of Shantung Provincial People's Govt. (1955-).

WANG PI-CH'ENG

Origin: b., Hunan Province, son of a poor peasant.

Background: Comdr. of 2d Brigade of 1st Div. of New 4th Army and concurrently Comdr.

of 2d milit. sub-district of Central Kiangsu Milit. Dist. (during World War II).

Current Career: Comdr. of Chekiang Provincial Milit. Dist. and concurrently of 7th Army Corps of People's Liberation ARmy (1949-).

WEI MING

Background: Dir. of South Anhwei People's Govt. (1949-52); mem. of East China M.P.C. (1952); Pres. of East China Branch Court of Supreme People's Court (1952-54).

Current Career: mem. of Exec. Council of Chinese Political Science and Law Association (1953-); Pres. of Shanghai People's High Court (1955-).

WU CHUNG-LIEN

Current Career: Pres. of Chekiang People's High Court (1955-).

YANG HSŬAN-WU

Current Career: Pres. of Shantung People's High Court (1955-).

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000 YANG SSU-I

Current Career: del. to 1st NPC (Sept., 1954-); Dep.-Gov. of Chekiang Provincial People's Govt. (1955-); V-C. of Chekiang Provincial Com. of Chinese People's P.C.C. (1955-).

YANG TI-SHENG

Background: mem. of People's Control Com. of Shantung Provincial People's Govt. (?-54).

Current Career: Sec. of Shantung Provincial Com. of NDYC (1953-).

YEH FEI

Origin: b., 1909, Fu-an, Fukien Province.

Background: joined CPC in 1927 and received milit. training at Red Army Training Institute (Kiangsi) (1927); took part in guerrilla warfare in east Fukien (1939); regiment Comdr. of New 4th Army (1939-40); Comdr. of 1st Div. of New 4th Army (1941-45); V-C. of Fukien Provincial People's Govt. (1950-54); mem. of East China M.P.C.

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000 (1949-52); mem. of East China A.C. (Jan., 1953-54).

Current Career: Comdr. of Fukien Provincial Milit. Dist. (1950-); Comdr. of 10th Army Corps of People's Liberation Army (1950-); Sec. of Fukien Provincial Com. of CPC (1950-); mem. of Natl. Defense Council (1954-); Gov. of Fukien Provincial People's Govt. (1955-).

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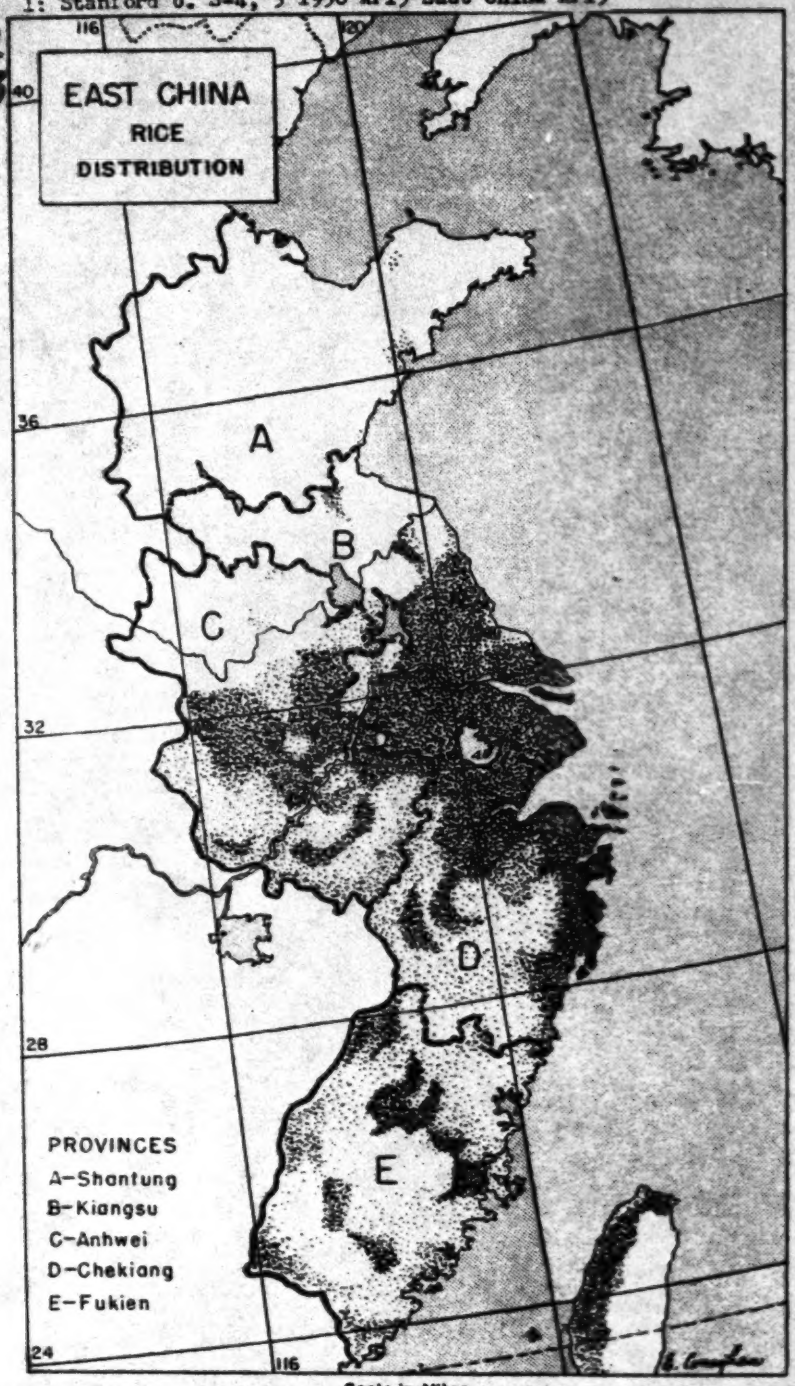

A

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C

[Face p. 738] (a)

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SHANGHAI

key to modern China

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Rhoads Murphey

SHANGHAI
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Author's Note

000 The great range of published materials bearing on the problems treated here has made for the usual difficulties which confront the student of China. In a narrower sense, neither scholars nor events have stood still since this book was first written. For example, S. F. Wright's *Hart and the Chinese Customs* might have been drawn on much more fully had it not come into my hands during that limbo between the supposed completion of a book and its actual publication. Recent works such as this are noted here wherever possible, but many of them could not be thoroughly used.

Having chosen a subject as dynamic as Shanghai, in a setting of violent and revolutionary change like modern China, I suppose that complaints about problems of obsolescence are clearly out of order. Realizing this in a more general way, I have tried to write about Shanghai and modern China in their geographic setting in a manner which will be meaningful and instructive regardless of changes which may occur, and are now occurring.

122 I am happy to record my indebtedness to the Social Science Research Council for a grant during 1948–50 which made it possible for me to do most of the research and the original writing of this book. My indebtedness to those at Harvard University and to others who have offered valuable criticism is so great, in kind and amount, that I can make only this gesture of thanks.

R. M.

Seattle, Washington
December 1952

[pp. iv-vi contain no textual material]

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GRAPHS

1. Population of Shanghai, 1840–1936

There are no complete records of the population of Shanghai at any period. This graph has been compiled from a variety of estimates: Fortune (1846), Medhurst (1850 and 1864), Schmidt (1874), Mac-lellan (1889), Feetham (1931), *Shang-hai shih nien-chien* (1936), *et al.* The influx of Chinese refugees between 1852 and 1865 was an important matter for the foreigners, and most works covering the period give yearly estimates of the population of the foreign settlements. For the remainder of the period before 1928 the only consistently available estimates are decennial. Both sets of figures are approximations only, but those for the total urban area are especially imprecise. 22 128

2. Foreign Population of Shanghai, 1843–1936

Figures for the foreign population are reasonably accurate since each group of foreign nationals was the responsibility of a consul and since most of the foreigners lived within the settlements. Sources as for graph 1. 23

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000

3. Trade at Shanghai, 1859–1865

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5. Exports of Local Origin

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ONE

Introductory

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This is the study of an anomaly. A city of four million people grew up in the short space of a hundred years out of the traditional agrarian economy of China, before the building of a modern railway network, before the development of a single national market, and before other Chinese commercial cities of metropolitan size had appeared. The city of Shanghai, born out of Western commercial enterprise and organized in its economic life largely along Western lines, was in effect superimposed on a peasant civilization. On this agrarian base, it erected first a trade which reached to all parts of the globe, and subsequently a manufacturing complex which put it among the leading urban industrial centers of the world.

In both respects, Shanghai has been the center of a vortex of economic change spreading from the city to engulf the rest of China, a process which is still in its early stages. Toward the close of the first century since its opening to foreign trade in 1843, Shanghai accounted for half of China's foreign trade and half of its mechanized factories. The city's four million people formed one of the first five or six metropolitan groupings in the world, and Shanghai was well over twice the size of each of its nearest urban rivals in China, Peking and Tientsin.

The rise of other great cities has in the main depended on either or both of two factors: the concentration of the administrative functions of a large empire or political unit in a single pre-eminent center (Rome, London, Peking); and the concentration of trade from and manufacturing for a highly integrated and commercialized economy in an outstanding urban location (New York, Rotterdam, Osaka), based on the existence of low-cost volume carriers. Shanghai has never performed any administrative functions beyond its own metro-

361 177 politan limits, and the Chinese economy on which its trade is based remains far from integrated or commercialized, while railways are still perhaps China's most notable lack.

361 439 177 But Shanghai lies near the seaward face of the Yangtze delta, where the extensive water routes of a great river system are gathered into a knot, and where the coast of China extends farthest into the open sea. Goods which different local areas produced and for which foreign traders found overseas markets could thus move out for export through Shanghai, and foreign goods entering China in return could be distributed over a wide area from the city. Shanghai thereby became the commercial center for virtually all of the Yangtze basin, which includes the most populous and productive half of China. Not only did trade flow through the city, but Shanghai also became one of the world's leading financial centers. Its banks financed the Chinese government as well as the economic life of the city and of its commercial hinterland of half of China and all the Chinese ports. They controlled "at a very conservative estimate 90 per cent of the imports and exports between China and foreign countries."[1] As manufacturing developed in the city during the twentieth century, aided by the accumulation there of foreign and Chinese capital earned in trade, it was able to compete successfully with other manufacturing centers, despite the local absence of most industrial raw materials, because of the ease and cheapness of water transport for the materials of manufacturing brought from more distant places. Finally, Shanghai's four million people could be fed largely from rice produced in the fertile Yangtze delta.

361 162 177 Perhaps the most remarkable aspect of the city is simply its size. Dense populations have long been associated with deltas, and in southeast Asia nearly all of the notable population concentrations are on fertile deltaic soils where ample water is available for the irrigation of paddy rice. Each of the major deltas in southeast Asia also supports the largest or second largest city in its political unit (Hanoi, Saigon, Bankok, Rangoon, and Calcutta). But none of these cities approaches Shanghai in size; Calcutta, the largest, has a population of only about two and a half millions.

361 439 Two outstanding locational factors distinguish Shanghai from other delta cities in the lower and lower-middle latitudes: its central

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361 position on the coast of east Asia, and the great extent of its trade
439 hinterland. With a similar delta agrarian setting for all of these
177 cities, Shanghai is nearly twice as large as any of them because the trade of half, and that half the richer one, of the most populous political unit in the world is funneled through the city by the pattern of inland waterways and sea routes which focuses on it. In the pre-industrial economy of China, water transport is by far the most important volume carrier. While China remained agrarian, the stimulation of its external trade by foreign commercial enterprise produced an interregional flow of goods which moved largely through Shanghai. This situation continued to implement the physical advantages of the city's location to make it the major point of contact between China and the West.

369 Modern Chinese banking and finance, manufacturing, and com-
179 mercial organization (and the new class of Chinese associated with them and divorced from traditional China) all got their start there, are still largely concentrated there, and for the last hundred years have spread out from there as from the center of a whirlpool. Of the whole process of Westernization in China, only railways came relatively late to Shanghai, a logical exception in view of the abundance of good water transport. Otherwise the city rapidly became, within the first decade of its opening to foreign trade, a physical and economic replica of the nineteenth-century Europe which had built it, and in time of the twentieth-century America which was also a prominent contributor.

Shanghai and the pattern of its development during the past century have been modern China in microcosm. In the city China for the first time learned and absorbed the lessons of extraterritoriality, gun-boat diplomacy, foreign "concessions," and the aggressive spirit of nineteenth century Europe. There more than anywhere else the two civilizations came together: the rational, legal-minded, scientific, industrialized, efficient, expansionist West, and traditional, intuitive, humanist, agrarian, inefficient, seclusionist China. The sequel, and China's response, began primarily at Shanghai, and there modern China was born.

China's economic revolution, as fully as Chinese nationalism, struck its first modern roots beside the Whangpoo, and these two

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have between them made the contemporary picture. Economically, the institutions, and still more the attitude and standard of values, which had grown up in the West with the end of the Middle Ages and reached a full flowering in the nineteenth century, were transplanted to Shanghai. As the city grew on this heady but nourishing diet, its growth set widening patterns of change in motion throughout the country. In the economic structure which developed at Shanghai, in the problems which economic development had to overcome, in the compromises and hybrid growths which arose, in the final maturing of a modern commercial, financial, and industrial metropolis, the city provides a key to what has since happened and is still to happen in China.

The events of the post-war years have thrown into relief the economic and political changes which have long been under way in China, but which have only recently made themselves violently apparent. Communism is merely the present vehicle, not the creator, of the revolution which has carried it to success. As a leading agent in modern China's revolution, Shanghai may claim a larger share than Moscow in the current product. War, civil war, and Communist victory have also ended the history of foreign Shanghai. The hundred years of its existence being ended, a larger perspective tends to emphasize the things about the city's development which seem most important in the light of what has followed. Hindsight would pick out evidences of Shanghai's rôle in stimulating Chinese nationalism and economic change, in teaching China the lessons of Western business, science, and industry, and in providing a sample of what these lessons might accomplish.

Nineteenth-century Europe was at its best in the pulpit or on the rostrum, especially when talking of its own accomplishments, and Shanghai belonged to it. A jubilee was held in the city on the fiftieth anniversary of the founding of the foreign settlements, in 1893, and the major address of the day was delivered in the park on the Bund by the Rev. Muirhead, a British missionary. His words are symptomatic of the West's attitude to the East and of Shanghai's characteristic part in it, and also perhaps enlightening toward an understanding of China's response.

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Map 1. East Asia, showing provinces and major cities and rivers of China. Dates refer to the opening to foreign trade as treaty ports of the cities so indicated.

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INTRODUCTORY

369 177 Shanghai is the centre of our higher civilization and Christian influence for all of China. We are here in the midst of a people proud and prejudiced in favour of their ancient line of things, and what have we introduced amongst them, for their benefit as well as our own? We might well point to the English homes we have formed here. . . How different is this from what we know to be characteristic of Chinese homes? In front also we have these beautiful *hongs* (trading firms) for the transaction of business, and we may especially remark the Supreme Court, distinguished by the just and equitable conduct of legal matters, in striking contrast to what is represented to us as existing in other places. In short, look at the *tout ensemble* of the Settlement — houses and streets lit with gas and electricity, streams of pellucid water flowing in all directions, and sanitary arrangements according to the best medical advice. We have steamers, telegraphs, and telephones in communication with all the world; there are cotton and paper mills and silk filatures of Foreign invention, and last but not least, railways in the north as pioneers of what will yet be found all over China. Law and order are admirably preserved in the midst of 200,000 people at the instance of our own judicial and municipal authorities. . .[2]

369 441 454 177 In the same year, the (British) Commissioner of Customs at Shanghai wrote a trade report for a jubilee volume published by the *Shanghai Mercury* in which he also emphasized the prominence of Shanghai, but in which he expressed rather different views on other matters. The two sets of remarks are interesting to compare when viewed from sixty years later:

Chinese merchants are inclined more and more each year to make Shanghai an emporium for the trade of north China and to use the northern coast and river ports simply as landing places for such goods as may be necessary to supply the immediate needs of their districts. The largest native mercantile houses in China are all represented here. . . Chinese capital is being largely invested, not only in . . . purely native establishments . . . but also in companies established by foreigners and under foreign directorate . . . at least 40 per cent of the shares of some foreign companies are held by Chinese . . . (as well as) a considerable portion of deposits in local banks. . . Chinese capital is invested in foreign-flagged steamers, and of course a large amount is sunk in the shares of the China Merchants Steam Navigation Company. . . Having said so much, it should not surprise anyone if I express the opinion that probably in future Shanghai will furnish no such favourable opportunities

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for the investment of foreign capital as it has done in the past. . . To sum up, I think the future of Shanghai depends on China and the Chinese and their interests and that foreigners would be wise to run with them.[3]

The Commissioner and the missionary were in effect saying the same thing, although in different ways—that the most important thing about Shanghai was its relation to China; and that the city contained the seeds of great change for the entire country.

While it lasted, foreign Shanghai was an exciting and colorful place which travel folders could not exaggerate. It was for instance justly famous as one of the wickedest cities in the world, and we have the testimony of a duke for that as early as 1869. Following his visit to Shanghai, the Duke of Somerset referred to it in the House of Lords in that year as "a sink of iniquity."[4] His words pained especially the missionary residents of the city, and the Chamber of Commerce considered a formal reply through the foreign secretary, but matters never proceeded beyond the local press. The difficulty was that His Grace was right, and the city's own archives proved it. At the Landrenters' meeting in 1864, Sir Harry Parkes, then British consul at Shanghai, stated that of a total of 10,000 Chinese houses in the International and French Settlements, 668 were brothels, "while opium and gambling houses were beyond counting."[5] Seventy years later in 1934, a local Chinese newspaper estimated that Shanghai led the world's cities in prostitution as a specialty: in London, one person in 960 was a prostitute, in Berlin one in 580, in Paris one in 481, in Chicago one in 430, in Tokyo one in 250, and in Shanghai, one in 130.[6] It was indeed a major commercial enterprise in the city, and the fact that so many people earned their livings thereby stymied all attempts to eradicate or mitigate it. A special commission appointed in 1919 to investigate vice in the city recommended that all brothels be removed in five years, hoping that during that time other means of livelihood might be found. Licenses were issued in 1920 with the understanding that all licenses were to be withdrawn in 1925. But the plan was abandoned before the end of the five-year period as a complete failure. An earlier reform attempt also ended in failure when the first American judge of the United States Court for China arrived in

369 Shanghai in 1906 and began a crusade especially against American
548 brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese
369 city also after 1911, and into the 1940's). Kidnapping[1] was another
683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

625 Law enforcement was severely handicapped by the complex but
692 ambiguous legal and administrative situation. Chinese police could
648 not pursue suspects into the foreign settlements, and foreign police were similarly excluded from the Chinese areas. Foreigners in
369 Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1 [in Shanghai -- Analyst]

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ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

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369 morality for the laxity and easy virtue which some Shanghai resi-
166 dents thought would prove a match even for the Peoples' Govern-
ment.*

369 Another element which made life in Shanghai exciting, lawless,
166 and profitable for the foreigners was the periodic flooding of the city
122 by refugees from civil disorder in China. Shanghai was a tiny
island of relative security at such times, where the presence of foreign
455 consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

Land within the Settlements which sold for an average of £50 an
[529] acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

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This pattern was repeated in most of its details whenever trouble threatened in China, as it did for example in 1884–85 (war between France and China), 1900 (the Boxer Uprising), 1911 (the republican revolution), 1915–18 (the first world war and Japanese intervention in Shantung), 1926–27 (the northern campaign of the Kuomintang), 1932 (Japanese attack on Shanghai), and most of the period of anti-Japanese and civil war from 1937 to 1949. It of course affected the economic life of the city in fundamental fashion, and understandably speculation flourished. It also meant that the foreigners lived in a state of some uncertainty and insecurity, since what brought the city prosperity could also destroy it. A foreign resident complained about this in a letter to the editor of the *North China Daily News* (published in Shanghai) which was printed the day before the Japanese attack on Shanghai in 1937, in a sense the last day of foreign Shanghai's existence: 369 722

Since I arrived in Shanghai some seventeen years ago I have been under arms as a member of the Volunteer Corps on a dozen different occasions in defense of the Settlement. Always these occasions have meant a cessation of business, a period of anxiety and possible danger, and no benefit to us as a community. 'Old stagers' of the mud-flat days will smile when one talks to them on the subject and say they have got used to the idea, but are we content to see this sort of thing continue indefinitely? We should organize ourselves as a community . . . that will enable us to have a more normal life. It is time the old idea that foreigners come to Shanghai for a few years and then go away with a fortune was abandoned. This is a place of permanent residence for most of us and we have a right to demand that same freedom and security which is the common possession of all civilized countries. . .[12]

The city's population, swollen periodically with refugees, was also an excellent source of cheap labor and an opportunity, or invitation, for labor abuses, especially after manufacturing became an important factor in the Shanghai economy during the twentieth century. The refugees had no bargaining power and lived in universal privation. Their presence in the labor force helped to account for the fact that factory conditions, wages and hours, and industrial 369 464 466

Slums were as acutely bad in shanghai as anywhere else in the world.

from the center of town. The present Communist administration has turned the race course, symbol of the foreign occupation, into its chief parade ground.

000 slums were as acutely bad in Shanghai as anywhere else in the world. 369 Living standards among the Chinese were correspondingly low. A 511 British visitor to Shanghai in 1843, one month after the founding of the foreign settlements, gave as his opinion in an account of the city that "in no other country in the world is there less real misery and want than in China."[13] This may be taken as a reflection of the state of Europe in 1843, and as a measure of what the second half of the nineteenth century, beginning with the Taiping Rebellion, did to China, but it also shows what happened in Shanghai (as it had happened in eighteenth-century England) when the industrial revolution came to a peasant society. Factory conditions and slum housing were bad, but scarcely worse than the condition of perpetual [764] refugees who had neither factory nor slum to go to. In 1935, a comparatively peaceful year in China, the Shanghai Municipal Council collected 5,590 exposed corpses from the streets of the International Settlement alone. In 1937 the figure reached 20,746.[14]

369 An effective public health program under such conditions was 744 impossible, and foreign residents lived in constant fear of epidemics. Cholera, smallpox, typhoid, dysentery and plague recurred periodically, and cases could not be restricted to the Chinese. The Council's attempts to improve the public health situation were also hampered by foreign and Chinese property owners. A code of public health laws was submitted to the Ratepayers' Association as early as 1903, but was voted down by "those with vested interests."[15] Later attempts met with similar obstruction, and nothing was ever done on the scale called for. Money dominated Shanghai, and everything gave place to it.

369 Even by 1941, however, it was still possible to walk from the center of the Bund to the unchanged agricultural countryside in three or four hours. It was less than ten miles, and the rice paddies and peasant villages could be seen clearly from any of the city's tall buildings. This was one of the sharpest and most dramatic boundaries in the world. Traditional China continued unbroken almost to the limits of the foreign settlements. It was hard to see there any sign of Shanghai's influence. The final proof of that influence came with the entry of the Communist armies into Shanghai in 1949.

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PART ONE: The Setting

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[p. 13]

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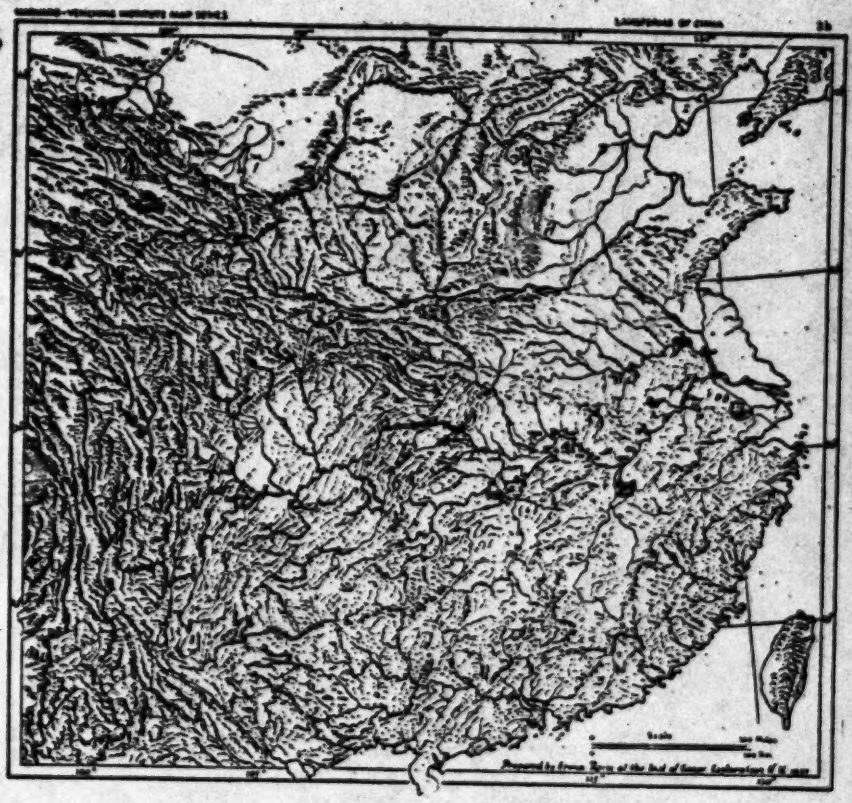

Map 2. Landforms of China (reproduced here by the courtesy of the Harvard-Yenching Institute).

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TWO

Politics and Population

The Political Status of the City

648 In its physical aspect and in its economic organization, Shanghai was, and remains, largely Western. Foreigners governed most of the city. Yet the soil remained Chinese, and the legal or treaty powers of the foreigners were limited.[1]

The terms of the Treaty of Nanking in 1842 (between China and Great Britain at the close of the Anglo-Chinese war of 1840–1842*), which opened Shanghai, Ningpo, Foochow, Amoy and Canton to foreign trade, did not deal with the conditions of administration at the ports, and these were left to be negotiated separately. At Shanghai, negotiations in 1843 with the local Chinese officials established the right of foreigners to lease land within a small area set apart for the purpose outside the walls of the existing Chinese city. China remained sovereign at least in theory over the whole of Shanghai, and in effect delegated certain rights and powers to foreigners. The area of the foreign leaseholds was expanded by successive agreements with the local Chinese officials until it covered the greater part of the conurbation which developed at Shanghai, exclusive of the original walled city, but the administrative powers of the foreign government of this area remained tenuous.

633 The Shanghai Municipal Council, the chief organ of the foreign government at Shanghai, had the responsibility, granted by agreement with the Chinese officials, of maintaining order within the International Settlement, and this was taken to include policing and the maintenance of public works such as roads, drains, lighting, and
633 651 later water, gas and electric services as these were developed. Powers of taxation, however, remained an unsolved issue until as late as

* Similar treaties were quickly negotiated by the other European powers and by the United States. See below, Chapter Five.

[p. 15]

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633 1899, when it was finally agreed (largely as a result of diplomatic
651 pressure) that no Chinese taxes could be collected within the foreign settlements except maritime customs dues (administered by an organ of the Chinese Government staffed by foreigners and Chinese) and the land tax (since the land remained Chinese property), while the Shanghai Municipal Council was free to tax both foreign and Chinese residents of the Settlement.

648 Neither the Shanghai Municipal Council nor the foreign consuls
701 at Shanghai were ever legally empowered to hinder the passage of Chinese troops through the foreign settlements, although Chinese troops were successfully excluded by *force majeure* and diplomatic bluff from the time of the first threat to the foreign settlements at the so-called Battle of Muddy Flat in 1853.* However, all of the Western powers having treaty relations with China claimed the right to land their own troops in the Settlements for the protection of the property and lives of their citizens. While this right was never formally enunciated in any treaty or agreement, it was practised on numerous occasions when troops landed from foreign warships in the harbor joined the Shanghai Volunteer Corps in defending the Settlement. The foreign settlements were never invaded by a hostile force (although bombs and shells landed there in 1932 and 1937), nor occupied by Chinese troops, from 1853, when the Volunteer Corps was formed, until Japan's assault on China engulfed all of the city after Pearl Harbor in 1941.

648 The most important right of the foreigners at Shanghai was
692 extraterritoriality, which placed citizens of all powers having most-favoured-nation agreements with China under the jurisdiction of their own national laws wherever they went within China. This principle was first enunciated in the Treaty of Wang Hsia between China and the United States in 1843, and the law was in practice administered to foreigners by their own consular courts. Extraterritoriality gave the foreigners advantages in business and in security of person and property; at Shanghai it was the only solid legal basis

* An incident in the Taiping Rebellion (1850–1864), when Shanghai was for long periods surrounded by rebel or imperial forces. On this occasion, the foreign residents of the city, aided by crews from their ships in the harbor, cleared out a large encampment of imperial troops which had been established within the Settlement boundaries. See F. L. Pott, *A Short History of Shanghai* (1928).

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of real significance for the existence of the city as a foreign enclave. 648
(All special rights of foreigners in China, including extraterritorial- 692
ity, were renounced by the treaty powers in 1944. Shanghai is now governed as a single unit by the Communist administration.)

The practice at many other treaty ports in China differed. At 648
some, outright territorial concessions were made to each important 651
foreign trading power; at others, the Chinese authorities established 439
"international settlements" where foreigners might purchase land; at others, as at Shanghai, certain areas were reserved for foreign leasing (and later foreign purchase), with title deeds issued by the Chinese Government. Altogether, more than forty such treaty ports were established in China (some of them in fact inland centers far removed from navigable waterways), and administrative practice differed widely among them. The one common feature of all the treaty ports was that goods entering the "port" were exempted from all further taxation on their domestic movement by the payment of one inclusive tax. This provision was intended primarily to expedite the foreign trade of the treaty ports, but it also acted to encourage the movement of domestic trade through these cities with the streamlined tax system as compared with the multiplicity of local taxes which otherwise interrupted the movement of goods within China.

At Shanghai, there were three independent political units (map 633
3). First, the original Chinese city, to which were added, as the city grew after its opening to foreign trade, areas of predominantly Chinese occupancy outside the limits of the foreign settlements. This Chinese area was governed by the local Chinese county authorities until 1928, when the Nationalist Government established the Municipality of Greater Shanghai (map 5), a new administrative unit covering all of Shanghai outside the foreign settlements, responsible directly to Nanking and independent of local authorities. (It totalled 320 square miles, most of which remained open rural country outside the conurbation.) Second, the so-called International Settlement, which had originally been British and which was opened to all foreigners in 1854. This was the largest and most populous single political unit within the conurbation, and it included the city's commercial core, most of its manufacturing, and most of its shipping frontage. Third, the French Settlement, usually miscalled the "French

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633 Concession," which was, like the originally British and later International Settlement, merely an area which by written agreement with the local Chinese authorities was set apart for the leasing and later for the purchase of land by French nationals. It was largely residential, and was governed by a Municipal Council in the same way and with the same powers as the International Settlement under the Shanghai Municipal Council. The population of both foreign settlements was overwhelmingly Chinese.*

362 361 One peripheral matter may be mentioned here in brief since it is a common difficulty in all great cities and since Shanghai's solution of it has been somewhat unusual. This is the problem of conveniently located space for suburban residential occupance. The development of large-scale manufacturing came relatively late in Shanghai, and was not a primary factor in the city's economy until about the first decade of the twentieth century. Most of the city's industrial area (map 3) has been occupied since that time, and while most of the Chinese industrial workers lived in the area of the factories (many of which were supplied with workers' dormitories on the premises), there was a growing need for conveniently located housing in residential suburbs for higher-income Chinese and foreigners engaged in the expanding economic activity of the city. A combination of circumstances had left such an area near to the city's commercial core only sparsely occupied until about the end of the first world war. This was the major part of the French Settlement, behind its narrow river frontage.

The last and largest addition to the French Settlement was made as late as 1914, and it covers substantially the area which had become residential by the 1920's. The French Settlement had not expanded earlier in this direction for a variety of reasons. In common with their practice in other colonial areas, the French had favored their own nationals in the granting and registering of title deeds to land in their Settlement. (Registry was managed through the French consul.) The choice sites went to French merchants, and most of the other foreigners took their business elsewhere, while the volume of French business alone was not sufficient to produce adequate grounds for territorial expansion. The French Settlement was further

* Wherever Shanghai is named here, it refers to the conurbation as a whole.

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handicapped in its commercial and industrial growth by the very small extent of its frontage on the Whangpoo, on which most of the city's traffic moves, and French access to this waterfront was impeded by the interposition of the old Chinese city, which remained under Chinese control and through which no adequate roads were ever built. Just as important a handicap was the lack of navigable creeks running through the Settlement, since these have remained basic transport arteries in the modern economy of the city and have been important in locating many of its functions. Siccawei Creek (map 3) runs along part of the Settlement's southern border, but leaves it well before it enters the Whangpoo, and it has attracted industry along its southern bank rather than in the French Settlement. Finally, the French area is on the south side of the city, away from the Yangtze and the major industrial development reaching downriver toward Woosung, and upstream from the part of the harbor where ocean ships can dock.

Thus with the new addition in 1914, a relatively unoccupied area, free from industrial nuisances, but near to the center of the city and under the protection of foreign law and administration, was available for residential occupance at about the time when the suburban problem became acute. In addition to providing agreeable space for upper-income housing, it increasingly served as the entertainment center for the city and as a home for Chinese political figures in temporary retirement or for wealthy Chinese criminals who profited from the laxness of the French authorities and the ambiguous legal status of the Settlement. "Frenchtown," as the foreign residents of Shanghai called it, was famous before the war as the home of every variety of legal and illegal entertainment enterprise, as well as of most of the wealthy foreigners and Chinese in Shanghai.

Population Figures

Caution is the rule in the use of any statistics pertaining to China, and Shanghai, despite its measure of foreign control, is not an exception. The overwhelming majority of the city's population has always been Chinese (graphs 1 and 2), and census figures compiled by both the National Government and the Shanghai Municipal Council are admittedly estimates. In addition to the inaccuracy of

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162 totals at any one period, interpretation of the census figures must also consider the large-scale fluctuations in the city's population due to its role as a haven of security for Chinese (and, during the 1930's, foreign) refugees during periods of political unrest, and its subsequent loss of most of this floating population when order has been restored. The city has also contained at every period a large but unmeasured population of homeless Chinese and of Chinese families living in boats moored on the numerous creeks which dissect the city.

659 An accurate census of the foreign residents in the foreign settlements was not taken until 1870, when the Chinese population within and without the settlements was estimated in addition. This method of obtaining accurate figures for the foreigners and rough estimates for the Chinese continued until 1928, when the Shanghai Municipal Council began a yearly census for the entire city, using the machinery and figures of the Chinese government of the Municipality of Greater Shanghai for a count of the Chinese population outside the Settlements, with the understanding that these figures were only one step from rough estimates toward accurate counts. Since the foreign total for the whole city never exceeded 60,000, it is apparent that the grand totals for each period are guesswork.

162 One further factor has made population totals inaccurate: political limits of the foreign settlements have never coincided with conurbation limits. From 1870 to 1928, when the Municipality of Greater Shanghai was organized, Chinese residents of the conurbation outside the Settlements had constituted from one-half to two-thirds of the total population of the city, while after 1928 the new Municipality included much larger areas of farm land than of built-up area. Existing population figures for Shanghai, and the compilation made in graph 1 probably err on the conservative side.

Until 1895 Shanghai remained almost exclusively a trading city, with a consequent population which never exceeded half a million. The peak shown in graph 1 for the years 1860 to 1865 represents the influx of refugees from civil disorder attendant on the Taiping Rebellion. While the population doubled between 1843 and 1895 as a result of foreign-organized trade, this growth was slight compared with the increase which followed on the development of modern

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manufacturing in the city after 1895. The removal of overseas competition in the China and southeast Asia markets during the first world war gave this development a strong impetus and added to Shanghai's population some three millions to maintain the expanded economic activity in which mass Chinese labor was now the key. The prevalence of small-scale and under-capitalized industry in the city and the nature of industrial organization in China also meant that proportionately larger amounts of labor were necessary in Shanghai to maintain this industrial development than had been necessary to maintain the city's earlier and primarily trading activities.

Population figures after 1936 are increasingly inaccurate and are greatly affected by the alternate crowding and evacuating of the city by refugees from Japanese hostilities. It is probable that the total population rose to well over four million by 1941, and that it dropped to approximately the 1936 figure during the period of Japanese occupation after 1941. The influx of returning Chinese refugees beginning in 1945 probably boosted the population to its highest total in the city's history (variously estimated by the foreign press as between five and a half and six millions). Subsequent emigration from the unprecedently crowded city during 1946 and 1947 may have been nearly balanced by a new influx of refugees from threatened and actual Communist military operations in the hinterland during 1948 and 1949. The city's trade is still greatly reduced under Communist administration and under the Nationalist blockade and subsequent embargo by members of the United Nations. During 1949 Communist authorities offered free passage to their native towns in the hinterland to all refugees in Shanghai, and the offer was apparently accepted by about 400,000 of them.[3] It is likely that by the end of 1951 the city's population had dropped from the peak in 1946 to between four and a half and five millions.

The foreign population did not reach 1,000 until 1860, nearly twenty years after the city's opening to foreign trade in 1843, and until the end of the century its growth was slow (graph 2). Foreigners filled executive posts in the foreign-owned trading houses and provided specialized services such as medical care, legal and financial business, missionary work, and consular offices, but the great major-

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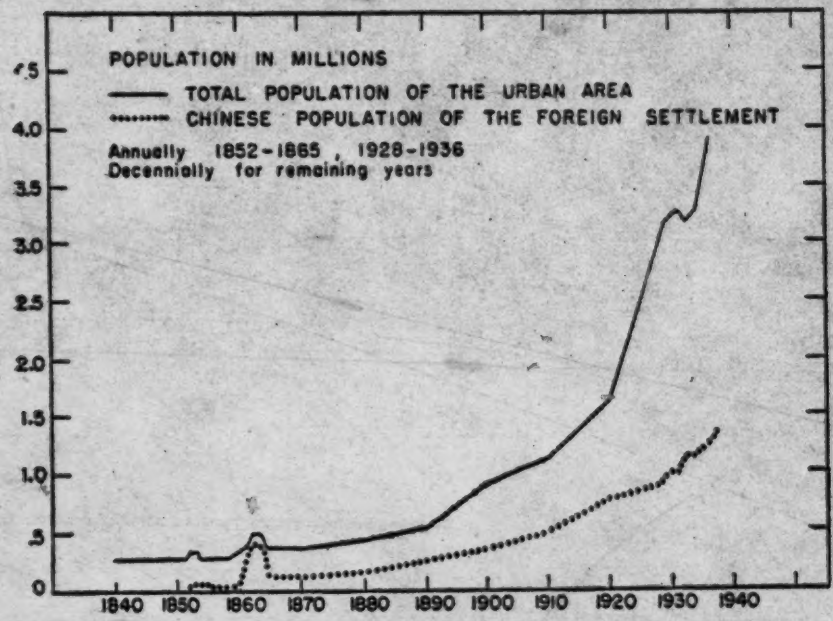
162 ity of services were performed by the Chinese, including the lower-ranking employees of the foreign trading firms. The development of manufacturing in Shanghai created a need for larger numbers of foreigners, to serve as technicians and administrators, and to operate the expanded banking and financial structure which industrial development required. And as trade increased with the growth of

POPULATION OF SHANGHAI, 1840-1936



Graph 1

manufacturing and the widening of the China market for Western-type goods, a growing volume and variety of foreign imports were marketed in Shanghai and distributed from there throughout China by foreign firms.

167 In the period between the two world wars, Shanghai became a
162 refuge haven for foreigners as well as for Chinese due to its ambiguous political status as an international oasis far removed in distance from political and racial problems in Europe. First to come there in large numbers were Russian refugees from the Bolshevik revolu-

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tion, nearly a thousand annually from 1919 to 1930. After 1933, refugees from Nazi Germany found that Shanghai was the only world port which could be entered and resided in without a passport, and those who could afford the long trip formed a growing separate community in the city after 1934, many of them dependent on foreign charity.

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FOREIGN POPULATION OF SHANGHAI, 1843-1936

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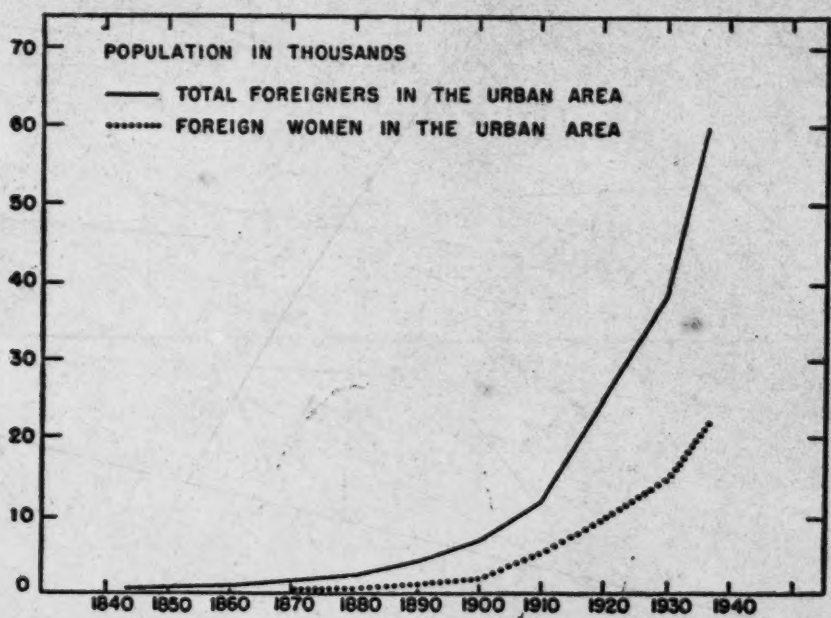

Graph 2

In 1936 the approximate foreign total of 60,000 had as its most important constituents 20,000 Japanese, 15,000 Russians (predominantly White refugees), 9,000 British (who until about 1912, when they were surpassed by the Japanese, had always been the largest non-Chinese national group in Shanghai), 5,000 Germans and Austrians (most of them recent refugees), 4,000 Americans, and 2,500 French.[3] Foreign women were scarce before 1870 (graph 2) and never constituted much more than a third of the foreign total. Their presence did little to alter the prevailing adventurer's attitude of the

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162 foreign community. It was only after 1900, when the Japanese became one of the leading groups in the foreign community, that the proportion of foreign women reached even a third.

288 648 The Japanese are Shanghai's nearest foreign neighbors, and with their industrial experience and their drive for economic expansion overseas, they made Shanghai one of their most important industrial centers, especially for the manufacture of cotton textiles, taking advantage of relatively cheap Chinese labor, locally grown cotton, and cheap power to produce for the China market inside the low tariff wall. The Treaty of Shiminoseki in 1895, which ended the war of 1894–5 between China and Japan over Korea, first granted to foreigners the right to establish factories in the treaty ports of China, and this originally Japanese privilege was then taken advantage of by all the other powers having most-favored-nation treaty agreements with China.

288 648 471 Despite foreign investments, however, Shanghai remained a Chinese city, still politically dominated by the handful of foreigners, but economically more and more maintained by the Chinese, as native industrial and commercial capital and management were increasingly added to native labor in the growing industry of the city during the twentieth century.*

Shanghai and China

648 Throughout the period 1843–1937, the foreigners at Shanghai pressed the Chinese authorities for an extension of their own administrative powers and of the area of the two foreign settlements. In this endeavour they found lukewarm support or outright opposition from the foreign diplomatic representatives at Peking and from the foreign offices in the home countries, who shied away from the implications of full sovereignty over Chinese territory and who continually reminded the overzealous foreigners in Shanghai of their precarious and equivocal legal position in asserting "rights" of taxation, defense, and administrative independence. The complex political and economic structure of modern Shanghai was erected primarily on the precedents resulting from bluff, maneuver, and *force majeure* of the assertive foreign residents of the city.

* A majority of the city's industrial enterprises were Chinese-owned by at least 1920.

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In this progress they were aided by the decline of the imperial 648
government of China, the Ch'ing, or Manchu, dynasty. The military and economic impact of the West during the nineteenth century accelerated the decay of the Ch'ing, which had ruled China since 1644. The imperial government's attitude toward the foreigners at the time the first treaty ports were established was still, despite the Anglo-Chinese war of 1841–42 and its humiliating defeat for China, that these Western barbarians must be kept on the margins of the empire and that they must not be treated as equals by receiving them at Peking. Negotiations at each treaty port for the establishment of foreign settlements or concessions were accordingly left in the hands of local officials, but by the time it became apparent that the foreigners could not be contained by such methods, the Ch'ing government was too weak to prevent their further encroachment. It was the hesitancy of the foreign offices at home rather than the lack of opportunity in China which stopped the process short of colonialism.[4]

With the downfall of the imperial system and the rise of republican China under the leadership of the Nationalist party, Chinese 186 648
nationalism became increasingly jealous of Shanghai as a foreign creation which was an excrescence on the Chinese body politic. While the Chinese were wrong in assuming that twentieth-century Shanghai was primarily a foreign creation, they were right in fixing on the city as the outstanding symbol of the economic exploitation of China by Western commercialism, and as the principal reminder of China's unequal-treaty status with the Western powers. This reaction against Shanghai and against what it stood for was one of the few points on which Nationalists and Communists have consistently agreed. Despite the fact that he and prominent members of his party earned considerable wealth out of the Shanghai economy, and despite the profitable existence in Shanghai of a major segment of China's manufacturing and trading firms as well as its leading banks, Generalissimo Chiang Kai-shek (Chairman of the Nationalist party) had this to say about the treaty-ports in 1943:

> year after year our country's life was increasingly concentrated in these areas. . . Within the concessions the only ones that prospered were the compradores (Chinese agents for foreign firms) . . . and no productive enterprises developed in these ports because they could not absorb people

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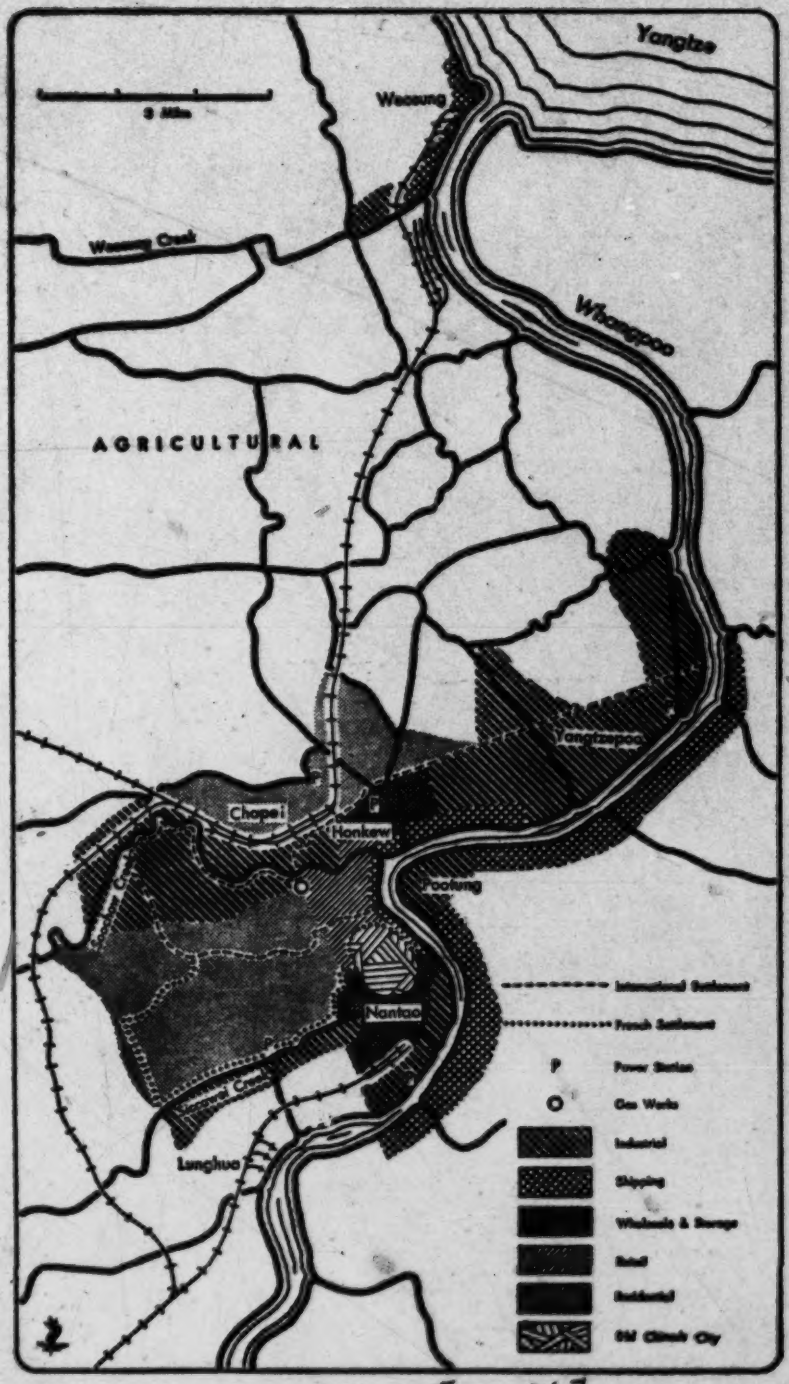

Map 3. Land Use at Shanghai, 1936 [p. 26]

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from the agricultural villages . . . Economic reconstruction must have 186
its foundation in the national economy. . . This abnormal development
of the national economy could not be adapted to the defense needs of the 648
state. . . The main communication routes were based on these easily
blockaded cities . . . the imperialists could have strangled the country's
economic life. . . The state could not protect itself and the people could
barely exist. . .[5]

The Communist condemnation is even more specific:

Shanghai must break off its dependence on the imperialist economy and must be changed from a city where imperialism, compradores, and bureaucrats oppress and exploit the people to one which produces for the domestic market and serves the people. . . Shanghai is the concentrated, typical expression of the colonial or semi-colonial nature of old China's economy. Its so-called prosperity in the past was not founded on an independent, sound economic basis, but on bureaucratic capitalism and on imperialism and its compradores. Shanghai's production was mainly for the selfish interests of a handful of foreign exploiters and domestic compradores and bureaucrats. Most of Shanghai's key enterprises were in the hands of foreigners or Chinese bureaucratic capitalists. The raw materials and power of many industries had to depend on foreign supplies. Such colonial or semi-colonial economic status must be discarded before Shanghai can become a truly prosperous new peoples' city. . .[6]

The Communist armies took Shanghai on May 27, 1949, and in 166
the following months plans were discussed for the relocation of some 648
of Shanghai's manufacturing and population to inland centers where 656
they would be less exposed to outside attack and where their economic activity would redound more generally to the welfare of the country as a whole. These plans were given additional impetus by the Nationalist blockade of the coast and by the United Nations embargo which has followed it, which at present writing appear to have curtailed industrial production in the city to a considerable extent. Writing in late August of 1949, the then mayor of Shanghai, General Chen Yi, stated that the official Communist program for Shanghai was to "change (its) industrial policy from that of dependence on imperialism to that of serving the Chinese people." In order to accomplish this end, and to minimize the effects of the blockade, "we must evacuate the population of the city systemati-

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cally and transfer factories to the interior wherever possible."[7] While no details have been published on Communist plans for the relocation of Shanghai factories, this has been a recurrent theme in general policy statements. How much will be done about it remains to be seen, and may depend in large measure on how long the current trade restrictions remain effective. While such relocation might be dictated by non-economic considerations, it is the writer's opinion that it would economically be unwise, at least at the present stage of the Chinese economy as a whole.

But the foreign Shanghai which Nationalists and Communists alike have castigated is now a thing of the past. As much a Chinese as a foreign creation by at least the time of the first world war, the city has now become politically and economically an integral part of China. The course of Chinese nationalism and of the Westernization of the Chinese economy, both developments begun in and stimulated by the growth of Shanghai, have reclaimed the city.

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THREE

Site

The Delta

In common with most delta ports, Shanghai has achieved its 133
prominence in spite of the disadvantages of its site. Some indication of this may be found in the title of the first governing body set up in the city by its foreign residents in 1845: "The Committee of Roads and Jetties." The Yangtze delta, which in the vicinity of Shanghai extends westward to a low range of hills along the western shore of Tai Lake, is in process of rapid growth.

The delta as a whole comprises the level lowlands east of Tai Lake and of Chinkiang, and north of Hangchow; north of the Yangtze, the river's delta merges with that laid down by the Huai, and by the Huang in its several courses at different periods south of the Shantung peninsula. The delta is truncated on its seaward front, like other deltas formed on the coasts of open oceans, by coastal and tidal currents. The usual delta characteristics are present, in particular the long, relatively straight stretches of natural levee along the lower course of the river (although these are rather low and may periodically have been removed by the local farmers for grading and soil renewal), and the gradual foundering of the lower-lying areas behind the levees, in which lakes have formed.

It can be empirically assumed that the Yangtze is more silt-laden and is extending its delta faster during the last 2,000 years since the beginning of intensive farming and accompanying denudation of slopes in the river's watershed then before agricultural occupance. At Shanghai, unconsolidated alluvium covers the site to a depth averaging about 1000 feet, and the level of the almost flat plain as far west as Tai Lake is less than one foot above spring high tide in the Yangtze estuary. Calculations based on the average silt content of the Yangtze at its mouth, the velocity of the river, and the slope

133 of the river bed indicate an average of about one foot added overall to the elevation of the bed at the river's mouth in each twenty-year period, or about one mile added to the coastline in each sixty-year period.[1]

131 On this basis, the site of Shanghai would have been on the seacoast about 500 B.C., an empirical estimate which agrees with the record of Chinese history. All cities in the delta area east of the line of Sungchiang (map 5) for which there are adeqaute records were founded after the third century A.D.[2] Records of the Eastern Han dynasty (25 A.D. to 220 A.D.) speak of Kunshan, now 80 miles from the sea, as the seaport of Soochow in the second century A.D., but Shanghai has served as Soochow's port since about the fifth century A.D. Tsungming Island in the Yangtze estuary, according to the official gazetteer of the island, first emerged as a habitable sand spit in the tenth century A.D. By the thirteenth century it was sufficiently densely populated to be made a separate *hsien* (county), and at present measures approximately 43 by 8 miles.[3]

Building and Drainage

134 The material on which Shanghai rests is thus totally unconsolidated and presents serious problems for building. An average vertical section shows silt from the surface to about 20 feet, sand to 300 feet, and gravel mixed with sand and silt to about 1000 feet, where some 133 consolidated conglomerate is reached. The water table lies between [503] five and eight feet below the surface of the ground.[4] It may be assumed that before the draining and filling done by the foreigners since 1843, the water table was considerably higher, and that even before 1843 the canals dug by the Chinese provided enough drainage to keep the water table lower than it would otherwise have been considering the soil and elevation of the site.

[499] Foreigners were discouraged to find in 1875 when a bridge was 133 built across the mouth of Soochow Creek * that one blow from the 341 small pile driver employed buried the pilings out of sight in the silt.

* "Soochow Creek" is the name given by foreign residents to the Woosung Chiang, originally a much larger stream, which drains into the Whangpoo at Shanghai and connects the city with Soochow, some sixty miles inland. In the interests of clarity and consistency it will hereinafter be referred to as Soochow Creek, the name by which it has most generally been known in Shanghai itself.

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silt.[5] A foreign resident writing in 1915 took a gloomy view of the city's future because he considered that six storeys was the maximum possible for buildings on this site.[6] These problems have been overcome, at considerable expense, by floating the taller buildings on concrete rafts in order to provide a stable foundation adequate to support structures which would otherwise sink into the alluvium. Until the first experiment with this method in the building of the new Shanghai Club in 1910, large buildings had been set on wooden pilings driven into the silt, and great care was necessary to prevent unequal settling. Shanghai's twenty-storey hotels and public buildings, erected during the 1920's and 1930's, float on their concrete rafts in this jelly-like subsoil, a scant 800 miles from the major earthquake belt running through the Japanese islands, but fortunately in the hundred-year history of the foreign settlements, no serious shocks have occurred.

Surface drainage has also been a constant problem in the development of modern Shanghai. The original site[7] (adjoining the walled Chinese city — map 6) as the British found it in 1842 was a typical agricultural landscape of the Yangtze delta: wet rice paddies and dry cotton fields, crisscrossed by creeks and canals, and with occasional clusters of family villages. This land was subject to frequent floods at high tides by the tidal inflow of water from the Yangtze and the resultant backing up of fresh-water outlets (primarily Soochow Creek and the Whangpoo), and until recently it was still flooded nearly every year in late summer by typhoon winds from the east and accompanying heavy rains. The land within the metropolitan area was gradually raised by filling to permit the building of roads and houses. Filling was easier and cheaper than artificial drainage for all but the swampiest areas and proved adequate for the growth of the city, but it was accomplished only at a considerable expense of money and energy.

The commercial core of the city, concentrated along the Whangpoo frontage, remained regularly subject to flooding. One of the first public works projects to be carried out under the Communist administration (which has attempted to make Shanghai a showplace of efficiency as an advertisement of the virtues of the new regime) was the filling of the lowest places in this downtown area, particu-

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312 larly its major commercial artery, Nanking Road, which follows
731 fairly closely the course of a small creek culverted early in the period of foreign occupance (map 6). It was thus one of the most frequently flooded areas in the city. Paving along this heavily traveled street through the heart of the hotel and retail district was removed for nearly a mile back from the river, and replaced after the ground level had been raised sufficiently to protect it from all but the worst floods.

364 The numerous tidal creeks (map 6), characteristic of the lower
505 delta, were useful in the early days of the Settlements as master drains and for demarcating legally and defending militarily Settlement boundaries. They were also used for carrying off sewage, where their tidal ebb was an advantage, and for movement of goods within the city and to and from the hinterland. The so-called Defense Creek at the western limit of the British Settlement of 1848 (map 6) was culverted and covered with a roadway in 1906, a few years after the Settlement had reached its greatest areal extent in 1899, but the Yang Ching Pang, which formed the boundary between the French and International Settlements on the south, remained an open sewer and transport artery until 1915, when as an enclosed culvert it was covered over with a broad boulevard named Avenue Edward VII as a gesture of ideological if not political unity between France and Great Britain. The remaining uncovered creeks are still important transport arteries, and as such key factors in the economic life of the city. While Shanghai has at least to this extent turned its delta site to advantage (and in a largely unique way as we shall see below), the problems which the delta has presented far outweigh its benefits.

The City

361 The site of the original British Settlement, on the left bank of the Whangpoo at its confluence with Soochow Creek, was determined by the existing walled Chinese city just upstream, whose trade had attracted British interest in a concession there (map 6). Soochow Creek, the original natural and later canalized waterway to the leading delta city of Soochow for which Shanghai served as the port, was the primary factor fixing the Chinese city, and it was

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naturally built on the outside of the bend in the Whangpoo, where 361
tidal scour cut a channel and where it could tap a larger hinterland than on the inside of the bend. It may be assumed that the Chinese city was originally at the junction of Soochow Creek and the Whangpoo, and that since its founding in approximately the fourth century A.D., deposition and alterations in the character of both Creek and River (see the next section of this chapter) have left the city on the Whangpoo about 5000 feet upstream from the Creek's mouth. A considerable area was thus left between the city walls and the mouth of Soochow Creek, and here the British Settlement was established.

Sir Henry Pottinger, head of the British delegation at the Treaty of Nanking, selected the site for the British Settlement at Shanghai on his way back from signing the Treaty, his choice being influenced by strategic considerations.[8] The area he fixed on was the little square bounded on three sides by defensible waterways and on the fourth by the navigable Whangpoo (map 6). The main suburbs of the Chinese city lay between its wall and the Yang Ching Pang, while north of this creek the land-use was agricultural.

The boundaries of the original British leasehold of 1843 and later 364
additions, and of the original French leasehold of 1849, made close 312
use of existing waterways. These were useful not only for demarcation and defense, but also for sewage disposal, drainage, and transport, although not for drinking since they were both brackish and polluted. Roads (including Nanking Road) were built over many of these streams, but they continued to act as sewers. The course of 503
Defense Creek and its junctions suggest that it was canalized for at least part of its length and diverted to supply the moat of the Chinese city, supplementing the water also received from the three other creeks emptying into the moat.

There are no contemporary accounts of natural levees anywhere 133
on this site in 1843, and the possibility of their existence is lessened 361
by the contemporary pattern of streams and canals as it can be reconstructed from period maps and records. Possibly the material which must have been deposited by Soochow Creek and Whangpoo flood waters along their respective banks was continually removed by local farmers in order to spread the alluvium over their fields

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133 (a common practice in the delta), or to maintain proper ground
361 levels for the flooding of rice paddies. It is therefore unlikely that foreign settlement was fixed in any respect by the protection or by the higher and drier ground which natural levees would have afforded.

648 A frontage on the navigable Whangpoo, completing the water defenses around the British Settlement, was an additional source of security for the foreigners, since it permitted British naval vessels to command the entire site with their guns. George Balfour, the first British consul at Shanghai, in expressing his approval of Pottinger's choice of a site, stressed the importance of the Whangpoo on this point: "By our ships our power can be seen, and if necessary, felt."[9] This consideration may have been a factor in the decision to retain the prohibition against building on the river side of the Bund, a problem which is discussed in more detail below. Certainly foreign naval vessels have been prominently anchored off the Bund at every period of Shanghai's history from 1843 until the Communist takeover in 1949.

503 Along the Whangpoo and Soochow Creek, the muddy tidal foreshore was not usable for buildings or wharves until embankments had been constructed. This process, known in all the China treaty ports by the Anglo-Indian term "bunding," was a continuing job requiring large sums of money. In the case of the famous Bund along the Whangpoo frontage of the International Settlement from Soochow Creek to the Yang Ching Pang, the terms of the original grant of lease rights by the Chinese government to British subjects prohibited building within thirty feet of the high-water mark, which space was to be reserved as a tow path for the use of Chinese trackers pulling boats upstream.

503 When the rights of the Chinese trackers lapsed by the mid-1850's
367 in the face of the growing foreign stake in Shanghai and the demands of steam navigation, the Shanghai Municipal Council inherited this waterfront strip by default and successfully defended it against the designs of foreign traders who wished to make commercial use of the area for warehouses and offices which would be convenient to the river.[10] The Council undertook the bunding of this strip in 1862, and in the process extended it beyond the high-water mark to

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make an overall width more than double the original thirty feet. At 503
the northern end of this embankment, at the mouth of Soochow 367
Creek, the Council made use of some gratuitous real estate, deposited by the Creek around the hulk of a sailing ship wrecked there in 1851, and soon made part of the mainland by continued deposition, for the establishment of a park on the river side of the Bund. A broad boulevard was built from Soochow Creek to the Yang Ching Pang along the new embankment (later extended by the French into their Settlement), and this artificially preserved freeway has been maintained by the modern city as its chief showplace and promenade ground, lined to landward by hotels, banks, trading houses, and public buildings, but on the river side by unsightly floating wharves (necessitated by the annual tidal range of 13.6 [133] feet) and mud flats exposed at low tide.

On this problem also the Communist administration of the city 367
have expressed themselves in another project to dress up China's modern front door to the West. The current project for the Bund (now largely completed) calls for the removal of the railway and street car lines which have run down the middle of the broad embankment, with attendant rickshaw stands and cargo stations, and their replacement by an island to be planted with grass and trees, in a reversion to the original late nineteenth century pattern. Planting is also to be added on the river side of the Bund, to provide some screen in front of the harbor functions which are too important to move, however unsightly.

Water Supply

Water for drinking and for the manifold needs of a large city has 312
been a perennial difficulty, since the brackish Whangpoo is high in carbonates and indifferently potable, while most local wells yield an even less desirable and more limited supply. Only the relatively modest demands of most of the Chinese population and the absence of any large pure-water consuming industries make the water supply adequate for such a large city on this site.

Until 1883 all water used by the foreigners for drinking (aside from that drawn from the few local wells) was dipped from the Whangpoo or Soochow Creek (and by the Chinese from the other

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312 creeks and canals as well) and settled in earthen jars with the help of alum to precipitate the mud. The water was then boiled and cooled, but this beverage was not held in much favor by the foreign community, and beer, wine and spirits imported from abroad filled most of the needs of at least the male foreign residents, aside from
364 the missionaries. In 1883 a foreign-owned and directed water company under contract to the Shanghai Municipal Council began to supply water to the foreign community in pipes, and this service was gradually extended to Chinese residents of the Settlement after 1884, primarily to help prevent disease, which could so easily spread. This water, pumped from the Whangpoo, was purified by slow sand filters, alum, and chlorine, but it remained unpalatable and was distributed to less than 10,000 users in all until the turn of the century. The intake for this plant has remained on the Whangpoo below the city in south Yangtzepoo.[11]

Location downstream from the city enables the plant to draw on the tidal inflow from the Yangtze, which is less contaminated, fresher, and less muddy near the surface than what the Whangpoo brings down. The widespread use of city refuse of all kinds for fertilizing fields and for filling low-lying land makes a downstream location so near the city less of a danger than it would be in most
133 Western cities. The Whangpoo may originally have been a tidal salt water creek which later benefitted from stream piracy in making connections with a fresh-water stream or streams farther inland as its own headwaters. Such a possibility is suggested by the Whangpoo's short total course compared with the volume of water it carries, by the sharp right-angle bend it makes in flat alluvial country about ten miles above Shanghai (map 5), and by what is known of the hydrographic history of this area, which is discussed in greater detail below.

364 This private British-owned company, the Shanghai Waterworks Ltd., continued to provide about half of the piped water supply of the entire city until 1936, by which time it distributed a daily average of about 54 million gallons. It was supplemented in 1903 by a company owned by the government of the French Settlement with an intake above the city on the Whangpoo, and also using sand filters, alum, and chlorine to supply a daily average of about 32 million

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gallons by 1936. Two Chinese-owned waterworks were also in operation, one in Chapei (part of the Chinese municipality — map 3) established in 1921 and drawing water from an intake on the Whangpoo just above Woosung. This was the largest Chinese-owned waterworks in China, and supplied an average of about ten million gallons daily. The other Chinese waterworks was built in 1906 in Nantao, with an intake just upstream from that of the French company, but it operated intermittently until 1930, and by 1936 supplied only about three million gallons daily. These two Chinese waterworks served a tiny fraction of the Chinese population outside the foreign settlements, primarily in the areas immediately adjoining the Settlements on the northwest and south. Both plants used sand filters and chlorine to purify their water, but in 1926 the supply of the Chapei company was found to be grossly polluted and probably responsible for a cholera epidemic in that year in which several foreign as well as several hundred Chinese cases were reported.[12]

Aquiferous sand strata with water pockets of some size underlie parts of the city's site at depths of 100 feet or more, and most of the textile and paper factories have tapped this relatively pure and soft water by wells deeper than those dug during the early days of the Settlement. Drilling in the alluvium is cheap, but while water thus obtained appears to be satisfactory for soft-water using industries, it is questionable whether it is renewable and will not soon be exhausted, and certainly whether it is adequate to supply even a small part of the city's needs.

Despite the chemical purity of the water supplied by at least the two foreign companies, most foreign residents continued into the 1930's to boil and filter it before using it for drinking, an old habit which died hard and which was doubtless prolonged by the unpleasant taste of the heavily treated water. The total piped and treated water consumption of the entire city in 1936, approximately 100 million gallons a day exclusive of private wells, would not have supplied New York in the same year (with a population a little less than twice that of Shanghai) for more than two and a half hours.*

* New York used approximately one billion gallons a day in 1936, according to the 1936 edition of the New York *World Almanac*.

The Harbor

503 This is a delta city, and its consequent site problems are nowhere more apparent or more serious than in the matter of its harbor. The tidal inflow from the Yangtze which brings in relatively fresher water also brings in and deposits large amounts of silt. Shanghai maintains its position as a port fourteen miles from the Yangtze estuary only by constant dredging. Until approximately the eighth century A.D. Soochow Creek was the major stream at Shanghai and much larger than the Whangpoo, which up to that time remained about the same size as the present Soochow Creek.[13] However, mud brought in by the Yangtze and brought down by Soochow Creek from its upper course increasingly silted up the latter's lower reaches, and in 446 A.D. a canal was dug along its lower course in order to maintain the water link with Soochow, then the leading city of this part of the delta and at the time dependent on Shanghai as its port. Flood gates were also erected in Soochow Creek against the inflow of Yangtze mud. These are first mentioned in the thirteenth century, and were apparently replaced about 1735 by stone gates a quarter of a mile upstream from the Creek's mouth.[14] The gates had disappeared by the time the British arrived in 1842, but the Creek has remained navigable as far as Soochow for boats up to 80 tons cargo capacity.

As Soochow Creek lost its primacy, the Whangpoo became the master stream, possibly aided by capture of fresh headwaters, and with the additional help of tidal scour, cut a deep channel to the Yangtze. On the outside of the sharp bend in the Whangpoo at the mouth of Soochow Creek the currents maintained a depth adequate for sailing ships of the nineteenth century, and in 1842 there was a channel in the Whangpoo between Shanghai and the Yangtze estuary with a minimum navigable depth of about fifteen feet. By 1905 silting had reduced this to ten feet, and in that year dredging work was begun by the Whangpoo Conservancy Board, an organ of the Chinese Government staffed by foreigners and Chinese and administered by the Commissioner of Customs at Shanghai, also a foreign employee of the Chinese Government.

Three main bars had by this time formed: Woosung Outer Bar at the point where the Whangpoo empties into the Yangtze,

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Woosung Inner Bar about half way between the mouth of the Whangpoo and Soochow Creek, and Wayside Bar, opposite the mouth of Soochow Creek. A Dutch hydraulic engineer worked as technical chief of the Board from 1905 to 1911, by which time a minimum navigable depth of 19 feet had been obtained between Woosung and Shanghai. Training walls were built at the mouth of the Whangpoo to concentrate the current and scour a channel. The old ship channel at Woosung Inner Bar (where a large island divided the river) was dammed and the river straightened at that point to permit maximum effective scour in the new channel. At Wayside Bar continuous dredging was instigated. This program, and the widening of the channel between Shanghai and Woosung to a least width of 900 feet was continued after 1911 under a Swedish engineer, Heidenstam, who published several short scientific papers based on his work with the river. By 1928 a controlling depth of 26 feet at neap low tide within the 900-foot channel had been obtained, but the daily tidal range of six feet made a 32-foot depth available for a few hours every day in the year.[15] 503

33,700,000 cubic yards of mud were removed by dredging between 1905 and 1930. About a third of this was used to fill in the old ship channel at Woosung Inner Bar. About half was dumped at sea, and the remainder was used for filling low-lying land adjacent to the river between Yangtzepoo and Woosung.[16] However the greatest obstacle to shipping using the port has been the Fairy Flats, a very large bar area at the entrance to the Yangtze estuary, where the silt deposition of the river is particularly concentrated as the delta grows seaward (map 5). Prior to 1932, when dredging work was begun there, ships drawing more than 26 feet were obliged to wait for high tide on every day of the year; those drawing 30 feet could arrive in Shanghai only at the time of spring tides, and those drawing 32 feet or more could not enter the harbor at all. While the deepest-draft ships regularly in the Pacific trade were the "Empress" boats of the Canadian Pacific Steamship Line drawing 31½ feet, the majority of trans-Pacific shipping entering the harbor drew between 26 and 30 feet and were thus frequently delayed by as much as a day at the Fairy Flats. This condition also caused considerable congestion in the harbor. Turn-arounds were slowed and money was lost.[17]

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503 Work was begun in 1932 by the Board on cutting a channel of 33 feet at mean high tide through the Fairy Flats, which required the removal of nine feet of silt from the bar as it then existed, including an allowance of three feet for clearance in heavy seas and one foot for fall of the tide during the passage of the ship. By 1936 about three of the nine feet had been removed for half of the distance of the channel. Dredging was suspended during the Japanese occupation and has not yet been resumed during the blockade conditions of the post-war period. Much of the earlier work has thus been lost.

[133] 502 Ebb and flow currents at Shanghai average about three knots for a total of eight hours during each 24-hour period. Six major bends in the Whangpoo (the one at the mouth of Soochow Creek being almost a hairpin turn) and the narrowness of the channel make these tidal currents a problem for ocean-going ships, both in docking and in maneuvering for anchorage. None of the ocean vessels (except for foreign warships, which usually anchored off the Bund) dock above Soochow Creek, and most of them find it easier to unload cargo onto lighters in midstream, taking on cargo at wharves 505 farther down the river in Yangtzepoo.* The wharves along the Bund are used for lighters and for river shipping. Roadsteads within the harbor are severely limited, and collisions and congestion are common.

There have been periodic suggestions that the main harbor be moved to Woosung, but even here conditions are far from ideal. There is a large anchorage in the open roads of the Yangtze with a minimum depth of 30 feet at mean low tide, measuring two miles by six miles, but tidal currents average about a knot stronger than at Shanghai, and these together with the winds across the open sweep of water prevent loading or unloading by lighter about 30 per cent of the time. Existing wharves at Woosung can accommodate only vessels drawing less than 18 feet. Cargo unloaded at Woosung by lighter or at the wharves is mainly carried to Shanghai directly by lighter on the Whangpoo, but there is also some shipment by rail.

The expense and inconvenience of transshipment would probably

* Because of the angle and direction of the tidal currents and the set of the channel, loaded ships can be maneuvered out of the wharves and down the Whangpoo more easily than up the river and into the wharves.

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not be overbalanced by the questionable virtues of Woosung as a harbor, although as trade volume grows port development at Woosung may help to relieve congestion. Up-river ports are always inconvenient, but only when a clearly preferable alternative is available, as for example at Bremerhaven, or the much earlier ascendancy of Shanghai over Soochow, is the original port city likely to be eclipsed in its maritime functions. In 1937 the Chinese Municipality completed preliminary work on a new wharf on the left bank of the Whangpoo just below Yangtzepoo. The river is slightly wider there and the problem of Wayside Bar is avoided. The ship channel was adequate at that point in 1937 to allow the largest Pacific ships to dock parallel to the shore, and the new wharf was designed especially for passenger traffic. By surfaced roads then under construction, Shanghai center could be reached by car in about thirty minutes. Under the Japanese occupation, work on this new wharf was continued, and post-war Chinese plans for the Greater Shanghai of the Future (i.e., the plans of the Nationalist Government) called for the transfer of all the passenger and most of the freight traffic from Honkew and Yangtzepoo to this new area, where facilities were to be greatly expanded.[18] If the city continues to grow in the direction of Woosung, this would be a logical change and would make it possible to handle a greater volume of deep-draft shipping with less delay and without sacrificing unduly the convenience of central location. Under the Communist administration, no more work has been done on this project, in the virtual absence of ocean shipping.

The inconveniences of congestion are marked at Shanghai, which in the 1930's had riverside shipping frontages (wharves with a minimum depth of 12 feet and more) totalling only nine and a half miles. Hamburg, in the same period, with approximately the same annual volume of shipping entered and cleared, had nearly forty miles of similar shipping frontages, and New York, with less than twice Shanghai's annual volume of shipping during this period had 260 miles of similar shipping frontages.[19] Shanghai in 1936 (the last year of regular dredging operations), with a permanent through ship channel of 26 feet at mean low water, was by far the shallowest as well as the most confined and awkward harbour among leading Far Eastern ports.[20] The fact that from 1920 to 1936 it remained sixth

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504 or seventh in rank among world ports, in terms of annual net registered tonnage entered and cleared, points to its characteristic role as a delta port. The trade of the Yangtze basin requires a major outlet to the sea, and Shanghai, despite its poor site, offers the only practicable deep-water harbor near the mouth of China's greatest trade highway, the Yangtze River.

504 731 The harbor has a few advantages. At latitude 31° 10′ and where it is also influenced to some extent by the warm Kuroshio, or Japan Current, Shanghai is the northernmost port on the China coast to be free from ice at all seasons in most years. This gives it an advantage over the two leading ports of north China, Tsingtao and Tientsin, where floating ice is usual for parts of January and February. Location fourteen miles up the Whangpoo gives the harbor protection from typhoons, which are a significant menace to shipping in all south China ports during late summer. Shanghai averages about one typhoon annually, but with the adequate warning provided and the degree of protection afforded by its up-river location, damage to shipping is never more than negligible. In the period before the growth of the foreign city, this inland location was also important as a measure of protection against frequent coastal raids by Japanese and Formosan pirates. Finally, fog adequate to delay shipping in the harbor or in the approaches in the Yangtze estuary is quite infrequent.

503 Prophecies of Shanghai's isolation from maritime shipping by the seaward growth of the delta have not been lacking at any period in the history of the modern city. As each new difficulty arose however, means were found to overcome it, for the advantages of the city's location have greatly outweighed the disadvantages of its site and have made extensive dredging worthwhile. There is no reason to believe that the undoubted accumulation of silt, especially on the Fairy Flats, during the war and post-war years will present an insuperable problem once dredging is resumed. The great volume of water discharged by the Yangtze into the sea and the scouring action of tidal currents will assure some kind of channel in the estuary on which dredging can concentrate. The neglect of dredging over such a long period may make it necessary to relocate the main ship channel, but what dredging has accomplished before it can accomplish

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gain. As long as water transport retains its basic place in the Chinese 503
economy, a harbor for ocean ships will be maintained at Shanghai as the commercial center of the Yangtze basin.

Relief and Climate

The site has only two advantages of importance: it is almost com- 133
pletely flat, and it has a more favorable climate than rival south 361
China ports. Ample level ground was useful during the purely commercial phase of the city's development in allowing adequate space for storage of goods, for half of China's foreign trade passed through Shanghai from 1865 on, but it was more important in allowing the development of manufacturing after 1895. The commercial center which began in an area of 43 acres along the Whangpoo in 1843, demarcated and defended by creeks, was able to grow outward toward the west, south, and north as both political and economic conditions provided the impetus for metropolitan industrial development. Level ground continues unbroken within a twenty-mile radius of the city. While the site's liability to floods is a notable disadvantage, level ground must in general be counted an asset, especially as against the lack of it in Hong Kong, Foochow, Amoy, and other south China ports.

Shanghai's climate is influenced alternately by cold dry air from 132
inner Asia and Siberia, and by warm moist Pacific air; it is tropical for one third of the year and temperate for two thirds. Rainfall averages 45 inches annually, 14 inches of which falls in June and July, but with no very marked seasonal concentration. July and August are uncomfortably tropical, and while rains keep the temperature below 90° for at least a quarter of these two months, the relative humidity throughout this period averages 84 per cent. Temperatures rarely exceed 98°. Vital statistics for foreign residents of the China [165]
treaty ports included in the yearly medical reports published since 1870 by the Maritime Customs give Shanghai, with a death rate averaging 16 per thousand annually for the period 1870–1930, a relatively good record. Most of the foreign residents considered it among the healthier treaty ports despite its uncomfortable summer, during which as many of them as were able left the city for the central mountain belt or the Shantung beaches. The accompanying table com-

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132 pares temperatures and relative humidity at Shanghai with selected cities in different climatic regions.

	Mean Annual Temperature	Mean Annual Rel. Humidity	Dec.-Jan.-Feb.		June-July-August	
			Temp.	R.H.	Temp.	R.H.
New York	54	60	30	61	79	62
London	49	79	39	82	61	76
Canton	64	82	48	56	83	89
Shanghai	59	78	39	36	78	85

Shanghai's is a moderate climate compared with south China, especially in respect of the greater effect in winter of the Siberian high, and with daily and seasonal changes in which Chinese and foreigners can work under reasonably favorable and familiar conditions.

361 In sum however, the growth of Shanghai must be regarded as an illustration of the extent to which the advantages of an exceptionally favorable location can overcome the disadvantages of an exceptionally unfavorable site. While most of the city's site problems are common to many delta ports, its locational advantages are unique. These will now be examined in the following chapter.

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FOUR

Location

Shanghai's Hinterland

"The first and most natural root of a great city is the labour and populousness of the adjacent country, which supplies the materials of subsistence, of manufactures, and of foreign trade."[1] Shanghai is a great city primarily because it stands at the apex of the most fertile and populous area of comparable size anywhere in the world, the lower Yangtze basin.

The Yangtze watershed totals 750,000,000 square miles, or half of China proper, and has a population of approximately 200,000,000. The section of the river's basin which we may call the fertile triangle, bounded by Chinkiang, Hangchow, and Shanghai, an area of about 20,000,000 square miles, has an estimated population of 40,000,000, or an overall average of about 2,000 inhabitants per square mile. Nearly 80 per cent of the total land area is cultivated (map 10), and this region stands out as one of the three most widely cultivated in China (the Red Basin of Szechuan and the north China plain being the other two). Nodes of commerce are thickly scattered over the fertile triangle, which contains three cities of over half a million population (Hangchow, Soochow, and Shanghai — map 5). The Yangtze delta supports by far the densest single concentration of population in China for an area of similar size (map 7). The river's course is marked by successive clusters of settlement, terminating westward in the densely peopled Red Basin of Szechuan.

Of the other major cities of the lower Yangtze basin, Hangchow, Soochow, and Nanking were all at one time imperial capitals, and all have remained important commercial and industrial centers. Hangchow and Soochow are still among the three or four leading cities in China in silk reeling and weaving, and both act as central places for the surrounding rice and silk areas of the delta. Nanking

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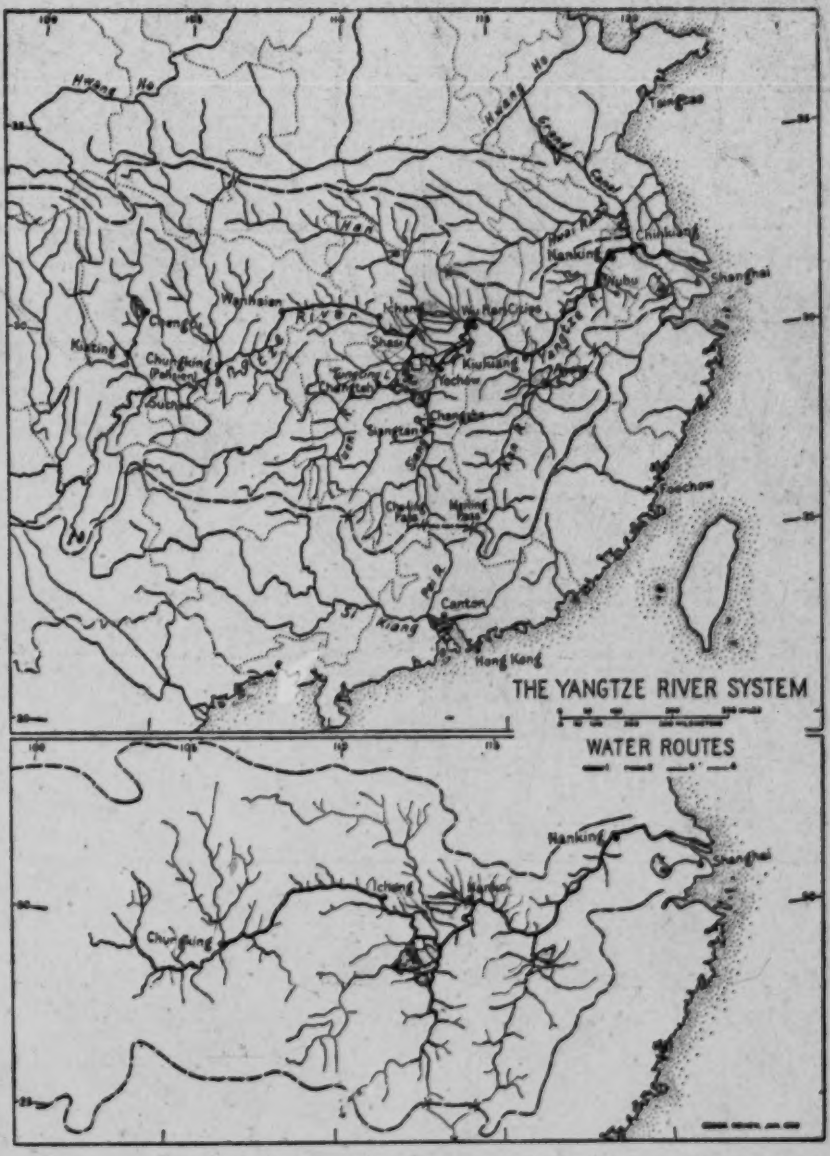

Map 4. The Yangtze River System (reproduced here by the courtesy of *The Geographical Review*). Numbers refer to: 1, regularly scheduled, all-year steamship runs; 2, waters open to all-year service by steam launches and tugs with barges; 3, waters navigable all year by large native boats; 4, waters navigable all year by small boats.

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Nanking
is above the delta proper, and its water connections are limited com- 361
pared with those of its delta rivals. It has profited primarily from 487
its location at a break in transport routes (including China's major north-south railway, which breaks at the Yangtze—map 8), and from its periodic function as a political capital.

All three cities have been hampered in their modern development 504
by the lack of harbors adequate for ocean ships. At Hangchow an 361
impressive tidal bore and many shoals in Hangchow Bay preclude 439
use of the Chientang estuary by ocean shipping, and the river itself is navigable only for small boats. Soochow, once a maritime trading center, is now effectively land-locked, and was in any case superseded as a port city by Shanghai by at least the eighteenth century A.D. Nanking, 210 miles from the sea, must contend with silting, river currents, and an exposed anchorage. Both Nanking and Hangchow are handicapped as commercial centers, especially in a region where most goods move by water, by the rugged country around them (map 5), which contrasts with the extensive lowland focused on Shanghai. While all three of these cities were larger than Shanghai before the opening of China to foreign trade and to Western commercial exploitation, they were quickly outstripped by Shanghai under the new economic conditions, where access by water to the entire Yangtze basin and to the major ocean lanes of world commerce gave it a decisive advantage.

The city lies topographically at the focus of the east China low- 133
land, converging on it from both the west and the north, and of 487
the Yangtze basin as a whole (map 2). The river and its tributaries, draining the productive heart of China, all feed ultimately to the mouth of the Whangpoo. In the mainly pre-industrial economy of China, the great majority of goods moving beyond purely local markets do so by water. No other location can marshall a fraction of the advantages of Shanghai on this crucial point.

Of China's two other major river systems, the Huang (Yellow) in 505
the north is navigable for steam launches for 25 miles above its mouth and for a small part of its course through Honan, but it is otherwise useless for navigation except in short stretches by small boats. The Hsi (West) River in the south is navigable for some 230 miles in the high-water season (spring and summer) for vessels

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505 drawing fifteen feet and for the same distance at low water for vessels drawing six feet. Smaller steam launches use the river for about 700 miles at all seasons. The Hsi system, however, drains only about 210,000 square miles, and contains no such extensive lowland as the Yangtze basin (map 2).

On the Yangtze there is an all-year ship channel for 5,000-ton ships as far as Hankow, 600 miles from the river's mouth, and a summer (high-water period) channel to Hankow for 10,000-ton ships. Above Hankow, permanent steamship service is maintained as far as Chungking, 1400 miles from the sea, by vessels up to 2,000-tons, and river steamers also operate to Suifu (Ipin, Süchow), 150 miles farther upstream where the Yangtze leaves the mountain mass of central Asia and is joined by its navigable tributary, the Min, from the western part of the Red Basin of Szechuan. Map 4 shows the extent to which the river's tributaries are navigable by different sized ships (Suifu on this map is referred to as Süchow). The total of inland waterways navigable from Shanghai by junks at all seasons (excluding the canals of the delta) is nearly 30,000 miles, reaching approxi-
439 mately 200,000,000 people. This transport network is reflected in the fact that Shanghai between 1865 and 1936 handled between 45 and 65 per cent of the total foreign trade of China by value.

503 The Yangtze system feeding Shanghai is reproduced in miniature
505 within the delta itself (map 5). A maze of canals dissects the fertile triangle, connecting with natural waterways to form through water links between every village and town in this area and from
[B12] all of them to Shanghai. The canals are used primarily for transport, but they also serve as sources of irrigation water for wet paddies and as community water supplies, in addition to providing drainage, which may have been their original purpose.[2] The alteration of the natural environment which the canals represent has been in progress for at least the last 2,000 years, and now constitutes probably the largest concentration of artificial waterways anywhere in the world.

When the canals are added to Tai Lake and the chain of smaller lakes to its east, the Yangtze, the Whangpoo, Soochow Creek, and many smaller rivers in this area, the landscape becomes an enormously magnified Venice. Within a radius of at least 100 miles from Shanghai it is possible to go from any village or town to any other

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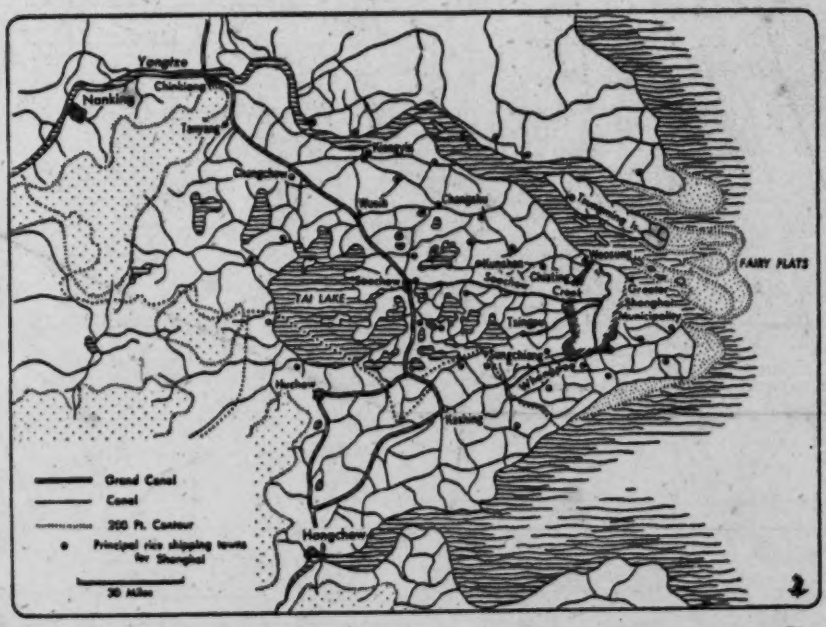
village or town entirely by water, and in most cases in no other way. According to existing estimates,[3] and on the basis of the incomplete cartographic data, the delta area must contain at least half a million miles of canalized or artificial waterways. The railway between Shanghai and Nanking includes in its 193 miles 164 bridges over navigable rivers or canals. 503 505 [496]



Map 5. Waterways of the Yangtze Delta. All waterways shown are navigable. Provincial boundaries are indicated by a dotted line.

The use of water routes is reflected in the sparseness of roads compared with other level areas of China and in the fact that such roads as exist run in most cases at right angles to major waterways. In addition, carts and barrows are scarce in the Yangtze delta, in marked contrast with other areas of China, or with most pre-industrial regions. Traditional Chinese bridges in the delta area are nearly all of the single span hump-backed type, reflecting the virtual absence of wheeled traffic as well as the need to provide adequate clearance over waterways for the passage of masted vessels. 491 [493]

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505 438 496 The opening of the Yangtze to steam navigation by about 1862 following the Treaty of Tientsin (in 1858 between China and Great Britain; the commercial section of the treaty was not completed until 1860) ensured the ascendancy of Shanghai over rival southern ports by allowing the trade of central China to drain by its natural route, and within a very few years reduced to a trickle the formerly large volume of trade overland from points outside the Hsi system to Canton, via the Cheling and Meiling passes. The beginnings of highway and railway development in China (map 8) have added to the trade carried by the Yangtze system, by acting as feeders, just as any increase in the economic activity of central China will be reflected in more intensive use of its major trade artery. The Hankow-Canton railway, completed through the Cheling pass in 1936, has tended to augment the volume of goods carried by the Yangtze toward and from Shanghai, and the same has been true of the older railway built in 1910 by the French from Kunming in Yünnan, near the upper navigable reaches of the Yangtze, to the seaport of Hanoi in French Indo-China. With a complete and well-organized rail network, transport use of the Yangtze may eventually decline in relative, though not in absolute importance. At least as far upstream as Hankow, railway development may never supplant it as the major carrier in the lower river basin.*

496 Complemetary to the natural focus of water routes, and concomitant with the growth of the city, two of China's major railways (Shanghai-Nanking, with connections north to Tsinan, Tientsin, and Peking, and west to Chenghsien and Sian; and Shanghai-Hangchow-Ningpo, with connections west to Nanchang and Hankow and south to Canton) terminate at Shanghai (map 8), and a small network of motor roads links the city with most of the other centers of the lower Yangtze basin. The gathering of rail and highway routes at Shanghai is however a reflection of rather than a

* The importance of the Yangtze as a carrier in future competition with well developed railways may perhaps be compared with the current importance of the lower Rhine, below Mannheim. Although it runs through the heart of a major industrial region with one of the densest and most heavily traveled rail nets in the world (including lines along both banks of the river), the Rhine and its tributaries consistently carry a larger volume of goods than the combined railway lines through its basin.

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factor in the pre-eminent location of the city. Peking, Tientsin, and Chenghsien are all more important rail centers than Shanghai. 496

Sea Routes

Shanghai's orientation to the sea is almost equally favorable. It lies less than a hundred miles east of the great circle route followed by shipping between west coast North America, and Japan, China and southeast Asia. All of the major commerce lanes of the western Pacific meet there. Midway on the China coast between north and south, Shanghai has the further double advantage of accessibility from the Chinese hinterland and nearness to Japan and the trans-Pacific trade. The China coast at the Yangtze delta extends farther eastward into the open sea than at any other point. The Yangtze keeps Shanghai in close relation to the hinterland despite its seaward extension, which in turn gives it an advantage over ports south of the coastal bulge, or north China ports on the enclosed Gulf of Pohai. 487

For the coasting trade it is a natural terminus. A foreign observer noted in 1843[4] that it was the division point between the carrying trade of junks from northern and southern ports, and that it acted as the leading entrepot on the China coast for the concentration and exchange of goods from the two major regions of China. This function Shanghai has retained to the present at least for the coasting trade carried in native junks, which is considerable though largely unmeasured. All direct coastal routes between northern and southern ports must touch the Yangtze estuary.

Shanghai is approximately equidistant in shipping time and distance from western European and eastern United States ports. Shippers must compete there on equal terms, and goods arriving via Suez or Panama can be laid down at competitive prices. Shanghai is not the terminus of either route (Singapore serving this function for west-bound traffic and Nagasaki for east-bound), although it is a major port of call for both. But most important is its focal position for Far Eastern shipping, and its median location between Atlantic Europe and America.

Rival Ports

133 The maritime trade of south China is divided among several ports,
489 each serving a small and well-defined hinterland outlined by mountains as separate river basins, of which the basin of the Hsi is by far the largest. The Ta Yü and Wu Yi ranges extend almost to the coast from Hong Kong north to Ningpo. Their ridges form a barrier over which very little trade passes, and the rivers which flow from their crests to the sea have cut neither easy passes across them nor extensive flood plains. The relatively short Han, Min, Wu, and Chientang Rivers, interrupted by falls and rapids over most of their courses, are navigable only for small boats, and none of them makes easy connections with other river systems. The high relief extending down to the coast, except for the few small river flood plains, makes food production as well as transport difficult. The area as a whole (southeast coastal China) must import rice, but its important exports are limited to tea and timber. The configuration of east Asia and the submerged character of the south China coastline, bring these southern ports much closer to the continental mountain mass and leave them a hinterland which is hilly, thinly populated, and unproductive compared with the Yangtze basin.

The submerged coastline of the south includes a number of good harbors, notably Foochow (the estuary of the Min River), Amoy, and Swatow, but they are too small for any volume of modern ocean shipping, and their topographically limited hinterlands do not make harbor extensions worthwhile. Railways have not yet penetrated this area, aside from the single line from Hankow to Canton, with a spur to Kowloon (the mainland adjunct to the Crown Colony of Hong Kong), a reflection of its commercial unproductiveness more than of the engineering problems which it presents.

504 The outstanding exception among south China ports is Hong Kong, possessed of the finest harbor in the Far East, a deep and well-protected roadstead between Hong Kong island and the mainland, flanked on all sides by shielding islands. Location just off the mouth of the Hsi, whose basin is the most extensive and productive lowland in south China and contains its only major transport artery, is a further advantage. The port of Hong Kong however owes its

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The port of Hong Kong however owes its ascendancy as much to its political status as to its physical advantages. Acquired by the Treaty of Nanking in 1842 at the close of the first Anglo-Chinese war as a British rival to the Chinese-controlled trade at Canton, it has since its founding served as an entrepôt for the entire China coast. Since at least 1865 it has transshipped annually between 20 and 25 per cent of China's total foreign trade by value, aided by its treaty status as a free port.* Hong Kong has nevertheless yielded first place as a port to the greatly inferior harbor of Shanghai, located on the mainland and more closely oriented to China's productive areas and transport routes. 504 648 439

The coastline becomes emergent at about the mouth of the Chientang River in Hangchow Bay. There is only one natural harbor on the coast north of Hangchow used regularly by a large volume of ocean shipping: Tsingtao, on the rocky promontory of Shantung. Chefoo, also on this promontory, has a good, though somewhat shallow, natural harbor, but it has been relatively little used or improved. Weihaiwei, near the tip of Shantung and thus one of the most seaward ports in China, is a largely artificial harbor constructed by the British at the turn of the century for their naval vessels (following a decade of "concessions" by the crumbling Ch'ing government to the European powers), but its large protected roadstead has attracted little commercial shipping. 504

It is an unfortunate circumstance that these few adequate harbors are in effect isolated from the body of north China by the crystalline mountains of Shantung and by their out-of-the-way location. This situation is responsible for the small importance of Chefoo and Weihaiwei as ports, as well as for the fact that they still have no railway connections. Shantung, originally an island in the Yellow Sea, has been land-linked by silt deposition from the Huang, yet its harbors are economically cut off from the mainland. In a more highly industrialized economy, these harbors would probably be more important, but the almost complete lack of water transport links between them and the north China hinterland decrees for them under present conditions a relatively minor role.

Tientsin, the leading port of north China, forty miles from the sea on the Pei River, fight a losing battle against silt. Two rivers flow- 503

* Hong Kong is not included in the customs figures for China.

503 ing from the semi-arid plain of north China, navigable for small boats only with difficulty during the summer and autumn, and subject to severe spring floods, feed into the Pei just above Tientsin. The combined deposition of all three has forced the removal of the port from Tientsin itself to Taku, at the mouth of the Pei, where an offshore bar is forming with a minimum navigable depth at mean low tide in 1936 of fifteen feet. Dredging there is barely able to keep pace with deposition, and the open roadstead at Taku affords inadequate protection to shipping. Ships drawing over fifteen feet discharge cargo onto lighters six miles out at sea.

During their occupation of north China, the Japanese began work on a new artificial harbor just south of Tangku (map 1) on an ambitious plan which remained largely unfinished with the end of the war in 1945. This work has now been resumed by the Communist Government of China, which aims to complete the project in 1953. The harbor, to be known as Hsinkang ("new port"), is planned to receive vessels up to 10,000 tons, which will be able to discharge their cargoes onto wharf-side railway lines. The total protected roadstead will be about ten square miles, but its projected depth would still exclude the largest trans-Pacific carriers.[5]

504 Haichow, in northern Kiangsu, terminus of the east-west Lunghai railway, is an artificial harbor nine miles from the sea. Work was begun on dredging the small river which connects it with the sea, and on the building of wharves, in 1933, and by 1936 the port could handle ships drawing up to fourteen feet. It thus remained largely limited to the coasting trade. Coaling facilities are available on the coast just south of the river's mouth where a group of islands provides some shelter, but again controlling depths exclude most large trans-ocean shipping. Peking, without access to navigable waterways (aside from the Grand Canal, which contains several unnavigable stretches in Shantung and southern Hopeh) has relied on Tientsin (Taku) as its port. Primarily an administrative center and rail junction, Peking's population had not reached a million and a half by 1936.

The configuration and relief of north China make it difficult for any one deep-water port to serve it all. As it is, while Tientsin (Taku) acts as the port for most of north China, a considerable proportion

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of the trade especially of the northwest (Kansu and Shensi) and the north China plain south of the Huang moves through Shanghai. 504

Along the Yangtze itself, potential ports for ocean shipping must contend not only with the Fairy Flats in the Yangtze estuary, as does Shanghai, but with silting problems and river currents farther upstream. Chinkiang, at the head of the delta, has been crippled as an ocean port by silting. Nanking, where silting is an equally great problem, has relatively few water connections with its hinterland. Hankow and Kiukiang-Hukow profit from their location where major tributaries join the master stream, but their harbors are relatively small and shallow. Hankow, despite its location and the all-year channel for 5,000-ton ships from the sea, has never been an important rival of Shanghai in either foreign or domestic trade. The other Yangtze ports do not stand at notable route foci, and their harbours are equally handicapped for space and depth. Navigation on the river and within its unsheltered harbors must cope with a summer current averaging nearly five knots at Hankow and nearly four at Nanking. These confined waters are difficult and costly for deep-draft ocean shipping, especially in terms of insurance rates. [133]

Shanghai's trade hinterland is the largest in the world. Nowhere else does a population or area of this size depend for its commercial intercourse on one master river system and one primate city. The accompanying table compares the estimated populations of China's major cities and ports in 1930.[6] 162

Shanghai	3,300,000	Nanchang	500,000
Peking	1,400,000	Wenchow	450,000
Tientsin	1,300,000	Tsingtao	350,000
Hankow	1,200,000	Tsinan	300,000
Canton	950,000	Amoy	250,000
Hong Kong	800,000	Ningpo	250,000
Nanking	650,000	Chinkiang	200,000
Changsha	600,000	Swatow	200,000
Chungking	600,000	Weihaiwei	200,000
Foochow	500,000	Chefoo	100,000
Soochow	500,000	Haichow	20,000
Hangchow	500,000		

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Raw Materials

135 489 The basic industrial raw materials lacking in its immediate hinterland are Shanghai's major problem after the disadvantages of its site. Coal must come from north China, Japan, or Indo-China. Finished steel is largely imported (from Japan and the United States), as are petroleum products, sulfur, rubber, copper, and all other nonferrous metals except antimony and tungsten, which are supplied from the metaliferous belt running through Honan, Kweichow, and Yünnan. Shanghai is industrially out of gear with the rest of China, and in the absence of an exploitable local resource supply maintains its industrial position on imports from kindred economies overseas. China supplies the market, and the labor, for Shanghai's industrial production, both factors of considerably more locational importance for manufacturing in general than raw materials alone. Closely oriented to major ocean routes, Shanghai can economically produce goods whose raw materials must be assembled from great distances, since the cost of sea transport, especially for these bulk commodities, is a relatively minor item in total costs of production. From the Chinese hinterland, the Yangtze also transports to the city at low cost industrial raw materials produced by agriculture within the river basin: cotton, silk, vegetable oils and tallow, hides and skins, hemp, tea, bristles, wheat, tobacco, and eggs.

Aside from steel (which until recently had not been economically produced from ore anywhere in China proper), industrial machinery, and petroleum products, admittedly large cost-items in its production, Shanghai has not suffered industrially to any great extent from the local absence of resources. The city's transport connections as outlined in this chapter have been largely responsible for this, and have made possible an industrial and commercial metropolis in an agricultural economy poor in resources and in land transport.

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FIVE

The Opening of the City to Foreign Trade and its Early Development

Canton and the Treaty Ports

The treaty ports * were an answer to the expansionist foreign pressure for trade with seclusionist China. The Ch'ing government (1644–1911) hoped that by granting trade privileges only in these cities it could confine the scope of the Westerners and protect the body of China from their disturbing activities. But when the Canton system was broken by the Anglo-Chinese war of 1841–42, the foreigners envisaged a continually expanding trade with the potentially immense China market. Sir Henry Pottinger, chief of the British delegation at the Treaty of Nanking, stated that the treaty had opened to trade "a market so vast that all the mills of Lancashire could not make stocking stuff enough for one of China's provinces."[1] Western economic enterprise, once given a foothold and an opportunity under its own laws to buy and sell with the Chinese, was a dynamic growth which could not be checked by treaty provisions.

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The Canton system of the eighteenth century, under which the British East India Company and later private American firms were permitted to establish trading factories in a limited area of the city set aside for them, was an increasing annoyance to foreign merchants. Several diplomatic missions to Peking, including that of Viscount Macartney in 1793 and of Lord Amherst (who was not even received by the court) in 1816, all failed to obtain a relaxation of

* Canton, Amoy, Foochow, Ningpo, and Shanghai were opened to foreign trade by the Treaty of Nanking in 1842, and eleven further ports, including Hankow, Kiukiang, Chinkiang, Nanking, and Tientsin were added by the Treaty of Tientsin in 1858, although the actual opening of Nanking was deferred until 1899, a reflection of its poor location compared with Shanghai (see map 1).

[p. 57]

439 restrictions on the trade at Canton or the opening of further ports
648 to foreign trade. These changes finally came about only as a result of
175 the Anglo-Chinese war of 1841–42. Under the old system at Canton, foreign traders were virtually confined to their trading factories, were forbidden to bring in women or arms, and were allowed in Canton at all only during the trading season, which largely as a result of monsoon winds essential to overseas trade movements by sailing vessels, and particularly favorable to shipping in and out of Canton, lasted from September to April. However, the foreigners thus avoided the uncomfortably tropical summer in Canton. They spent the hot months for the most part in Macao, a remnant of the once extensive Portuguese empire in the East, at a distance of some 75 miles southeast of Canton and on the tip of a hilly and narrow peninsula jutting into the sea, where the breeze seldom failed.

439 Most cramping of the restrictions was that requiring all foreigners
648 to trade only through the Canton merchants' guild, or Cohong, es-
175 tablished with official support in 1720 as the principal instrument for controlling the foreigners, armed with full governmental powers of
441 enforcement of the factory regulations, as well as the monopoly of trade with the foreigners under conditions which yielded them enormous profits. Disputes between Chinese and foreigners arising out of the trade were settled by the Cohong, and protests against abuses could be made by foreigners to the Chinese government only through the Cohong.[2]

439 One of several attempts to break out from this system independently of the Government at Peking was made in 1832, when the British East India Company (shortly before its monopoly of the British trade with China was removed by Parliament in 1834) sent the ship *Lord Amherst* with a commercial mission under Hugh Lindsay (with the Rev. Karl Gutzlaff as interpreter) to request trade privileges from the local officials at other ports on the China coast. Lindsay was refused entry at Amoy, Foochow, and Ningpo, but he obtained an interview with the taotai (Intendant of Circuit, or chief local official) at Shanghai. The taotai informed Lindsay that Canton would remain the only port where foreigners could trade, but Lindsay was enthusiastic about the possibilities of Shang-

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hai and his report indicates that its location had already made it a large trading city.[3] 439

He counted 400 junks, averaging between 100 and 400 tons, entering the port of Shanghai weekly during July. If this count was representative of the whole year, it makes Shanghai at that time one of the leading ports of the world.[4] Lindsay stated that the native trade of Shanghai was greater than the total trade of Canton, and described the large wharves and warehouses, and the remarkable accessibility of the port to the hinterland. While the trade was primarily domestic, it included large numbers of junks from as far as Manchuria and Kwangtung, and relatively smaller numbers from Java, Indo-China, and Siam. "The advantages which foreigners would derive from the liberty of trade with this place are incalculable . . . It is the seaport of the Yangtze River and the principal emporium of eastern Asia."[5]

Lindsay noted that British textiles brought in via Canton were on sale in Shanghai shops, and he saw a market for British woolens in this colder climate, a market for which the British had long been hoping since they had been able to exchange only Indian opium in any appreciable volume for their purchases of tea and silk.* Multiplying the estimated population of the Yangtze basin and north China by the expected consumption of woolens, Lindsay voiced one of the earliest expressions of recurrent trade dreams about the China market, none of which have yet materialized on the scale hoped for. He also commented on the extensive crops of cotton within sight of the city, the carding, spinning, and weaving of cotton cloth in every home, and the superior quality of the nankeen cloth made at Shanghai and exported from the city. While this did not appear to discourage him about the prospects for imports of British textiles (which until about 1840 remained inferior in quality and dearer in price than Chinese nankeens),[6] he counted it another advantage in trade with the city.† Lindsay concluded that "considering the extraor-

* For a recent study of the familiar problems of the China trade before 1842 and its balance of commodities and payments, see Michael Greenberg, *British Trade and The Opening of China 1800–42* (1951).

† An 1850 account says that Shanghai's production of cotton cloth supplied "several of the neighbouring provinces." W. H. Medhurst, *A General Description of Shanghai* (1850), p. 15.

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439 dinary advantages which this place possesses for foreign trade it is wonderful that it has not attracted more observation."[7]

721 175 The lack of attention to Shanghai of which Lindsay complained had been beyond the powers of the foreigners to remedy, as Lindsay discovered for himself when his request for trade privileges there was refused. The tension at Canton finally resulted in open hostilities nine years later. Early in the course of the war of 1841–42 the British occupied the Chusan Islands at the mouth of Hangchow Bay, and interest was revived in making that well-protected site the principal base for British trade, as earlier surveyors, including Lindsay, had suggested.* However the further progress of the war required British occupation of the mainland ports, and a fleet under Sir William Parker, after taking Amoy, Foochow, and Ningpo, arrived off Woosung June 13, 1842, and captured the forts commanding the mouth of the Whangpoo. The British planned to invade the Yangtze valley and by appearing in force on the river and capturing Chinkiang block the movement of rice via the Grand Canal to Peking.

728 648 175 Shanghai was taken, and then evacuated by the troops on June 23, in order to concentrate on the advance to Chinkiang and Nanking. The treaty, signed at Nanking on August 29, created the treaty ports already named, where British merchants and their wives could reside permanently, with their own consuls, and importing goods into China under a fixed and nominal tariff (it averaged about 5 per cent *ad valorem*) without any requirement to trade through a Cohong or under official supervision. Article II of the treaty contained the provision that "British subjects shall be allowed to reside, for the purposes of carrying on their mercantile pursuits, without molestation or restraint, in the cities of Canton, Amoy, Foochow, Ningpo, and Shanghai . . . Her Majesty, the Queen of Great Britain (etc.) will appoint superintendents or consular officers to reside at each of the above mentioned cities to be the medium of communication between the Chinese authorities and the said merchants . . ."[8]

No other mention was made in the treaty about foreign rights of

* This plan was not abandoned in favor of Hong Kong until the very end of the war.

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settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries."[9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected.

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively.

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889.

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their

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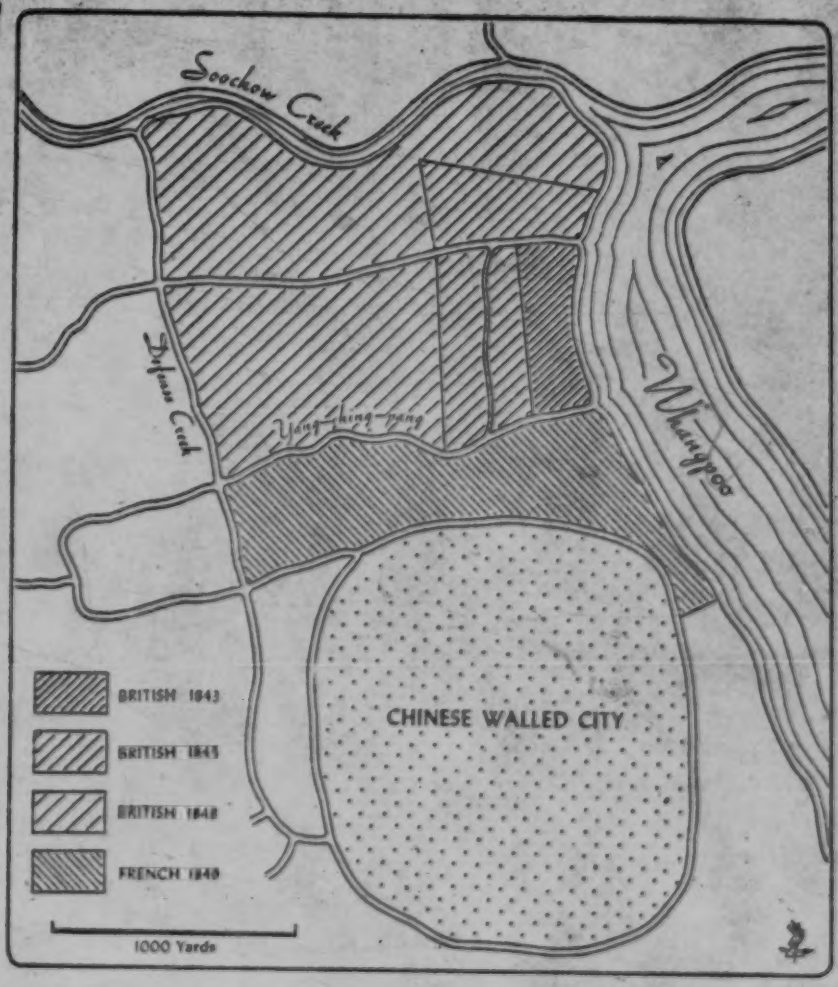

Map 6. Early foreign settlements at Shanghai

[p. 62]

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ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures. 427

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10] 361 648

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners. 437

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could 471

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477 not employ their own agents.[11] At Shanghai, Consul Balfour found himself unwittingly involved in an attempt to create a local Cohong when after some difficulty in finding a house available for leasing as the consular residence on the day after his arrival in November 1843, he accepted the offer of a prosperous Chinese gentleman. His landlord leased him a large house in the Chinese city, and then established himself in the gate house where he carefully observed the comings and goings of his tenants. When Balfour was approached by his host on trade matters, it was revealed that the gentleman was a prominent Shanghai merchant and that by agreement with the taotai he had planned to acquire a monopoly of trade with the foreigners and to keep them conveniently under supervision in polite house arrest. Balfour quickly made other housing arrangements, and in 1846 moved the consulate to quarters rented outside the city in the foreign leasehold.[12]

651 By the end of 1843, eleven foreign trading firms were in business at Shanghai, most of them branches of British and American firms originally established at Canton. The new conditions under which they now operated were unique in the history of the China trade. Escape from the Cohong meant moreover a large saving in customs duties. Average total duties per ship exacted at Canton between 1800 and 1840 were estimated by the foreign merchants at 240,000 taels, of which 200,000 taels represented officially connived-in "squeeze." (The tael was a unit weight of pure silver which remained fairly constant from 1800 to 1860 at the equivalent of seven shillings.) At Shanghai the merchants estimated in February 1844 that since the port had been opened average total duties per ship had been 50,000 taels, of which only about 15,000 [505] represented "squeeze."[13] During 1844 a total of 44 foreign ships entered and cleared the port, and by 1855 the figure had risen to 437.[14]

439 The three great trade commodities of this period were tea, silk, and opium (tables I and II), and for all of them Shanghai was advantageously located. The major silk-producing regions of China lie in the lower Yangtze basin. Tea for export was grown primarily in the belt of hills which forms the Yangtze divide on the south, and waterways connected the northern slopes of this region (where

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the best teas were grown) with Shanghai more easily and directly than with any other ocean port. Opium could be distributed domestically to greater advantage from Shanghai, via the Yangtze, than from any other coastal port. In 1846, within three years of its opening, 16 per cent of China's export trade passed through the city, and by 1861 its share was 50 per cent.[15]

With its natural advantages, and doubtless helped as well by the veiled continuance of the Cohong system at Canton into the 1850's, Shanghai overtook its nearest rival in total value of foreign trade in 1864, two years after the effective opening of the Yangtze to steam navigation. By 1870, Shanghai was responsible for 63 per cent of the total external trade of China by value, as against 13 per cent for Canton, still its closest competitor. The opening of Japan to foreign trade in 1859 brought into play the locational advantages of Shanghai for this new and rapidly expanding market, and was credited by Shanghai merchants with an important part in the quick rise of the city's commerce.[16]

As imports became more diversified with the relative decline of opium, they were more easily shipped to and distributed from Shanghai as the primate commercial center, but exports, which became diversified more slowly, could in many cases move out as cheaply from other ports which might in particular cases be better oriented to production areas. This situation was of course the usual one for the movement of commodities into and out of any trade area. The accompanying table shows Shanghai's place in China's foreign trade from 1870 to 1930, by value percentages of China's total external trade in each category passing through the city.[17]

	Imports	Exports	Total Foreign Trade
1870–1880	65%	59%	62%
1880–1890	58%	48%	53%
1890–1900	56%	52%	54%
1900–1910	54%	48%	51%
1910–1920	51%	45%	48%
1920–1930	50%	40%	45%

Robert Fortune, an English botanist sent to China by the Royal Horticultural Society to collect plants and seeds of ornamentals not found in England, spent most of November and December of 1843

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439 in Shanghai, and visited it again late in 1848, this time under commission from the British East India Company to introduce the tea shrub into India. (He also made two later trips to the Yangtze basin, in 1853–1856 and 1861–62.) He was as much taken with the natural advantages of the place as Lindsay had been, and provided a neat and prophetic summary of the factors which have been responsible for Shanghai's growth:

> No other town with which I am acquainted possesses such advantages. It is the great gate to the Chinese empire and a place of vast native trade . . . The convenience of inland transit is unrivalled in any part of the world. The country is one vast plain intersected by many rivers, and these again joined and crisscrossed by canals, many of them nearly natural and others stupendous works of art. The port of Shanghai swarms with boats of all sizes employed in the inland traffic. Since the port has been opened these boats bring down large quantities of tea and silk and return loaded with the manufactures of Europe and America which they have taken in exchange. From what we know of the geographic nature of the country there can be no doubt that all the green teas and most of the black can be brought to Shanghai at less expense than they can be taken to Canton or any of the southern towns. The large silk districts of central China are also close at hand. The proximity of Shanghai to the large towns of Hangchow, Soochow, and Nanking forms a further advantage. Lastly, viewing this place as an immense mart for our cotton manufactures, which we already know it to be, there can be no doubt that in a few years it will not only rival Canton but become a place of far greater importance.[18]

162 Fortune however estimated the population of Shanghai in 1843 as only 270,000, while he gave figures of one million for Hangchow and about 500,000 for Soochow, Nanking, and Ningpo. He credited six other delta cities with populations equal to Shanghai's (Sungchiang, Chiating, Changshu, Kashing, Huchow, and Wusih — map 5).

361 Chinese Shanghai had risen as the port of Soochow, from a small fishing village at the junction of Soochow Creek and the Whangpoo. When silting, and presumably advance of the coastline, made maritime access to Soochow impossible by the eleventh century A.D. despite the canalizing of the Creek's lower course in

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A.D. 446, ships began to dock at Shanghai, or Hu Tu as it was then called and in 1075 an official was stationed there to administer the customs. In 1279 the town, now called Shanghai (which may be translated as meaning "up from the sea") declared itself independent of Soochow and sent its taxes direct to Peking. It was however still too small in the thirteenth century to be mentioned by Marco Polo, who gave a detailed account of all cities of importance in south coastal China. The city walls were built in 1544 following the sacking and burning of the city in the preceding year by Japanese pirates.[10]

By the beginning of the nineteenth century, Shanghai was the principal port of the Yangtze basin, and was also the center of the coastal trade between north and south China. Southern junks were not permitted to trade north of Shanghai, and vice versa. (This official regulation may have been influenced by the difference in the nature of the coast north and south of the city.) In 1812 the official gazetteer of Shanghai estimated the population of the *hsien* (county), which included an area of about 400 square miles, at 528,000.* Despite its commercial prominence, it did not seriously rival the older delta cities in size because they were in varying degrees administrative centers, a function which Shanghai has always lacked beyond its own metropolitan limits. They were as well or better situated for domestic or regional trade, but administration more than commerce was the consistent basis of urban existence and growth in the bureaucratic framework of traditional China.

Shanghai before 1843 had grown primarily on the trade of its immediate delta hinterland: tea, silk, cotton, and rice, and on its key position in the coasting trade which enabled it to act as an entrepôt and to distribute goods received by sea within the densely populated delta. But the wider water network, both sea and river, of which it stands at the focus was not fully exploited. It remained for foreign traders and foreign economic organization, implemented by the steamship, to realize the geographic potential of Shanghai's location.

* Ch'ing dynasty population figures of this period are, however, suspect, partly because of the practice of padding the census in order to impress the emperor with the prosperity resulting from his reign.

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Settlement and Trade

341 The foreign population of the city, swollen to 100 in 1843 by the
347 presence of British troops, fell to 50 in 1844, but by 1849 had risen to 175 traders, missionaries, and consular staff, who built the first Settlement roads, following the small winding creeks. The first foreign buildings were mainly godowns (warehouses) and residences combined in one large establishment within two-or-three-acre compounds along the landward side of the Whangpoo Bund. No foreign architects were available, and the plans were drawn by the merchants and modified by Chinese builders to fit local materials and Chinese techniques, so that the resulting structures were of the simplest design.

On the river side of these compounds was a perfectly square bungalow-type building which contained bedrooms, mess hall, and offices. In order to shut out the summer sun and keep the inside as cool as possible, the stamped earth or native sun-dried brick walls were at least three feet thick and plastered or stuccoed in white on the outside, while an open verandah with wide arches ran around the outside of the first two stories. Overhanging roofs shielded the two or three upper stories. In the rear of the compound were usually four or five godowns (for the different trade goods), dwellings for the Chinese assistants, the residence and office of the compradore* (the chief Chinese assistant or agent), and the

441 *The compradore was a treaty port institution which epitomized the hybrid economy and business order produced where China and the West met. It originated with the Portuguese in the East Indies in the sixteenth century, who supplied the term. In the China treaty ports, the compradore was usually a banker or merchant who was acquainted not only with the China market and with indigenous business methods and conditions, but had also learned enough from and about the foreigners to be an invaluable aid. He usually had his own Chinese staff, and guaranteed their honesty by his personal and verbal bond, in the Chinese tradition, but in keeping with Western usage also deposited a cash security with his employing firm. He was paid a fixed salary, plus a commission, and was seldom in want of funds. More than once a foreign firm was saved from bankruptcy by the generosity of its compradore. Such men were highly respected by the foreign community as shrewd and scrupulously honest business men, and as friends. Their standing in the Chinese community depended on the prevailing attitude toward the foreigners (see pp. 25–7 above). As a group they were quick and apt students of Western civilization in all of its practical aspects, and from their number was recruited a majority of modern China's political and economic leaders (among them, T. V. Soong and H. H. K'ung) until the final success of the Communist revolution. By about 1930 most

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stables.[20] Within a few years bricks began to arrive in ballast from 341
England, and the brick work prominently displayed in verandah 347
arches facing the Bund provided an indication of the search for Chinese markets for foreign goods in return for China's wealth of tea and silk. This architectural style, common to all the nineteenth-century treaty ports in central and south China, was wittily and fittingly christened the "Compradoric," for it was a necessary blend of Chinese with foreign methods.

The larger foreign firms had two or three partners and eight 441
or ten foreign clerks, plus fifty or sixty Chinese staff (with families), all living in the compound. Among the foreigners there was a notable preponderance of Scots, including the partners of Jardine, Matheson, Ltd., the largest trading firm in Shanghai and known universally as "the muckle house." Apparently the enterprise of these perennial pioneers had conquered Shanghai as it had conquered London. William Jardine, the firm's founder, had been a surgeon on one of the East India Company's ships trading to Canton. He found trading more profitable than healing, and in 1828 persuaded his compatriot James Matheson to join him in his new company at Canton. A Jardine ship carried the first cargo of "free" tea from Canton after the old Company's monopoly was removed by Act of Parliament in 1834. William Jardine was said to keep only one chair (his own) in his office, to encourage his clients to state their business and leave.*

All the large foreign trading firms were divided into six depart- 442
ments: 1. tea; 2. silk; 3. "Manchester goods" (predominantly cotton 439
piece goods); 4. shipping and insurance (understandably a profitable enterprise); 5. land and house agency; 6. "muck and truck" (all the other trade goods, which seldom amounted together to more than 5 per cent of any firm's total goods transactions).† Each

foreign firms in Shanghai found compradores no longer necessary as employed 441
agents. By that time the compradores had taught them almost as much as they had unwittingly taught the compradores.

* See Greenberg, British Trade, for a detailed account of the history and operations of this and other private firms in the Canton trade, based on contemporary letters and business records.

† Until 1890, overseas exports in this category were primarily hides, leather, bristles, horsehair, China grass, and art objects; imports, aside from opium and textiles, were largely limited to hardware, cotton yarn (for Chinese household and small-scale industry), and machinery.

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442 437 foreign firm employed a tea expert, usually a foreigner, who went every year in the tea season of late April and early May to the local collecting centers in the hinterland at Kiukiang, Hukow, Hankow, Siangtan, and Hangchow (map 9), where he made his own selection and bought according to the anticipated state of the London market. By the time of the Treaty of Tientsin in 1858, the original provision that foreigners must not be away from the treaty ports for more than one day had yielded to foreign assertiveness and the demands of trade. Under the new treaty, foreigners were permitted free movement to all parts of the empire, and required a passport only beyond 100 *li* (approximately 33 miles) from the treaty ports.

For the silk trade at Shanghai, there was also an expert attached to each foreign trading firm, again usually a foreigner, but since the main silk-producing areas were in the delta it was not necessary for him to travel so extensively, and he did most of his appraising and buying of silk in Shanghai. Kiangsu and Chekiang silk was considered by these men to be the finest in the world, a quality which they ascribed to the favorable effects of the climate and soil on the growth of the silk worm and on the excellence of its diet of mulberry leaves. The silk was brought to Shanghai by Chinese silk merchants in the city, who bought it at hinterland collection centers, notably Soochow, Wusih, Huchow, and Hangchow.

Much depended on the accuracy of predictions about the London market. In the early days of the Settlement, letters from London arrived via Bombay or Calcutta by the opium clippers, forerunners of the tea clippers, which carried a cargo of such high unit-value that they could sacrifice size and weight to speed. By 1840 they had supplanted the slow-moving and cumbersome East Indiamen of the old Company, and at Woosung they discharged their cargo into hulks anchored in the Yangtze, since the importation of opium had been made illegal for American, French, and Russian nationals by their treaties with China after 1842, and declared illegal for British [548] subjects by Sir Henry Pottinger in 1843. The opium was illegally distributed from Shanghai by the Chinese dealers to whom it was sold there. Mail was at the same time dropped off at Woosung, and rushed to Shanghai by pony express, whose riders galloped up the

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Bund and slung off at each firm's compound the mail bags addressed to it. After 1860 when a British mail service was begun by steamship to Singapore and Hong Kong, Jardine's managed to get its mail two days before its competitors by arranging for its own line of faster ships to take its own mail from the mail boat at Hong Kong or Singapore while the mail boat was coaling and bring it at full speed to Shanghai, where it was put ashore farther up the Yangtze above Woosung and brought secretly to the firm's offices, thus giving them a valuable jump on buying and price transactions.

442 439

This advantage was, however, shortlived, since a telegraph line was completed into Siberia by 1871, and messages could be sent from London to Kiachta on the Mongolian frontier of Siberia, relayed from there by courier to Tientsin, and thence by coastal steamship to Shanghai in three weeks total, while the regular sea mail from London, even with Jardine's short cut, took seven weeks. In at least one case these dramatic but often uncertain improvements in communication proved disastrous. Early in 1876, a telegraph and marine cable line was completed to Shanghai via Singapore and Hong Kong, and in June came the news that half of the French and Italian silk-worm crop had been destroyed by violent thunderstorms. This stimulated frenzied buying of silk by the foreign firms, but the cable broke early in July a few days before the London market (which supplied the continent with Chinese silk) collapsed, and two foreign firms at Shanghai were ruined by their continuance of buying in the expectation that the cable would soon bring more good news.[21]

It was an alternately lazy and frenzied life for the foreign merchants during the days when tea, silk, and opium were the only important trade goods and before the advent of cables and steamships. During the "season" of about two and a half months (the silk-buying season lasted from mid-May to late June), foreign merchants worked twelve or fifteen hours a day seven days a week arranging for the buying, transport, packing, and shipping of tea and silk. For the rest of the year they kept leisurely hours, seldom opening their offices before ten or closing them after four, and taking two hours or more for a heavy lunch in the mess. They placed great emphasis on violent exercise as the only way for a Westerner

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442 to keep healthy in China, and nearly every foreigner in Shanghai
439 rode, hiked, or took part in team sports.

The Chinese were amazed at this waste of calories. "'Belong foreign man custom' they would say as they turned to their diet of rice and cabbages," according to the memoirs of an early foreign resident.[22] Certainly the foreigners ate well, but while they brought spirits and special foods from home at great expense, the bulk of their food came from the delta area, according to the records of the same early resident, who was for a time during the 1870's in charge of the mess at one of the foreign firms and lists the sources and prices of the most important items which supplied it.[23] Foreign merchants and assistants would often be gone for weeks at a time on shooting excursions in the hinterland. Wherever they wanted to go in the delta area they found they could travel by houseboat, to the smallest village or the most remote bird-feeding grounds. And wherever they went they found these waterways clogged with Chinese craft carrying both domestic and foreign goods to and from Shanghai.[24]

509 W. H. Medhurst, an early British missionary (and later consul) at Shanghai, took a trip into the tea and silk districts of Kiangsu, Chekiang, Anhwei, and Kiangsi in 1845, disguised as a Chinese. His account of the trip laid emphasis on the waterways of this region, and since his journey never took him far from the waterways of the delta or of the Yangtze system, he attributed what he saw over this large area to the whole of China:

> Canals have been dug in all directions, and spread like veins and arteries to almost every part of the empire. As far as the experience of this writer goes, the Chinese have no walled cities or large towns except in places which are accessible by water.[25]

[491] He noted that the major canals, used by grain junks, averaged about 40 feet wide and 6 to 8 feet deep, and that bridges over them were at least 20 feet above the surface of the water at the center of the arch so that the grain junks could pass under them with their masts lowered.

361 By 1863, the original foreign leasehold at Shanghai of 43 acres had been expanded through agreements with the taotai to a total of

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2094 acres (including the French Settlement), and Shanghai was 361
indisputably the leading port and commercial city of China.

Struggles with the Harbor

The problem of an adequate harbor, however, was a matter of 503
increasing concern to the foreign community through the latter half of the nineteenth century, if not to the Chinese authorities. It was openly stated by the ranking Chinese government official at Shanghai in 1874 that Woosung Outer Bar was in fact a "heaven-sent barrier intended to prevent war vessels of heavy draught . . . from entering the harbour."[26] But foreign residents realized with alarm that the city could not hope to remain an ocean port if the silting process were allowed to continue, and they had yearly evidence of the speed with which the Yangtze was extending its delta. Blonde Shoal, near the mouth of the Whangpoo, was covered with ten feet of water at low tide in 1850, and by 1890 rose three feet above mean low water. The history of Tsungming Island, already referred to above, was well known, as well as the fact that the site of Shanghai had originally been on the seacoast and that it was rapidly being cut off from access to the sea.

A local resident writing in 1894 estimated that silt deposition in the Yangtze estuary would lessen the depth of the water about one foot in every eight years if spread evenly, and that while tides and currents provided some scour in certain channels, these too were filling up, although at a slower rate. The same writer, however, pointed a lesson later acted on by the Whangpoo Conservancy Board after 1905 by calling attention to the fact that when a small coasting vessel had been rammed and sunk in mid-stream just above Woosung Outer Bar in 1892, the Whangpoo current had apparently been diverted and concentrated sufficiently to scour a new and deeper channel through the bar.[27]

Shanghai's environmental dilemma was intensified by the progress of steam navigation in the latter half of the nineteenth century. The most economical ocean carriers were increasingly those of larger draught, and by 1885 or 1890, most of these new steam freighters could reach Shanghai only with difficulty or not at all. Shipping lists published in the *North China Herald* at Shanghai

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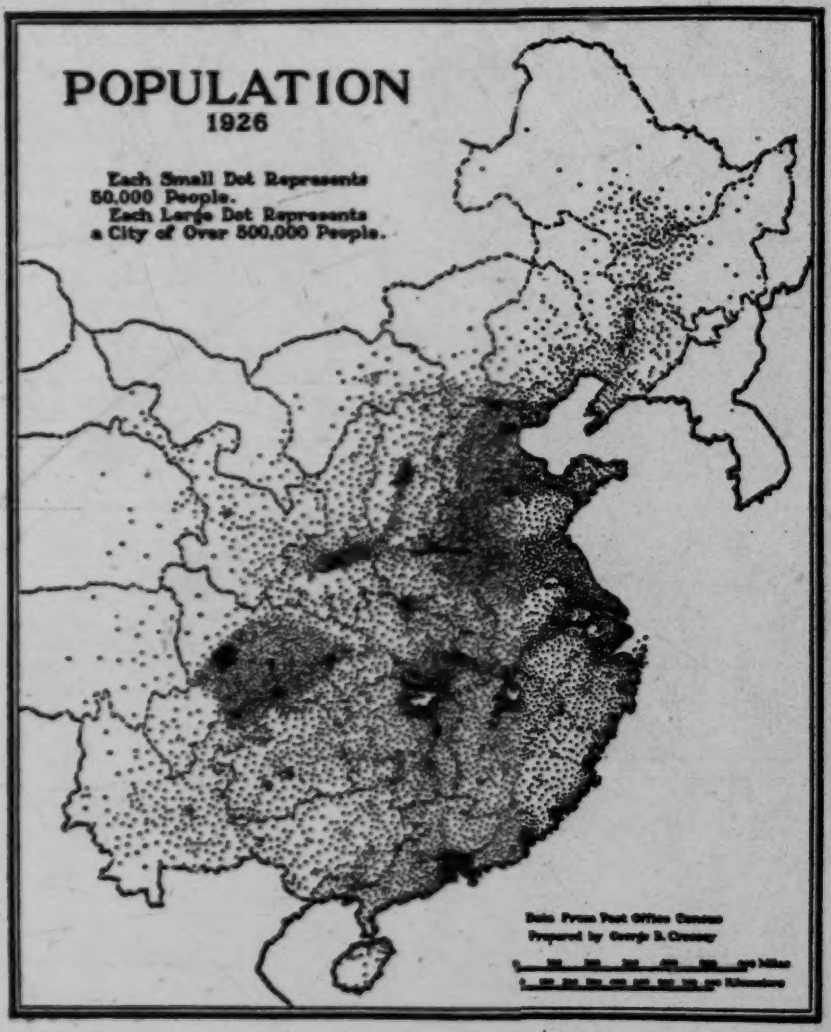

Map 7. Distribution of Population in China (reproduced here by the courtesy of the McGraw-Hill Book Company, Inc., from G. B. Cressey, *China's Geographic Foundations* [1934]).

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show an average size of ocean-going ships entering Shanghai harbor 503
between 1850 and 1860 of about 1,000 gross tons. In the decade of the 1860's, this figure reached 2,300, and by 1880 had exceeded 4,000. The original harbor regulations, published by the *North China Herald* in 1852, limited the overall length of ships to 165 feet if they wanted to come as far as Soochow Creek, in view of the narrow channel and confined anchorage. However, between 1850 and 1930 the width of the river at Shanghai decreased from about 2300 feet to 1450 feet, and while dredging had widened somewhat the original channel and anchorage by 1930, the harbor was little more commodious than it had been in 1850.[28] The advent of steam did however make the harbor's overall size and the narrowness of the channel less of a disadvantage than it had been for sailing ships, and it further removed the special advantage of Canton accruing from the monsoon winds.

As early as 1873, representatives of the major foreign shipping firms in Shanghai pointed out to Robert Hart, Inspector General of Customs, the need for dredging the Inner and Outer Woosung bars. Hart approached the Chinese authorities, but could not persuade them to take any action. In the following year, the British chairman of the Shanghai General Chamber of Commerce, in a letter to the British Minister to China, T. F. Wade, asked whether permission might not be obtained for the foreign ratepayers of Shanghai to tax native and foreign shipping in order to dredge the harbor if the Chinese government refused to do anything about it, but Wade also had no success through Peking channels.[29]

As a result of this controversy, Hart in 1875 published his opinion 503
on the problems raised by the vanishing ship-channel, which read in 487
part as follows:

The trade consequent on opening the Yangtze basin has so far been diverted into a false channel by the vested rights or money spent in Shanghai. The agency is in turn counteracted by the opening of the Suez Canal, through which steamers have begun to pass, making London and Hankow their termini . . . Teas will be shipped at Hankow and Kiukiang, and Shanghai silks and Ningpo teas at Chinkiang. They will be the return cargoes of the steamers which carry what China will continue to demand from Europe. In twenty years' time Chinkiang will

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have taken the place of Shanghai as a semiterminus and transshipment port . . . Thus looked at, as it affects and is affected by natural and artificial agencies now at work at the mouth of the Yangtze, the question of the Woosung Bars is seen to mean that dredging may possibly be nothing more than a means of making the last days of Shanghai a little more comfortable than they would otherwise be; it will not prolong or avert the commercial death of the place, but it will make a show of vitality during its declining years more possible . . . Given the natural and commercial agencies at work, it may be taken for granted that, certainly for ten, or perhaps twenty or thirty years to come, the commercial status and foreign community of Shanghai will be such as to make it worthwhile to prevent the river from being blocked up at any one point, for instance by the Woosung Bars. Dredging can do this, and then only for a time. It cannot secure for Shanghai either a navigable channel or a continuance of commercial prosperity . . . The circumstances of Shanghai, its present position as a commercial centre, the interests of the community and the revenue it yields China, are in themselves sufficient reasons why the demand for dredging ought to be assented to, but it must be borne in mind that no one can say how soon commerce may cease to ask for access to Shanghai, or natural forces acting elsewhere make dredging operations at Woosung useless.[30]

Hart could not of course foresee the degree of improvement in dredging methods and machinery which have kept Shanghai, as well as many other world ports, open to ocean commerce where natural processes would long ago have cut them off or where the dredging equipment of 1875 would have been unequal to the task. He also failed to appreciate that the locational advantages of Shanghai were sufficiently great in relation to other possible centers in the Yangtze basin to make large-scale efforts to combat the disadvantages of its site worthwhile, or to permit its continuance as a major port despite its poor harbor. He may have been influenced in his judgment by the fact that in 1875 the only three trade commodities of importance were opium, tea, and silk. These high unit-value goods were relatively less dependent than bulk or low unit-value goods on precise locational advantages in their transport. As they lost their dominant position in the foreign trade of China, the more diversified and relatively lower unit-value agricultural exports and the equally diversified and low unit-value imports created

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a much greater need for an ocean port with the best possible location. 503
Shanghai's water route connections through the Yangtze system 487
made it the obvious choice.

Hart also did not consider the fact that while the progressive 503
rise in average tonnage of ships in the Pacific trade increasingly emphasized the limitations of Shanghai, it even more pointedly revealed the barriers to navigation on the Yangtze above Shanghai. Chinkiang, Hart's choice as the port most likely to become the major Yangtze basin entrepôt, declined to insignificance in ocean shipping handled by the turn of the century. On the other hand, within twenty years of Hart's prophecy, and while he was still Inspector General of Customs, the gross value of the trade of Shanghai doubled.

As the foreigners continued to see new mud banks rise out of the Yangtze and the Whangpoo, dry out, and be settled and farmed, other gloomy predictions were added to Hart's.[31] Partly as a result of indirect foreign pressure, the Chinese Government purchased a German dredge and began work on the Woosung Outer Bar in 1881, but little was accomplished and work was stopped in 1889. By 1893, the situation led the foreign Commissioner of Customs at Shanghai to remark:

> The Woosung Bar dredging has I think convinced most people that the bar there must always be with us and that business must adapt itself to things as they are . . . The largest vessels which come to port never come any nearer than Woosung. I expect to see development of business there, but the available anchorage is not too capacious, and the distance from go-down is a considerable source of expense.[32]

In addition to the factors mentioned here by the Commissioner, the presence of the Fairy Flats in the Yangtze estuary is probably as much responsible as the progress of dredging in the Whangpoo for the fact that Woosung has never become Shanghai's port in any significant respect.

With the beginning of permanent dredging operations on a large scale by the Whangpoo Conservancy Board in 1905 (see above, Chapter Three), the locational virtues of Shanghai in effect dictated an ultimately successful attack on the city's major site problem.

503 Once Western economic enterprise had established itself at this strategic center of modern China's key economic area, neither treaties nor Chinese officials, neither isolation nor mud, could prevent Shanghai from realizing its wider geographic advantages.

SIX

The Political Factor

The opening to foreign trade of ports in China outside Canton required for the first time purely commercial cities of metropolitan size. Within the treaty ports, a blend of Western and Chinese business methods developed under the dominance of foreign commerce and the protection of foreign order which provided entrepreneurs with security of investments and freedom from bureaucratic control for the first time in the history of China. This new economic activity was largely created out of the traditional economy of China, still pre-industrial but highly developed, and it was natural that in each treaty port the presence of foreign traders and their capital attracted Chinese middlemen and merchants to the foreign settlements, where commerce under Western rules and legal protection was more profitable than under traditional conditions elsewhere. 441

Provided with a merchandizing outlet, the trade of the Yangtze basin flowed in increasing volume through Shanghai and created there a rising structure of Western-style commerce. Risk capital for commercial investment, earned both in the new market of Shanghai and in traditional enterprises in the hinterland, notably in land, became concentrated in the city, where opportunity and security were uniquely combined. For the first time, safe and productive investments were available to capital which under the traditional system was almost exclusively, and unproductively, invested in land. Capital and trade were mutual catalysts in this situation, and when foreign capital was permitted to invest in industry in the treaty ports after 1895, Chinese capital was soon attracted to this further profitable outlet. The marked concentration of China's trade through Shanghai after 1860 had also tended to foster the accumulation of both Chinese and foreign capital in the city, which after 1895 was available for 454

454 investment in industry. The political independence of the foreign settlements was a key factor in all of this, as well as in the development in the city of banking, exchange, and an international money market, all profiting from financial enterprises by no means limited to the city's trade and industry but conducted under the advantages of foreign law and of free circulation of foreign and Chinese currencies.

633 441 Trade, industry, and finance thus were given an original impetus and were helped to maintain their mutual and cumulative effect of attraction by Shanghai's political status. Location has, however, been the predominant factor in the growth of the city at every period, and distinguished Shanghai from other treaty ports which, with the same economic opportunity derived from their political status, were rapidly outdistanced by Shanghai. Hong Kong's location was equally favorable at the start (before north China and the Yangtze valley were opened to foreign trade) and the city had the further early advantage of insularity, where full British sovereignty gave to trade the security an entrepôt requires. If political status were the primary factor, Hong Kong would have displaced all its rivals. Hong Kong's trade is still second only to Shanghai's, but following the usual pattern, as commercial development proceeded in the wake of treaties opening new ports and granting new rights to foreigners, a mainland site became increasingly advantageous. At the same time, the center of trade shifted inevitably to its natural focus in the Yangtze basin after the collapse of the artificial Canton system.

A vigorous controversy among foreign and Chinese businessmen in Shanghai over the economic importance of the city's political status was touched off in 1931. The Shanghai Municipal Council (at that time composed of five British, two American, two Japanese, and five Chinese members), had for a decade received increasingly explicit requests from the Shanghai Chinese and from the national government to consider means of returning to China full sovereign rights over the entire city, including the abandonment of extraterritoriality. In 1930 the Council invited the Hon. Mr. Richard Feetham, a judge of the supreme court of the Union of South Africa, to appraise the situation as an impartial investigator and to make detailed recom-

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mendations "with a view to assisting them in formulating some constructive plan for the future of the Foreign Settlement which, while giving full consideration to the aspirations of the Chinese people will at the same time afford reasonably adequate protection to the great commercial and business interests which have been developed in Shanghai."[1]

In the course of his investigations, Justice Feetham consulted virtually every prominent foreign businessman and business organization, including those which had been demanding the rendition of foreigners' special rights, legal and territorial. Justice Feetham asked these individuals and organizations to give their several opinions on "the nature and extent of the business interests concentrated in Shanghai, particularly in the foreign Settlement, and the main causes which have led to such concentration."[2] Whether or not Feetham intended this as a leading question, the replies from foreigners were almost unanimous in stressing that the political status of the foreign settlements had been the only factor of importance in the growth of the city.

Their argument, as far as it went, was convincing. They pointed out that trade and investment could prosper only under orderly conditions, and that the security offered to business by the foreign settlements was not only physical but legal, embodied in courts of law free from political interference and upholding the sacredness of contract. They neglected to point out that the law, originally administered to each national group by its own consular officials who were often themselves members of the business community as well, and later for the larger national groups by specially appointed judges from the home country, was frequently read to the particular advantage of each national group, at the expense of other foreigners and of their Chinese competitors or customers. There was nevertheless protection, by the due process which obtained, against seizure of property, extortion, excessive taxation, illegal practices, and other phenomena common in contemporary China, where military requisitions, arbitrary government regulations, dues and fines, official and unofficial "squeeze," and wholesale expropriation were the daily risks of the businessman.

Even the Chinese enterprises outside the settlements profited

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from the special rights of foreigners by sharing the protection of foreign ships and troops against threatened occupation of these areas by Chinese forces in times of civil disorder or rebellion. Under Chinese control, the foreigners argued, public utilities would quickly deteriorate, and illegal and disastrous business operations would disrupt commerce and industry. The enormous investment in land within the settlements, legally protected by deeds and free from expropriation, was a prominent source of new capital for investment in the city's expanding economy. Title deeds to real estate in the settlements, registered with the foreign consuls, were important as security for loans to both foreign ano Chinese entrepreneurs. Foreigners cited the gradual drop in interest rates in the Settlements since 1843, a healthy condition for business, and attributed it to the security attendant on foreign political control, comparing it with interest rates elsewhere in China often exceeding 50 per cent per annum. Some of the statements from foreigners cited "the superior geographic location of Nanking" (an assertion which they did not substantiate and which hardly can be upheld), arguing that it was nevertheless "backward" solely because it lacked the advantages of security on which Shanghai had grown.

There were two dissenting voices among the foreigners. Germany had lost her special rights in China, including extraterritoriality, in 1915, and the statement of the German Chamber of Commerce[3] gave first importance to geographic location in the rise of Shanghai, taking the view that its political status had been a minor factor. "In our opinion, the geographical situation is the vital point . . . The position of Shanghai as a commercial centre greatly depends on the situation in the interior." Most of the city's imports are transshipped to the interior, and most of its exports originate there. This trade is "not protected by Shanghai's special administration, still there is an ever-increasing total of trade figures, a phenomenon which evidently is not entirely due to the status of Shanghai."[4] It was natural that the German businessmen should prefer to see the special treaty advantages of the other foreign merchants removed, but the recovery of German trade at Shanghai after 1919, despite the handicap of dealing on equal terms with the Chinese,

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was quick, and by 1930 it amounted to a larger percentage of the business of Western nationals than it had in 1913.[5]

Professor C. F. Remer, a noted student of Chinese economic problems then on the faculty of St. John's University in Shanghai, contributed the only impartial and certainly the best informed opinion on the questions raised by Justice Feetham.[6] He allowed the early importance of political (and thus economic) security in favouring the concentration of capital and commerce in Shanghai, "but it does not follow that the abolition of extraterritoriality would destroy Shanghai as a financial center. China's trade would still be financed. The degree of difficulty would depend on the Chinese government regime, and here the Chinese bankers, merchants, and industrialists would exert great influence." Emphasizing that China appreciated the geographic advantages and importance of Shanghai and would not let them lapse, he pointed out that "what would go primarily would be the present free opportunities for foreign investment and foreign financial operations, and possibly the concentration of silver and specie in the Settlement, which would limit speculation and general financial operations, but not necessarily seriously. Financial dislocation could easily be avoided by intelligent Sino-Foreign cooperation, and China's financial center would remain at Shanghai."

Statements from Chinese civic and business organizations ranged from polite Chinese phrases claiming that "the problem is too intricate for an immediate or complete answer" to outright demands for the immediate rendition by the foreigners of all special rights. Most of them played down the importance of political and economic security in the growth of the city, or maintained that it could adequately be provided under full Chinese sovereignty, and all of them stressed the natural advantages of Shanghai as the key factor. Justice Feetham's final recommendations were that immediate rendition would be fatal to the economic life of the city, and that although it must come eventually in order to satisfy Chinese national aspirations, it should be delayed until the rule of law and constitutional government was accepted in China.[7] This was of course a conveniently ambiguous phrase, and no provisions were made for determining when the conditions had been met. It remains to be

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633 441 seen how the surrender of special privileges in China by all of the nations having treaty relations with China (completed by 1944), and the full sovereignty of the national government of China over the whole of Shanghai will affect the economic development of the city.

Jealous of their threatened treaty rights, which undoubtedly gave them as foreigners an advantage in business and investments over the Chinese, the foreign business community of Shanghai overstated the importance of the political factor in the rise of the city, especially by implying that the special status of the Settlements and their foreign residents worked equally to the interests of Chinese and foreigners. Primarily, they failed to evaluate correctly the locational factors which, once the Yangtze basin was opened to foreign trade by treaty agreements, played the predominant role in the growth of modern Shanghai. A city of this order of magnitude and volume of trade could not have and did not develop anywhere else in China, and this condition was in large part responsible for the mushroom growth of Shanghai as the one dominant commercial center for most of the country.

The security provided by foreign control was an important stimulus to economic development at a critical time, during the early years of the foreign settlements when capital began to concentrate there. In this respect it had the effect of a protective tariff for the infant Western-type economy born into a strange land. Once this economy had matured and acquired its own momentum (based increasingly on Chinese participation according to Western economic methods), the tariff was characteristically retained although it was no longer necessary to the healthy functioning of the economy and now operated merely to protect special sectors (in this case the foreign businessmen), which could continue to operate on a non-competitive basis. It is not necessary to deny that removal of the tariff would cripple "special interests" to maintain that the net effect of removal on the overall functioning and prosperity of the economy would be slight.

633 441 177 A new group of Chinese businessmen had learned Western commercial methods from their intercourse with foreigners in the treaty ports. Shanghai was the leading school, and by the turn of

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the century, foreigners in business there were in general limited to the heads of firms and their executive assistants. Chinese were responsible in the foreign firms for the bulk of buying and selling and for the essential groundwork of financing in addition to maintaining their own trading firms. Private Chinese entrepreneurs took a prominent part in the growth of industry in the city after 1895, and modern Chinese banks modeled on Western methods rivaled the foreign banks after 1920 as the leading Shanghai financial institutions. Strong foreign, especially Japanese, competition, profiting from treaty advantages, was more responsible than Chinese lack of experience or ability for the fact that the Chinese did not dominate the originally foreign economic life of the city more completely than they did. Chinese capital for investment was a problem, but it was increasingly being produced by Shanghai's own economy, and capital could be borrowed abroad without requiring foreign control over its investment.

633 441 177

It could be argued that while Chinese methods in business and industry were in many cases different from those of the West, they were better adjusted to the particular conditions of the Chinese economy and society and if given free competitive opportunity would be at least equally successful.* In any case, it could not be assumed that if left in sole control of the complex economy of Shanghai which they had helped to build, the Chinese would allow it to run down to any significant extent. Conscious planning to relocate industry is another matter.

633 441

The prolonged controversy leading up to Justice Feetham's investigations included a special number of the *China Weekly Review* in 1926 devoted to "Greater Shanghai" in which the following argument for rendition appeared: "Shanghai would have been a great city had there never been a foreigner in the place. It would continue to be a great city even if the foreigners should vacate their modern buildings and go home."[8] While the first sentence is an overstatement of the case, the second sentence is undoubtedly accurate.

* Carl Crow, *Four Hundred Million Customers* (1937), and *Foreign Devils in the Flowery Kingdom* (1940), an American businessman of nearly thirty years' experience in Shanghai, tends to take this view.

60D PART TWO: Key Functions

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SEVEN

Transport Routes and Trade in the Hinterland

496 The commercial ascendancy of Shanghai was due in large measure to its favorable orientation to the major sources of China's leading trade goods. This specific locational advantage will now be examined in a more detailed analysis of the production and transport of the staple articles of trade. In the interests of clarity, the main transport routes leading to the city will be treated first so that the discussion of production and movement of goods which follows it may be read in the light of the environmental conditions which directed their flow.

Transport Routes

The first railway connection with Shanghai was the Nanking line (193 miles or 308 kilometers), which was opened to traffic in 1908. It was followed in 1909 by the line to Hangchow (118 miles or 188 kilometers), and these two have remained the only rail connections aside from the spur to Woosung. By 1936, the total length of railways tributary to Shanghai was about 600 miles, as against 1900
497 for Peking and 1300 for Tientsin (map 8). From 1930 to 1936, the Hangchow and Nanking lines each carried annually about one million tons per mile of line, or about the average for a moderately important branch line in the United States. The same figure for the main line of the Pennsylvania Railroad during this period was about 38 million tons.[1]

Despite the fact that Shanghai is by far the largest and most completely industrialized city in China, the total haulage of the two railway lines connected with it averaged between 1930 and 1936 only 7 per cent of the total kilometer/tons hauled by Chinese

[p. 89]

497 railways (exclusive of Manchuria).* The role of railways in the growth of Shanghai has clearly been minor, and they have never become large volume carriers on a Western scale, despite their connections with most of the several large cities in the delta, and despite the relatively great agricultural and industrial productivity of the lower Yangtze basin.

491 The highway pattern is also relatively little developed. Two roads run south from Shanghai to Hangchow (both opened to traffic in 1932), and one runs north to Nanking. A large proportion of the highway mileage runs beside the railway lines, which makes the highways less useful than if they ran independently of or as feeders for the railways. The northern and southern highway routes are joined by a road from Kashing to Soochow, but the few remaining roads are either short-distance feeders or dead ends. There is no direct road connection between the major cities of Soochow and Wusih or Nanking. With minor exceptions in the vicinity of Shanghai, none of these surfaces were paved, and nearly all of the mileage is two-lane only.

494 The paucity of roads is presumably not due either to construction difficulties or to lack of general trade volume, although level ground in this area is usually accompanied by a dense network of natural and artificial waterways over which bridges must be built. The roads were constructed primarily for tourists and for general automobile travel rather than for commercial haulage. At least two of the major links (the shore road from Hangchow to Shanghai and the northern road from Shanghai to Soochow) were legally closed to vehicles over three tons gross weight from the time of their construction.[3] Due partly to the high cost of fuel, trucks, and parts, and partly to the generally pre-industrial nature of the economy, the volume of truck haulage on all of these roads has remained slight.[4]

505 Within the delta, however, and within most of the Yangtze basin, goods can move so easily and cheaply by water that there is little

496 * The total length of railways in China proper in 1936 was 9,712 kilometers, of which the two lines discussed above accounted for 753 kilometers (including sidings, loops, branches, and 112 kilometers of second track in and on the outskirts of Shanghai, Nanking, and Hangchow), or 8.3 per cent.[2]

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need for mechanized carriers even to supply a city the size of Shanghai. The Shanghai Municipal Council made a traffic count in 1919 on Soochow Creek near its mouth and found a 24-hour average of 1858 cargo boats between 10 and 90 tons cargo capacity

Map 8. Railways of China, as of 1936 (reproduced here by the courtesy of *The Geographical Review*).

and 807 freight sampans passing the point of count.[8] Assuming that half of these boats were empty and half were loaded to capacity, and assuming arbitrarily that the sampans had half of the average cargo capacity of the cargo boats, these figures show a volume of

505 haulage on this one creek (the main water connection with the delta hinterland, although there are several others as well) between five and ten times greater than on either of the two railway lines.

In addition to the Yangtze and the Whangpoo, three major water routes connect Shanghai with the delta: Siccawei, Soochow, and Woosung Creeks (maps 3 and 5). The lower reaches of Soochow and Siccawei Creeks were periodically dredged by the Whangpoo Conservancy Board until 1936, and on the former a minimum depth of five feet at low water within a 100-foot channel was maintained as far as Soochow, where the Creek terminates. This enabled boats up to 80 tons cargo capacity to reach Soochow, and to move from there into the wider water network of the delta. Siccawei Creek provides a through route for boats up to 40 tons cargo capacity as far as Tsingpu and from there to Tai Lake. Woosung Creek makes similar connections as far as Kunshan, where it joins several other navigable waterways. Five daily "boat trains" (barges towed by a steam launch) left Shanghai for Soochow during the 1920's and 1930's, a journey of ten to twelve hours. The "trains" carried freight as well as passengers, but more deck-passenger space was available west-bound, presumably because outward-bound Shanghai manufactured goods took less space than inward-bound rice, silk, cotton, or other agricultural raw materials.

489 There were no railway wharves inside the harbor limits. Those at Woosung and Lunghua (both outside harbor limits) were relatively little used, and the Woosung railway wharves handled almost entirely inbound ocean and river cargo destined for Shanghai rather than for other cities. On the right bank of the Whangpoo there was not a single motor road before 1936.* Three large creeks, however, connected the river's right bank with the sea and with the district southeast of Shanghai. The barrier represented by the Whangpoo, and the relatively small and unproductive countryside east of the river were largely responsible for the smallness of commercial and manufacturing development in Pootung. The shipbuilding, wharves, and manufacturing located there were maintained entirely by water transport.

* In 1936 a short road was built in Pootung, extended to 37 kilometers in 1948, paralleling the river behind the wharves.

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The Yangtze system, of which the delta's waterways are a part, has been outlined above in chapter four. With its channel for ocean-going ships as far as Hankow, for river steamers to Suifu, and for smaller craft still farther, in addition to navigation on its tributaries, the Yangtze is in turn tributary to Shanghai. The hills and mountains which define its watershed are in most cases barriers sufficient to prevent volume movements of goods by land across the divides. The Cheling and Meiling passes (map 4) connecting Canton and the Hsi basin with central China, are the only two exceptions of importance, aside from the open coastal lowlands. By 1890 steamships had become more important carriers than native junks on the Yangtze and the lower reaches of its major tributaries for all but local hauls, but junks have continued to operate over the entire navigable length of the river and are of course particularly important in its upper reaches and along the tributaries. C EC 501 505

Junks of the type in use on the lower Yangtze average about 100 tons cargo capacity, and draw between six and eight feet of water, so that they can also use the major delta waterways and most of the Yangtze tributaries. Large rafts are also used on the Yangtze for transporting general goods as well as the timber of which they are made, the rafts being broken up and the timber sold at the end of the downstream trip, as on the Mississippi during the eighteenth and nineteenth centuries. Such rafts were until recently often so big that not only families but entire villages, including barbers, tinsmiths, and restaurateurs lived on them during the downstream trip to Shanghai, which was slowed by the size of the rafts.

While the winter low-water period limits the range of steamships, it tends to make junk navigation easier because of quieter waters and because the easiest towpaths are then exposed along the river bank. Steamships using the river above Ichang in winter frequently tie up for the night, but along many stretches, especially in the gorges immediately above Ichang, junks cannot move with safety during the summer because of the current and because the flood waters covering the winter towpaths are confined between nearly sheer rock walls. On the lakes within the Yangtze basin, notably Tung Ting and Poyang Lakes, strings of barges towed by steamships are the major carriers.

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505 The usefulness of the Yangtze system for the transport of goods is due in large measure to the number of navigable tributaries feeding the master stream, each draining its own highly productive area (maps 1 and 4). Of the major tributaries, the Kan, entering the Yangtze at Kiukiang, is navigable for steamships for 100 miles from its mouth at all seasons, and for 300 miles in summer. Both figures are exclusive of the navigation on Poyang Lake. Steam navigation on the Han from Hankow is possible for 150 miles in winter and for about 375 in summer. Junks and sampans make connections via the Han with southern Shensi. Steamships operate on the Hsiang (Siang) from its mouth in Tung Ting Lake, Hunan, for 150 miles in winter and for 250 miles in summer. On the Chialing, there is steam navigation for about 100 miles from Chungking in winter, and for 280 miles in summer. The Chialing also provides a navigable connection for sampans with southern Shensi and southeastern Kansu. On the Min, regular year-round steamship service is maintained for 80 miles from Suifu. The steamships operating on the Yangtze and its tributaries are predominantly registered in Shanghai, an indication of the extent to which the trade of the river's basin drains to the city.

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133 These waterways of the Yangtze system were collectively the backbone of China's transport facilities in the nineteenth century, and they have remained so. Their limitations are in general those of unreliability. Stream regimens fluctuate widely through the year in all mid-latitude continental climates. In the moderately monsoonal climate of western and central China, the denuded watersheds of the Yangtze and its tributaries, where intensive agriculture has centuries ago removed most of the original forest cover, make for further seasonal extremes in stream levels. Snow melt-water from the northern and northwestern parts of the Yangtze watershed, and the rains of late spring and summer, drain rapidly into stream channels, and produce a yearly range of 90 feet in the level of the Yangtze at Ichang, and 60 feet at Hankow.

In addition, the Yangtze cuts across the major north-south mountain range of central China in its progress from the Szechuan basin to the east China lowland. Between Chungking and Ichang (the gorges of the Yangtze where it has cut through the mountains

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are between Wanhsien and Ichang), a distance of about 400 miles, there is an average drop in elevation of 14 inches per mile and a total of 15 major rapids. These gorges and rapids are responsible for the break from orthodox ocean and river steamships to special shallow-draft and high-powered steamships at Hankow, which because of its location at the mouth of the Han is a more convenient shipping and commercial center as well as a breaking-point in transport than Ichang, whose hinterland is relatively unproductive and poor in waterways. On all of the Yangtze tributaries beyond the reaches navigable by steamships, navigation by native boats is increasingly seasonal toward the headwaters, and as we have seen above, steam navigation is considerably restricted during the winter low-water period. C EC 502

The Chinese of the Yangtze basin have learned to make maximum use of existing waterways, with the technical means available to them, and are accustomed to floating rafts and even specially designed junks on one or two feet of water.* Such rafts can carry up to 20 tons of goods and remain waterborne in one foot of water. Spring and summer floods present more of a danger for them than does the winter low-water period. In southwestern Shensi and southeastern Kansu, a region which produces wool, cotton, and hides for export, these products are sent to market during the time of the spring floods by making them up into bundles around which the hides are sewn in a waterproof covering. The bundles are then put into the headwaters of streams leading eventually into the Chialing or Han Rivers, down which they float to collecting centers near the head of junk navigation. C EC 505

Despite such ingenious adjustments to an environment poor in easy overland routes and rich in waterways, movement of goods along many reaches of the Yangtze system virtually stops during the lowest low-water and highest flood periods, and is seriously hampered even on the master stream by currents, gorges, and rocks. Merchants of Ichang, just downstream from the main gorges of the Yangtze, estimate that about 20 per cent of east-bound boats and

* See Baron von Richtofen, *Letters to the Committee of the Shanghai Chamber of Commerce* (1871), p. 7. He describes navigation in the upper waters of Yangtze tributaries in the central mountain belt on two inches of water.

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KEY FUNCTIONS

505 cargoes between Wanhsien and Ichang are damaged in transit, and about 10 per cent of west-bound boats.[6] Rates of course vary
C according to the season and to whether the cargo is to be moved up
EC or downstream.[6]

502 More than a few villages along the Yangtze between Ichang and Chungking depended for their livelihood largely on salvage from boats wrecked on the rocks or in the rapids. Many of these villages were engaged in neither agriculture nor fishing. Hsin Tan (the characters mean "new rapids"), some eighty miles upstream from Ichang, was described by the delegates of the Shanghai Chamber of Commerce in 1869 as a large and prosperous town whose wealth derived mainly from its location at one of the most dangerous rapids along the upper Yangtze. The original channel there was blocked by a landslide in the fourth century B.C., and shortly thereafter Hsin Tan was founded a few hundred yards from the new channel, which contained a series of rapids. The new town presumably acted as a lay-over point for boat trackers, but the rapids also yielded another form of income. Navigation on this stretch was originally forbidden by the provincial authorities between November and April, but the inhabitants of Hsin Tan cleared a channel adequate for the passage of boats during the low-water period but not adequate enough to prevent frequent wrecks,
EC from which they realized most of their livelihood.[7]

505 Trade within the Yangtze basin has to adjust itself to the seasonal
442 limitations on navigation. Merchants in each trading place, including Shanghai, are obliged to keep large reserves of goods on hand to tide over the periods of flood and low water, and to be ready to ship in large quantities when navigation is possible. Water transport is also liable to interruption by civil disorder (peasant risings, troop movements, bandits), since boatmen fear expropriation of their craft and cargoes at such times. Foreign traders in Shanghai found that most of the Chinese dealers in the hinterland had insufficient capital to buy goods adequate to ensure a uniform supply, and that it was therefore necessary for local branches of the Shanghai firms in inland trade centers such as Hankow or Kiukiang to keep on hand at all times a minimum of 18 months' supply of goods. Under such conditions, only the largest foreign firms could afford to operate,

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since only they could make such large investments, and could 505
spread the risk of loss over many distribution centers in the interior. 442
Only the largest firms could also keep prices reasonably uniform throughout the year by balancing seasonal and regional losses against seasonal and regional gains.

These operations could not be conducted by foreign firms from 505
a non-Chinese port (such as Hong Kong, or such as was at one time envisaged on Chusan Island), where customs dues and handling charges would be added costs, and because much of the Yangtze trade can best be conducted by junks which are usable over most of the basin's waterways but are not suitable for coastal navigation. Junks drawing between five and eight feet can navigate both the upper and lower Yangtze (i.e., above and below Hankow) as well as most of the major tributaries and the larger waterways of the delta. Their shallow draft and unseaworthiness eliminate them from coastal navigation; a dual-purpose junk would be an overly expensive carrier. Cargo packed at the Shanghai headquarters of foreign firms for shipment to inland centers can be packaged more cheaply for river transport than would be possible for non-Chinese entrepôts dependent on coastal shipping for their connection with the transport routes of the mainland.*

All of these factors, in particular the advantages accruing to the largest firms from the seasonal variations in water transport facilities, redounded to the benefit of Shanghai, since the great majority of the largest foreign and Chinese firms engaged in the import and export trade had their headquarters there. Hankow was handicapped in its direct foreign trade by the low-water period of winter, during which most ocean ships could not reach the city. Shippers preferred to operate out of Shanghai as the only year-round ocean port for the Yangtze basin.

The advantages of unfettered access to this trade artery were 648
apparent to the early foreign traders at Shanghai before the Yangtze 439
was opened to foreign steam navigation by the commercial section

* A statement from a "businessman of wide experience in China," cited in R. C. Feetham, *Report to the Shanghai Municipal Council* (1931), I, 289–90, makes many of these points. What is discussed here is of course the "break-in-bulk" theory. The statement goes on to say that "fully 80 per cent of cargo delivered to ultimate consumers in China moves via waterways."

648 of the Treaty of Tientsin in 1860. (Large-scale foreign trading on
439 the river was in effect delayed until after 1862 by Chinese recalcitrance resulting in a second British campaign in 1860, this time to Peking itself, and by the progress of the Taiping Rebellion in the Yangtze basin.) Rutherford Alcock, British consul at Shanghai in the early 1850's, was of the opinion that "it is vain to look for improvement in British imports while these great trunk lines of inland commerce [i.e., the Yangtze system] are closed to the transit of our goods."[8] The British campaign of 1858 against the Ch'ing Government, and its sequel in 1860, had as one of its chief objectives the opening of the Yangtze to British trade and the addition of Chinkiang, Kiukiang, and Hankow to the list of treaty ports. All three were opened by 1861, and with free navigation on the Yangtze, Shanghai was at last able to implement its location to the full.

439 Graph 3 suggests the effect of these changes on the foreign and domestic trade of Shanghai. Both total trade and re-exports of foreign goods increased only slightly between 1859 and 1862 owing to the problems referred to in the preceding paragraph, but by 1865 there was a ten-fold increase over the figure for 1859 in the value of foreign goods re-exported to Chinese centers. The total value of trade rose in the same period by nearly 34 per cent. The trade report of the British consul at Shanghai for 1864, commenting on this growth, attributed it entirely to "the large and increasing trade from ports opened on the Yangtze."[9]

The same report pointed out that from a total of 34 million Haikuan taels' worth of foreign imports to Shanghai in 1864, 26 million was re-exported to Chinese centers, by virtue of the city's newly-opened water connections with the interior. Consular trade reports in the early and middle 1860's from the newly-opened treaty ports on the Yangtze indicate that these ports shipped the bulk of their exports to Shanghai for re-export, and received from Shanghai the bulk of their imports of foreign goods, principally opium.[10] Hankow, the largest trade center among the Yangtze treaty ports after Shanghai, despite its channel to the sea for ocean-going ships, carried on its exchange transactions with Shanghai rather than with London, and all of the foreign and most of the

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Chinese commercial houses in Hankow were branches of Shanghai 439
houses.*

The foreign merchants at Shanghai, aware that their trade was 484
increasingly based on the commercial exploitation of the entire 505
Yangtze basin now made possible by the new treaty, combined in 438
1868 to finance an expedition under the leadership of Alexander Michie and Robert Francis to explore the trade of the upper Yangtze. The leading American firm in Shanghai, Russell and Company, paid the travel expenses of the expedition by steamship as far as Hankow, and the remainder of the expenses were met by the Shanghai Chamber of Commerce, from which body the members of the expedition had been selected.

The report of these delegates, published in 1869, stressed the 505
importance of water transport in the trade of major commercial 438
centers along the Yangtze, and in the overall movement of domestic trade to and from Shanghai. They noted the extensive tea shipments moving via the Kan River and its tributaries and Poyang Lake to Kiukiang and Hukow and thence via the Yangtze to Shanghai. They commented on the widespread water connections of Hankow, via the Han River system, which brought tea, hides, hemp, timber, and vegetable oils for transshipment to Shanghai, and via the Hsiang River system, which brought mainly tea and cotton. Szechuan sent hemp, hides, bristles, tea, vegetable oils, and opium via the Yangtze to be transshipped at Hankow for Shanghai, these goods having originally been assembled at Chungking via the Chialing, Yangtze, and Min Rivers.[11]

British dominance of the trade of the newly-established treaty 648
ports was secure, but the organic connection between the growth 439
of their primary stronghold at Shanghai and a similar dominance of the Yangtze hinterland which fed it was perhaps the most compelling reason for the early development of Britain's traditional sphere of influence in central China and throughout the Yangtze basin. In north China they could better afford to give ground later in the nineteenth century to Russia and Germany, and in the south to

* The British consul at Hankow notes this pattern in his trade report for 1865, which further emphasizes the conditions of Yangtze trade favoring a monopoly by the large Shanghai firms.

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648 share hegemony to a degree with France, but along the Yangtze
439 British preponderance was the logical accompaniment of Britain's trade investment in Shanghai. Without the Yangtze, Shanghai was merely an indifferent harbor.

487 Two major changes in trade movements resulted from the
439 opening of the river and its tributaries to foreign navigation, aside from the overall increase in foreign trade moving to and from Shanghai. First, the diversion of the export trade of central China (including the Yangtze basin) from Canton to Shanghai, as indicated above in Chapter Four. Under the artificial Canton system, goods for export from central China were obliged to move across the grain of the country in order to reach the only port where foreigners were permitted to trade. The opening of the Yangtze allowed this trade to drain by its natural channels. Two major routes had led from central China to Canton: one from Hankow to the headwaters of the Hsiang River and over the 1400-foot Cheling Pass with a land portage of 26 miles into the headwaters of the Pei River, and one from the lower Yangtze basin via the Kan River to its headwaters near the Meiling Pass at 1000 feet, with a land portage of 24 miles to the headwaters of a tributary of the Pei (map 4). Canton had drawn its trade goods of silk and tea from central China for export via these two routes, but the opening of the Yangtze short-circuited the bulk of this trade to the much closer port of Shanghai.

Goods from central China began in fact, after the effective opening of the Yangtze in 1862, to move to Canton via Shanghai by coastal shipping instead of by the former overland routes. Chungking in Szechuan, which before 1862 had drawn all of its foreign textiles via Canton, was by 1869 entirely dependent on Shanghai for this supply. The delegates of the Shanghai Chamber of Commerce were sufficiently impressed by this indication of the greatly expanded markets which the opening of the Yangtze created for Shanghai that they succumbed to the old dream of British traders of finding buyers for British woolens. Szechuan, they reasoned, had a climate colder than any of the areas where British trade had theretofore reached, and a boom in the woolens trade there could con-

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sequently be expected. Like the earlier grandiose expectations of the East India Company days, it never materialized.* 487 439

Second, the opening of the Yangtze was a leading factor in permitting the increasing native opium production, notably in Szechuan, to acquire the major share of the China market by the 1870's, at the expense of opium imported from India. Opium was not introduced into China by the Europeans. It had been consumed domestically, from both domestic and foreign sources, since at least the early eighteenth century, and the first Imperial Edict against the import and smoking of opium was issued in 1729. Small amounts of the Szechuan production had continued to find their way as far as Canton by overland routes well into the nineteenth century, despite new Imperial Edicts of 1821 and later making opium smoking and trading in opium capital offenses. But by 1868, with free navigation on the Yangtze, Szechuan opium undersold Indian opium in Shanghai by about 40 per cent, although its quality was inferior, and it was already beginning to rival the sales of the imported drug.[12] This was true despite the fact that consular records show Shanghai in 1864 accounting for 72 per cent of China's total imports of opium, by virtue of its access to the central China market.[13] By 1887, the Maritime Customs estimated that opium production in China amounted to 224,000 piculs (one picul equals 133 pounds) (of which Szechuan accounted for 177,000 piculs), as against foreign opium imports of only 67,000 piculs.[14] 548 439

Though opium was no innovation of the Europeans, it is true that it was they who first organized its import on a large scale. That the trade was avidly taken up by the Chinese is indicated by the rise of Szechuan opium, as well as by the well-known history and complements of the Canton trade.† Foreigners and Chinese alike were eager

* The woolens consumed in north China have continued to come from local industry, both household and factory, which can produce goods of a quality and price better suited to the China market.

† For a discussion of the role of opium in the China trade before 1842, see Greenberg, *British Trade*, especially chapter 5. He includes an analysis of the conditions within and without China which stimulated it, and of the close relationship between the trade in tea and in opium. The revenues of Great Britain and of India, the profits of the British East India Company and of the private trading firms at Canton, and the viability of the tea and silk trade are discussed as they depended in varying, but significant or decisive degree, on the import of opium from India to

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548 439 for the large profits always associated with an illicit traffic. Chinese edicts against it were matched by foreign pronouncements in the wake of the "Opium War" of 1840–1842 (see above, p. 70) to make the trade doubly lucrative. The Chinese drug dealers profited both from its distribution from coastal ports of entry, notably Shanghai (an undertaking from which foreigners were explicitly barred by their own governments), and also from the growing domestic production and its distribution. (Opium came domestically not only from Szechuan but also from the northwest [Kansu and Shensi] and Yünnan, areas of limited arable land remote from the market where high unit-value production was essential and where local taxes and requisitions added to the incentive to grow opium.) Using both sources Chinese drug merchants built up a system of distribution and marketing which was later to implement the penetration of the China market as a whole by the variety of goods which increasingly entered domestic and foreign trade channels after the opening of the Yangtze.

Shanghai's key role in this process is evident from its command of the Yangtze trade artery, and it was the principal market for the distribution of both imported and domestic opium. The drug trade was profitable, and it was conducted on a very large scale. Concentration at Shanghai played an important part in the process of capital accumulation in the city, which was in turn a significant advantage in its continuing acquisition of commercial (and later industrial) dominance. These aspects of the opium trade have been little studied or described, for obvious reasons. Opium remained a live issue in which important sectors of the economy and important bureaux and personalities have been involved until very recently. One cannot consider the issue closed for China until Communist control had been thoroughly established. But it seems likely that opium played as great if not a greater part in Shanghai's rise than did tea or silk (see table II), and that it continued to stimulate the growth and concentration of capital and commercial activity in the

China. This trade, with its consequences for commercial development, was largely inherited by Shanghai after the breakdown of the Canton system. For an earlier standard work on opium, see David Owen, *British Opium Policy in China and India* (New Haven, 1934).

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city long after tea and silk had lost their commanding positions. 548
The import of opium into China was legally abolished in 1917 by 439
the terms of an international convention (see below, Chapter Eight), and it disappeared from customs figures at that time. But it was clearly still a powerful generator of capital and trade in the Shanghai of the 1930's. Opium also became a highly profitable export from Shanghai once its import had been officially banned, though as a then wholly illegal trade its volume and mechanics can only be guessed at.*

It also appears likely that the activities of Chinese opium merchants and distributors during the period from about 1800 to about 1870 helped to pioneer the commercialization and integration of the China market for sales of foreign goods, and that the later rapid spread of merchandizing, especially from Shanghai, was in some measure due to this earlier development of the techniques of commercial exploitation. Concurrently, opium continued to flow into Shanghai for domestic marketing and even for export, a trade which under the circumstances was increasingly profitable.

Tea and Silk

However, it was the trade in tea and silk, the two dominant 439
staples of China's export trade until the close of the nineteenth century (table I), whose contribution to the commercial growth of Shanghai is clearest. The city's original near-monopoly as a result of the concentration of tea and silk production in or near the delta was further implemented by the opening of the Yangtze and its ports by the Treaty of Tientsin.

Transport costs for tea and silk by overland routes were high, 494
averaging during the 1860's and 1870's 13 taels per bale of silk 505
(approximately six bales to the ton), and 12 taels per hundred chests of tea (approximately 100 chests to the ton), for 200 miles. Taking the tael at this period as equivalent to about 6s 2d, these rates work out at about £24 per ton of silk (US$.56 per ton/mile), and £21 per ton of tea (US$.50 per ton/mile), as compared with

* See R. d'Auxion de Ruffe, *La Force de l'Opium* (Paris, 1939), for a somewhat bitter *ad hominem* account of opium smoking and the opium trade in Shanghai, against the background of local and international measures designed to suppress it.

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494 505 average per-ton costs over similar distances in the same areas for ordinary goods of about £12 (US$.30 per ton/mile).[15] Tea and silk required special handling, and neither was supposed to get wet or to touch the ground during its transport.* These rates compare with an average of about £14 per ton for tea and silk over similar distances by water transport.[16] Shanghai's water connections were thus a vital advantage in securing for it the lion's share of foreign trade in these two leading commodities. Robert Fortune estimated in 1848 that transport costs for tea from the hinterland to Shanghai averaged about 50 per cent of total costs to that point, while he estimated the figure for Canton at 70 per cent.[17]

651 A desire on the part of the Ch'ing Government to continue the diplomatic and economic advantages resulting from the monopoly system of the Canton Cohong was apparently combined with a desire for increased revenue from the newly expanded trade with the foreigners in a movement to tax tea and silk exported via Shanghai at the same rate as would have been applied if these had moved out via the much longer route to Canton. The resulting Imperial Edict of 1845 ordering the imposition of extra transit dues on this basis had, however, only a nominal effect, since the locational advantages of Shanghai meant that the saving in transport costs and interest charges on tea and silk shipments more than made up for the additional dues.[18]

[245] 505 487 Map 9 shows the major tea-producing areas of China in the nineteenth century. The Yangtze itself runs through the northern part of the area producing the best quality teas, and its tributaries and the Chientang River (with its mouth at Hangchow, from which multiple waterways lead to Shanghai) drain most of the remainder. In spite of its river connections into this area, Wenchow was not a major tea exporter. This was certainly due in part to its relatively late opening to foreign trade, but that fact is in itself related to the high relief in Wenchow's hinterland, through which interrupted navigation provides the only adequate means of trans-

482 * For overland transport, they were carried in special frames mounted on porters' backs, with a supporting stick attached so that the load could be rested without being set down on the ground. For water transport, special care was taken to see that tea and silk were kept in clean dry holds or securely under cover. See Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters to the Committee*.

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Map 9. Tea and Silk Areas of China in the Nineteenth Century, and Coal Mines Mentioned in the Text. Major collecting centers for tea underlined. Major ports for overseas exports of tea underlined and overlined. Data from China: Maritime Customs, *Silk* (1881); *ibid., Decennial Reports*; Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters* (1871); *et al.*

[p. 1057]

505 port. Most of the teas from this area could move out more easily
487 by water to Ningpo, or to Hangchow for transshipment to Shanghai. Foochow and Amoy drew their tea for export primarily from the southern part of the chief producing area, by way of the rivers which terminate at each port, and Canton depended for its tea supply mainly on the route through the Meiling Pass. Ningpo, situated on an indifferently navigable river, in fact drew some of its tea for export from the Chientang basin, via a canal from the Chientang ten miles upstream from Hangchow, but even so three portages were necessary between the river and Ningpo.[19]

245 Shanghai could draw tea from almost all of the chief producing area with much greater facility. Tea in China, as in most of the important tea areas of the world, is a mountain or a hillside crop. It is displaced from the lowlands by grain crops, and it is considered by the Chinese that a more fragrant leaf is produced on slopes and at higher altitudes, where drainage is good, nights are cool, and mists are frequent.[20] In the chief producing area, most of the tea is grown at elevations between 1000 and 2500 feet, and was thus necessarily transported by portage to the local curing and collecting centers. From these local centers, however, the tea moved to larger collection places and to ports of export predominantly by water, especially after the Yangtze was opened to foreign trade.

505 All of the leading tea districts of the area producing the best
439 quality teas (map 9) have through water connections with Shanghai, while only a few of them have similar connections with Foochow, Ningpo, or Wenchow. Amoy and Canton have no through water connections with this area except by sea.[21] Hankow acted as a collecting center for the teas of Szechuan, Hupeh, and Hunan, brought there largely by water and largely transshipped to Shanghai for export, although direct exports of tea from Hankow during the late nineteenth and early twentieth centuries amounted to about one quarter of the amount transshipped to Shanghai for export.[22]

245 The tea of central China is grown in the northern and southern
505 highlands of the hill and mountain ranges south of the Yangtze
487 (called by Cressey the "South Yangtze Hills"), with the better quality teas coming from the northern highlands. The tea leaves are

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picked as a rule three times a year: in April, May, and September, so 245
that the bulk of export shipments comes during the summer high- 505
water period, but occasional picking and regular shipments from 487
the collecting centers continue through most of the winter. The stream pattern is better developed in the northern highlands than in the southern, and it focuses ultimately on Shanghai, either directly via the Yangtze, or via Hangchow. The less well developed stream pattern of the southern highlands drains to at least five separate ports, each in its own isolated river basin.

Along these streams, as along all of the rivers in China, successive 505
trading centers developed at each break in navigation necessitated by 487
rapids or by a change in the depth of the water where junks gave way to sampans or sampans to bamboo rafts. More of these trading [251]
centers which acted as collection places for tea are located north of the divide than south of it, and they naturally tended to ship their teas to northern ports for export, although the normal routes were occasionally abandoned in favor of roundabout routes in order to avoid excessive local transit taxes or arbitrary dues, as for example the shipment of tea from the upper Chientang basin overland to Ningpo and thence by sea to Shanghai.[23]

The cargo capacity of the boats, and hence the freight rate from these local centers to larger regional collecting centers, varied sharply with seasonal changes in the water level. In a tea area approximately 150 miles up the Chientang River from Hangchow in 1870, rates for transporting 100 chests of tea to Hangchow varied during the year from Mex$20 in summer to Mex$50 in winter.* During the summer the average time for tea in transit to Hangchow was five days, as against ten days in winter, while goods moving from Hangchow to the area in question took about twenty days at all seasons.[24] The use of water transport in this case is clear from the fact that these rates and transit times follow so closely the conditions of stream navigation, and are the only ones quoted for the tea trade in this area.

W. H. Medhurst in the account referred to above in Chapter Five commented on the fact that tea, at that time marketed entirely by Chinese merchants at the treaty ports, moved to Shanghai from the

* Mex$1 at this period equaled about US$.80

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505 487 producing areas by water, but that many of the routes to Canton began on land and were interspersed with portages. Medhurst also noted that tea was being shipped in large quantities from the northern highlands of the divide to Shanghai, via the smaller tributaries of the Yangtze in Kiangsi and Anhwei.[25] Robert Fortune (see above, Chapter Five) visited the same areas a few years later, also in disguise as a Chinese. His account corroborates in more detail the general impression of Medhurst that tea from nearly all of the collecting centers in the area producing the best quality teas moved to Shanghai by through water routes, while some part of all of the routes to Canton lay on land.* [26]

505 439 By 1867, the British consul at Shanghai, in commenting in his trade report for that year on the greatly increased trade of the port resulting from the opening of the Yangtze, gave his opinion that the greater ease, cheapness, and speed of transport for tea to Shanghai had resulted in a decline in the quality of the tea. He considered that less care was taken with grading and packing the tea for the short haul to Shanghai (where its cost price was of course considerably lower than it had formerly been at Canton), and that it therefore often arrived stale and poorly sorted. This may illustrate in reverse the common association of high unit-value and high-quality goods with high transport costs. He added that before the opening of Shanghai, tea from the northern slopes of the divide frequently spent six months in transit to Canton, but that the average transit from this region to Shanghai after the opening of the Yangtze was approximately six weeks.[27]

However, it was as much the great increase in the volume of the tea trade through Shanghai, in which many more producers were able to enter the export market with the drop in transport costs, which accounted for the decline in quality of the tea. This was no longer a small-scale, specialized, luxury business, but a large commercial enterprise, made possible by uninterrupted water connections. It was clearly these transport advantages of Shanghai as much as its relative nearness to the tea-producing districts which were

* Tea grown along the Hsi-Yangtze divide (the area known as the "Bohea Hills") was necessarily moved to collecting places north or south of the divide by porter.

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responsible for the city's commanding position in the tea trade. Its tea exports rose from one million pounds in 1844 (the year after it was opened to foreign trade) to 80 million pounds in 1855. Smaller amounts continued to be exported direct via Hankow, Kiukiang, Ningpo, Foochow, and Canton, but by 1855 Shanghai accounted for 58 per cent of the total, and in 1864 (two years after the effective opening of the Yangtze) for 64 per cent.[28]

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For the silk trade, Shanghai was even more favorably located. From the opening of the treaty ports through the 1930's, there were four principal silk-producing areas in China (map 9): the Canton region, producing so-called "soft" silk; central Szechuan, producing "yellow" silk; northeastern Shantung, producing "tussah" silk; and southern Kiangsu-northern Chekiang.* This last was by far the largest producer, and its silk (known generically to the foreign merchants as "China" silk) was considered by both Chinese and foreign traders to be the finest in the world.† Kiangsu and Chekiang together accounted for about half of the total production of raw silk in China through the nineteenth century and into the 1930's, while the Canton region accounted for about 20 per cent, Szechuan for 15 per cent, Shantung for 5 per cent, and Hunan and Hupeh together for 5 per cent.[29]

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The area around Tai Lake was the major center within the Kiangsu-Chekiang silk region. In certain districts there, notably around Wusih, Soochow, and Huchow, mulberry displaced rice as the first crop, and nearly all of the farmers were engaged in silk culture during the six-week worm-rearing season in April and early May. Hangchow was also a leading silk center, and was especially important in silk reeling and weaving. The cocoons were reeled and the silk spun into yarn either in these cities (and lesser centers), or in Shanghai, but nearly all of the silk produced in this

* Silk for export also came in smaller quantities from Honan and Anhwei (notably Wuhu). Hopeh and Liaotung (southern Manchuria) were important "tussah" producers in addition to Shantung.

† The study of the silk industry and trade published in 1881 by the Maritime Customs (Special Series #13) includes an account by the Rev. Mr. Milne, a British missionary who traveled around the delta and a little beyond in the mid-1840's, disguised as a Chinese. He details the nature of silk worms and describes their care and the production of silk according to the traditional Chinese ideas and practices, expressed in picturesque language in the spirit of the Chinese texts.

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231 "China" silk area for foreign trade was marketed in Shanghai, through both Chinese and foreign trading firms, who sold it for
288 export. Steam filatures for the reeling and spinning of silk had largely replaced domestic reeling and spinning by 1920, but this did not affect the concentration of silk marketing in Shanghai, since the reeling centers remained tributary to Shanghai and since the silk-reeling industry was also concentrated, in differing degrees at different periods, in the city.

[177] After the introduction of cotton from India in the Yüan dynasty
231 (1260–1368) and the manufacture of cotton cloth in China on a
439 large scale by the end of the Yüan, this much cheaper fabric largely displaced silk, which previously had been produced in almost every region of China and was universally worn. The quality of the silk also declined. By the end of the eighteenth century only the four major areas listed above were important silk producers, but the great increase in China's foreign trade, especially in tea and silk, which followed the opening of the treaty ports stimulated both the quantity and quality of silk production in these areas, most of all in the chief silk region of the Yangtze delta, where foreign traders were closest on the scene.

231 The leading silk areas within the delta coincide closely with the
505 areas where navigable waterways are most numerous. The upland districts south of Nanking and west of Tai Lake, where waterways are relatively sparse, are largely avoided by silk culture. This is mainly due to the fact that silk culture is a painstaking and time-consuming process which requires prodigious amounts of hand labor. It is therefore heaviest in lowland areas with a dense population, as is the case with nearly all of the silk producing regions of China, but such a location facilitates a virtually exclusive dependence on water transport for marketing the silk. This in turn tends to make Shanghai, as the primate commercial center of the delta, the dominant market for silk exports, since it can draw silk from the producing areas by water transport nearly as easily and cheaply as can inland centers.

Every important cocoon and filature center in the delta has multiple water connections and depends on them for the collection of cocoons and for the marketing of silk. Liu Ta-chün in his study of

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the silk industry makes this clear, and uses the case of Huchow as an example. No less than sixteen navigable waterways connect Huchow with the local silk culture districts, and with Shanghai, where the bulk of its cocoons and spun silk was marketed.[30] 231 505

Shanghai was also the primary market for the silk exports of Szechuan, Shantung, and Hupeh-Hunan. Before 1843, and to a lesser extent until 1862, the silk exports of these areas went to Canton via the Cheling and Meiling passes, or from Shantung by coastal junk, but after the opening of the treaty ports, and particularly after the opening of the Yangtze, these exports moved out via the much nearer port of Shanghai. The silk areas of the upper Yangtze basin, notably in Szechuan, are closely related to the Han and Chialing Rivers, or to the Yangtze itself. With free navigation throughout the river system, it was natural that this silk should be marketed through Shanghai.

Before the abolition in 1834 of the East India Company's monopoly of the British trade with China, yearly exports of silk from China averaged under 6,000 bales. By 1840 the figure had risen to 16,000 bales, largely as a result of the new volume of trade by private firms out of Canton.[31] However in 1844 Shanghai, one year after its opening to foreign trade, exported alone 6,433 bales, and by 1855 the figure for Shanghai had risen to 92,000 bales, or over 60 per cent of the total exports of silk from China.[32] By 1864, after the opening of the Yangtze, Shanghai accounted for approximately 64 per cent of China's silk exports, and in 1930 for 62 per cent, as against 29 per cent in 1930 for Canton.[33] Canton was left with only the local silk areas in Kwangtung to draw on, while Shanghai in 1925 drew 30 per cent of its spun silk exports from filatures in the city (whose cocoon supply came almost entirely from the delta), 10 per cent from other delta filature centers, 11 per cent from Szechuan filatures, 15 per cent from Shantung filatures, 9 per cent from Hupeh-Hunan filatures, and 25 per cent from domestic reeling, primarily in the delta.[34] Cheap transportation made it possible for Shanghai to add to its monopoly of local silk marketing for export the silk of all the other leading areas except for Kwangtung itself. 437

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Other Trade Goods

439 Shanghai was fortunate in that as China's monopolies of the tea and silk trade disappeared by about the turn of the century, the Yangtze continued to concentrate there for export a large proportion of the goods which now became the staples in China's more diversified foreign trade (table I). These goods: vegetable oils, hides, skins and bristles, eggs, and fibers, were staple products of the Yangtze basin, and their marketing in Shanghai was as logical as that of tea and silk. In this new trade, Hankow was the principal inland collection and distribution center, but as with tea, its direct exports overseas remained slight, and actually decreased after 1880 when steam navigation on the Yangtze had become firmly established.[35] Hankow sent the bulk of goods destined for export to Shanghai for transshipment.

438 Hankow's water connections enabled it to draw these goods not only from Szechuan, Hupeh, and Hunan along the Yangtze itself but also from Shensi, Honan, Kweichow, and Kwangsi via Yangtze tributaries. Szechuan led all the other provinces in the production of wood oil (t'ung oil), wax and tallow, and bristles, and was a leading producer of hides and skins, fibers, and other vegetable oils. Production of vegetable oils, raw cotton and other fibers, and eggs was also important in the lower Yangtze basin in Anhwei, Chekiang, and Kiangsu. While their production was less localized than was the case with tea and silk, and also because of this scattering, Shanghai had easier, cheaper, and quicker transport connections than any other leading port with these or other producing areas. The Yangtze also enabled Shanghai to exchange its foreign imports (and after 1920 increasingly its own industrial production) for export goods over a wider market and with greater ease and cheapness than rival commercial centers.

669 175 The disruptions of the Taiping Rebellion and attendant local uprisings (1850–1864) were heavy in the Yangtze delta, and the largest military campaigns were fought there. Shanghai itself acted as an invaluable base for the efforts of the Ch'ing government to suppress the rebellion, since with the support of foreign troops and volunteers, the city was able to hold out against a rebel tide which

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engulfed every other delta city of importance. It was from Shanghai 669
that the famous "Ever Victorious Army" (composed of both Chinese 175
and foreigners led by the American Frederick Ward and, after his death from wounds, by the British Major Charles ["Chinese"] Gordon) conducted its decisive campaigns on behalf of the Ch'ing government against the Taipings and retook all the delta cities before the eventual recapture of Nanking in 1864. Shallow-draft boats carrying both bombardment guns and troops and using the pattern of delta waterways leading from Shanghai gave this army a crucial advantage of mobility against the numerically greatly superior Taiping forces.

Shanghai's land and speculative boom and the defense of its 651
boundaries during this period are briefly discussed above in Chapters One and Two, but two other results of the rebellion were of greater significance: the establishment of the Imperial Maritime Customs, with the commercial advantage which this gave to Shanghai (see below, Chapter Eight); and the damage to the tea and silk industries (which were concentrated in the delta and its immediate environs) together with the blocking of the normal trade routes, which was followed after 1862 by new opportunities for the expansion of a more diversified trade. Shanghai suffered substantially from 438
the losses inflicted on its trade in these two key commodities. But the pliability of the Ch'ing government, in recognition of the fact that foreign military assistance from Shanghai was instrumental if not decisive in the suppression of this mass rebellion, played its part in the granting of free navigational rights on the Yangtze, more from apprehension than from gratitude. The foreigners, undismayed by the illogicality of their position from a diplomatic point of view (British naval and land forces were attacking Taku and Peking at the same time that British forces were fighting against the Taipings in the delta area), were encouraged by their military successes to press their demands for wider commercial opportunity. The rebellion revealed Shanghai's vulnerability as long as its trade was so heavily dependent on the two local or semi-local staples of tea and silk, and at the same time re-emphasized possibilities for a broader and larger trade in the Yangtze valley as a whole. Though the trade in tea and silk recovered rapidly after the fighting (see table I),

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438 stopped the marked growth in Shanghai's total trade was due predominantly to the opening of the Yangtze, and it was this new commercial sphere with its new commodities which after 1880 increasingly supported the city.

Shanghai's commanding position for marketing is revealed in the fact that between 1860 and 1930 it accounted for an average of 68 per cent by value of the total re-exports of goods from Chinese ports to Chinese ports. For the period 1925–1935, goods re-exported from Shanghai to Chinese markets went (according to percentages of the total value of such exports) to Kiangsu and other provinces as shown in the accompanying table.[36]

Kiangsu	18	Szechuan	8
Chekiang	17	Honan	6
Anhwei	16	Fukien	3
Hupeh	11	Shantung	2
Hunan	9	Other	1
Kiangsi	9	TOTAL	100

In a largely pre-industrial economy still characterized for the most part by local rather than regional or national markets, these figures show a truly remarkable areal extent over which Shanghai was able to market (and to purchase) its goods, and the degree to which Shanghai served as the dominant place of exchange for China as a whole. They suggest a close relationship between the size and areal distribution of the market and the waterways and sea routes which focus on the city.

669 Political and military events in 1926, and later during 1937 and
505 after, re-emphasized the importance to Shanghai of this water
438 network for the supply of its trade and industrial goods and for the distribution of its exports. Civil war was widespread in the middle and lower Yangtze basin during the latter half of 1926 as part of the campaign of the Kuomintang against the local and northern warlords. Commandeering of boats, including native craft and 13 out of the 31 Yangtze steamers of the China Merchants Steam Navigation Company by December 1926, led to the suspension of nearly all river sailings between Shanghai and Hankow by Chinese vessels before the end of the year. British and Japanese shipping

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firms continued to operate, but under difficulties, and they could not handle more than a small fraction of the normal volume of trade on the river. As a result, sales of piece textile goods in Shanghai had fallen by January 1927, to one quarter of their August levels. The kerosene trade out of the city was badly hit, and large stocks accumulated in warehouses. Imports of Chinese tobacco leaf to Shanghai virtually ceased by January, and forced the closure of several of the large cigarette factories. Egg imports to the city in January were less than 30 per cent of normal. By the end of 1927, with order restored in the Yangtze basin and navigation no longer interfered with, Shanghai's trade with its hinterland returned to normal levels. Both railway lines serving the city remained in regular operation for all but a few days during this period.[27] 669 505 438

In November 1937, in order to hamper Japanese naval movements on the Yangtze, the Chinese Government placed booms across the river at Kiangyin and Chinkiang, and fighting in the delta area and upstream from Nanking further disrupted traffic. The value of Shanghai's foreign trade fell by 76 per cent between July (hostilities began at Shanghai on August 13, 1937) and December 1937, as much because of the interruptions in transport as because of the local fighting, which ended at Shanghai itself in October. During the same period, the total value of the foreign trade of China as a whole decreased by only 2 per cent. Shanghai's relative decline continued through 1938, with a 49 per cent decrease in imports and a 63 per cent decrease in exports over the 1927 figures, while for the same period the total foreign trade of China increased by 8 per cent.[28] With its water connections disrupted, Shanghai could no longer compete commercially with rival centers, which despite the progress of hostilities over nearly the whole of east China by the end of 1938 increased the total of their trade at the expense of Shanghai. 726 439

But the disruptions of war should not obscure the fact that the Yangtze basin is the economic heart of China, nor that its river system will continue to be a basic element in China's transport pattern. The city at the mouth of the river will remain a metropolis under whatever conditions the future or the Communist Government of China may impose. 505

EIGHT

The Trade of the Port

439 Statistics make dull reading, but they may often tell an important and otherwise untold story, or illumine facts or ideas already grasped but imperfectly understood. With this latter end in view, graphs 4–8 and tables I–IV combine a great many statistics which would make dull reading indeed but which in this form may be less unpleasant and more expressive. In any case they are essential to an understanding of the history and nature of Shanghai's trade, and as charts they do a more effective job than they could as figures in the text, which they would very nearly bury, but which would mean little without them. The graphs and tables are the body of this chapter, and the text serves merely as the narrator of the events and patterns which they portray.

Foreign Trade Since 1850 [1]

The primacy of Shanghai in both the foreign and domestic trade of China was well established by at least 1865, and table III shows that this primacy was never thereafter seriously threatened before the Japanese attack on China in 1937. Shanghai's share of China's overseas commerce consistently totaled about one half from the opening of the Yangtze to foreign trade until the outbreak of full-scale hostilities with Japan. "The heart of foreign trade is Shanghai, and the other ports mere blood vessels." [2]

The export of tea and silk and the import of opium and cotton textiles dominate the greater half of the period since 1850 in Shanghai's, as in China's foreign trade. Despite Shanghai's key location for the trade in both tea and silk, however, the city's overseas imports exceeded its overseas exports in value in every year save two from 1864 (when the complete records of the Maritime Customs begin) to 1936. Until 1925, the excess averaged about 10

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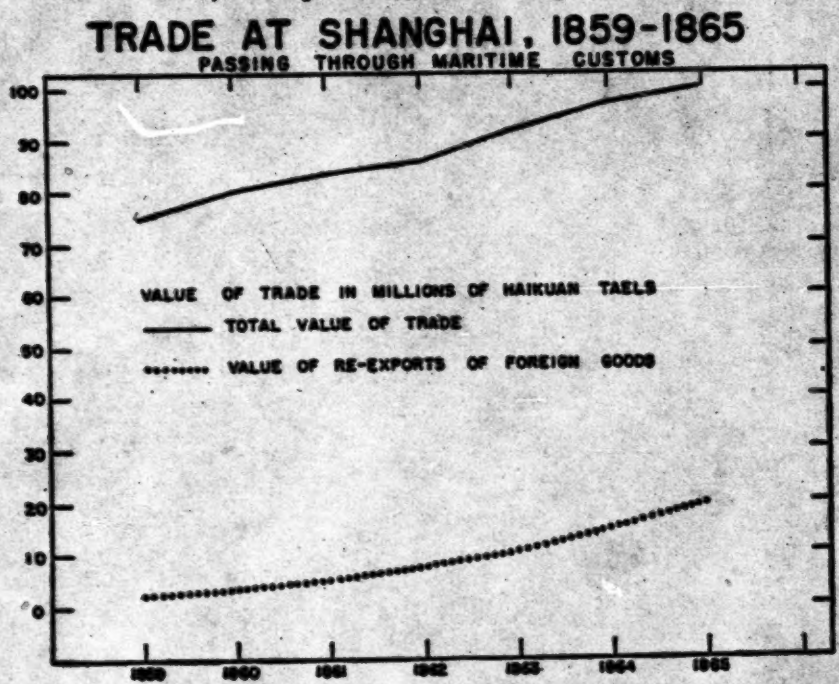
per cent annually, but between 1926 and 1936, when the growth of 439
manufacturing in Shanghai required increased imports of expensive machinery and raw materials, the annual excess averaged about 15 per cent. This is characteristic of the trade of a transshipment point, which has an advantage in the distribution of imports (especially if they require repacking as well as reloading onto a different carrier) not equaled in the handling of exports, which can



Graph 3

often move out in small lots directly from each production area to other regional or foreign markets as finished goods.

The most notable feature of the eighty years between 1850 and 1930 as shown in table I is of course the decline in the export of tea and silk from their commanding positions before 1890 to relatively minor importance after 1900.* While ample reasons can

* In 1868, the United Kingdom, consistently China's best tea customer, took 97 per cent of its tea from China, in 1888 40 per cent, in 1898 20 per cent, and by 1902 only 3 per cent.

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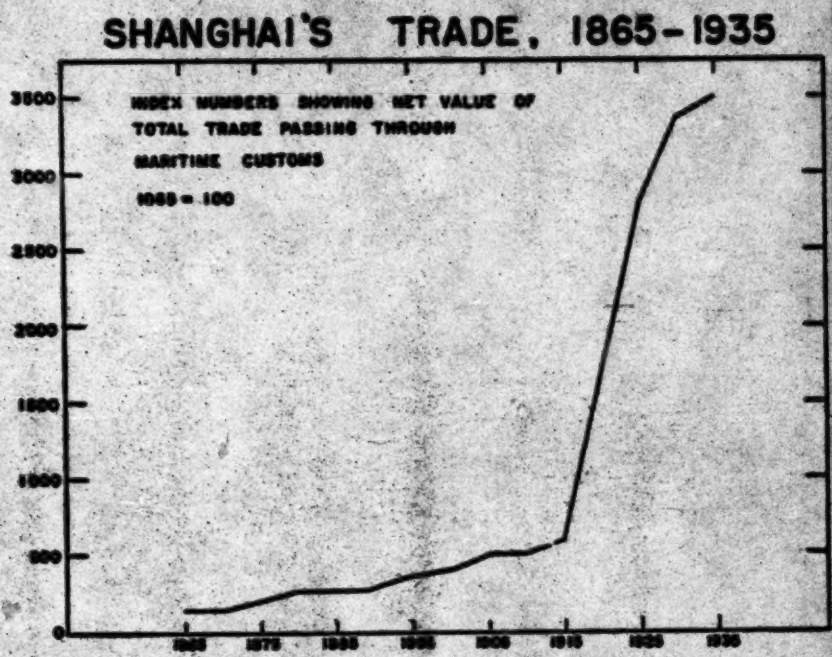
439 be found for China's loss of her one-time monopoly of the trade in these two goods,[3] it needs to be emphasized that nearly all such monopolies of essentially agricultural or handicraft production are eventually broken. The cases of rubber, coffee, and sugar are examples of this rule which are familiar to all students of economic history. China held her monopolies of tea and silk probably longer than any other such monopolies have ever lasted. The monopolies



Graph 4

were retained long enough to give Shanghai an early start toward trade leadership in China by virtue of the city's favorable location for the tea and silk trade, and by the time that India, Ceylon, Java, and Japan among them had acquired the command of the world market for tea and silk (by about 1900), Shanghai's primacy was secure enough for the city to profit to the full from its equally favorable location for the newly diversified foreign trade of China.

The primary purpose of Robert Fortune's later visits to China in 1848 and 1853–56 (see above, Chapter Four) was the collection, on

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TABLE I

Exports From Shanghai Through Maritime Customs to Foreign Ports 439

(Decenially, 1850–1930, by approximate percentages of the total value of such trade in each year indicated.)

	1850	1860	1870	1880	1890	1900	1910	1920	1930
Raw silk	52	66	62	38	34	30	26	20	14
Tea	46	28	32	48	30	16	10	4	4
Miscellaneous	2	6	6	—	—	—	—	—	—
Miscellaneous raw materials	—	—	—	10	14	20	16	18	10
Vegetable oils	—	—	—	—	6	10	12	16	18
Miscellaneous manufactures	—	—	—	4	4	8	8	14	16
Textiles	—	—	—	—	—	—	4	8	16
Hides, skins, and bristles	—	—	—	—	8	10	10	12	14
Eggs and egg products	—	—	—	—	—	—	6	8	8
Raw cotton	—	—	—	—	4	6	8	—	—
TOTALS	100	100	100	100	100	100	100	100	100

SOURCES: Figures for 1850 and 1860 are estimates, based on Lanning (1923), p. 401, and Bannister (1932), p. 126. (Trade in 1850 did not of course move through Maritime Customs — see Chapter 8.) Data for 1870–1930 compiled from China: Maritime Customs, *Annual Reports and Returns of Trade*.

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TABLE II

439 *Imports Into Shanghai Through Maritime Customs From Foreign Ports*

(Decenially, 1850–1930, by approximate percentages of the total value of such trade in each year indicated.)

	1850	1860	1870	1880	1890	1900	1910	1920	1930
Opium	54	48	34	34	22	12	12	—	—
Cotton textiles	34	44	50	42	44	50	32	36	8
Miscellaneous	6	4	10	12	16	12	16	6	10
Cotton yarn	6	4	6	—	—	—	—	—	—
Coal	—	—	—	6	4	4	4	4	4
Metals and minerals	—	—	—	6	6	6	6	10	20
Machinery	—	—	—	—	—	6	8	16	28
Petroleum products	—	—	—	—	4	6	6	8	6
Raw cotton	—	—	—	—	—	—	4	8	14
Lumber	—	—	—	—	4	4	4	—	—
Tobacco	—	—	—	—	—	—	4	4	4
Sugar	—	—	—	—	—	—	4	4	—
Wheat (and flour)	—	—	—	—	—	—	—	4	6
TOTALS	100	100	100	100	100	100	100	100	100

SOURCES: Figures for 1850 and 1860 are estimates, based on Lanning (1923), p. 400, and Bannister (1932), p. 120. (Trade in 1850 did not of course move through Maritime Customs — see Chapter 8.) Data for 1870–1930 compiled from China: Maritime Customs, *Annual Reports and Returns of Trade.*

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TABLE III

Foreign and Domestic Trade of Leading Chinese Ports, 1870–1920*

(Gross values of trade, in millions of hai-kuan taels, landed at or shipped from the leading treaty-ports in China in each year listed.)

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	1870		1880		1890	
	Foreign	*Domestic*	*Foreign*	*Domestic*	*Foreign*	*Domestic*
Shanghai	90	96	88	112	101	136
Canton	28	24	30	26	28	24
Hankow	18	16	21	25	14	42
Tientsin	15	9	16	14	18	25

	1900		1910		1920	
	Foreign	*Domestic*	*Foreign*	*Domestic*	*Foreign*	*Domestic*
Shanghai	160	181	316	382	504	532
Canton	34	26	47	38	59	46
Hankow	15	52	13	58	13	73
Tientsin	32	38	64	68	108	117
Tsingtao	5	4	15	9	14	12

SOURCES: Figures compiled from China: Maritime Customs, *Annual Reports and Returns of Trade.*

* i.e., the domestic trade which was recorded by the Maritime Customs, only a part of the total volume of domestic trade at each port, or of China as a whole.

TABLE IV

Foreign and Domestic Trade of Leading Chinese Ports, 1925–1935*

(Average percentages of foreign and domestic trade by value passing through leading Chinese ports (exclusive of Manchuria) over the period 1925–1935).

Port	*Foreign*	*Domestic*
Shanghai	55	38
Tientsin	11	8
Canton	6	4
Hankow	4	6
Tsingtao	4	2

SOURCES: Recorded by the Maritime Customs. Data from Jones, 1940, pp. 58–9.

* i.e., the domestic trade which was recorded by the Maritime Customs, only a part of the total volume of domestic trade at each port, or of China as a whole.

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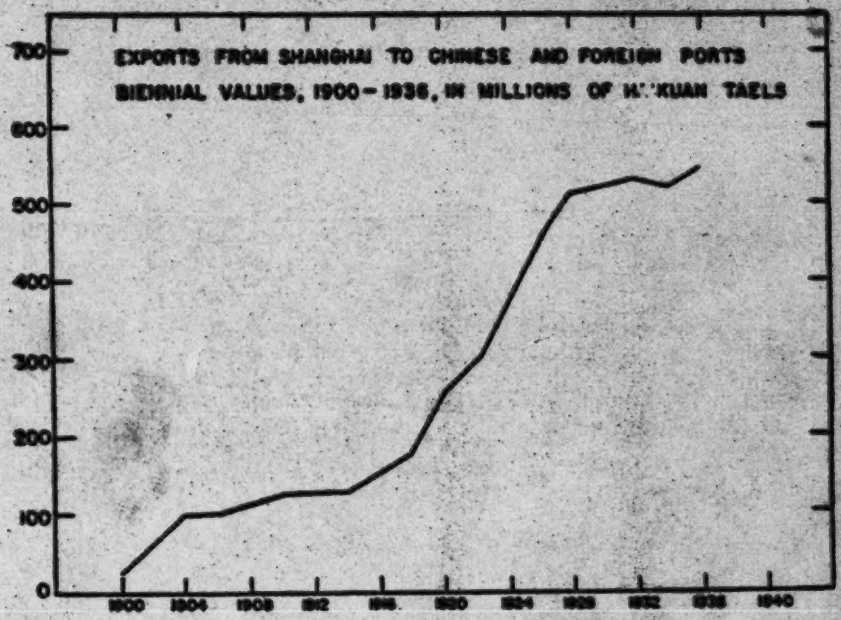
439 behalf of the British East India Company, of information concerning tea cultivation in China, and the procurement of cuttings of tea plants. Fortune was able to transport tea cuttings from China to London by growing them in tubs on shipboard en route, and cuttings were subsequently sent from London to India.[4] From India, tea cultivation spread to Ceylon, and by the end of the nine-



Graph 5

teenth century Java and Japan (plus the Japanese colony of Formosa) had joined India and Ceylon ahead of China in total exports of tea.*[5] It should however be pointed out that the total gross exports of both tea and silk from China, and from Shanghai, continued to increase in volume by weight (although not by value, due to overseas competition), from 1865 to 1929, with the exception

* Curiously enough, the Indian tea of commerce was ultimately derived from shrubs found growing wild in Assam rather than from the plants introduced from China by Fortune, a fact which helps to account for the difference between Indian and Chinese teas. (See the account in Sir J. T. Pratt, *China and Britain* (c.1944), pp. 36–37.)

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of three scattered years in which either the tea or silk crop failed.* 439
The merchants in foreign trade at Shanghai deplored the success at their expense of tea cultivation in India, Ceylon, Japan, Java and Formosa, and of silk production in Japan. But they were nevertheless able to maintain the volume of tea and silk exports from Shanghai until 1930 at the same time that they were adding to the list of exports a variety of new goods which in the aggregate after 1890 were increasingly more important than tea and silk combined (table I).

Among the new exports were two new virtual monopolies: pig bristles and wood oil (t'ung oil), both produced predominantly in Szechuan and both marketed predominantly through Shanghai.*[1] [237 314]
But together with the increasing commercial exploitation of the entire Yangtze basin after 1860, in which wood oil and bristles played a prominent part, the end of the century also saw the rising importance of manufacturing in Shanghai. Agricultural and animal products (or raw materials in general) remained the majority of Shanghai's exports through 1930, but their prominence continued to decrease after 1890 as textiles and other manufactured goods increased in importance. Raw cotton disappeared from the list of major exports after 1910 as it was increasingly in demand in Shanghai textile mills, and exports of miscellaneous manufactures finally exceeded exports of miscellaneous raw materials in 1930 (table I).

Table II showing imports demonstrates that the relative decline in opium was not due to the prohibition of its import as much as to the spread of opium cultivation in China and the ease with which Szechuan opium could compete in Shanghai with foreign opium (see above, Chapter Seven). The table shows that by 1890 opium accounted for only 22 per cent of Shanghai's imports by value (as against an estimated 54 per cent in 1850), but the import of opium was not legally abolished until 1917 (an international convention in 1911 increased the duty on opium imports and fixed

* China's trade in pig bristles has recently been severely cut into by the use of nylon bristles, and the trade in wood oil has also been badly damaged by the increase in domestic production in the United States (China's chief market for wood oil) during and since the war, and by the use of substitutes and synthetics.

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439 1917 as the last year in which opium could legally be imported). By 1910, opium and cotton textiles combined totaled only 44 per cent of Shanghai's imports, as against 88 per cent in 1850, and a variety of goods was coming in to feed not only the increasingly commercialized and Westernized market of the Yangtze basin for which Shanghai served as the transshipment point, but also Shanghai's growing industry.

In the trade of 1910 as shown in table II, imports of cotton textiles suffered their first notable relative decline, and imports of raw cotton appeared for the first time as a major item, destined for Shanghai's developing textile industry, for which domestic supplies of raw cotton were still inadequate. The disappearance of cotton yarn imports after 1880 indicates the disastrous effects of foreign textile goods imports on the traditional handicraft textile industry. By 1930, the two largest import categories were machinery, and metals and minerals, followed by raw cotton, with cotton textiles reduced to only 8 per cent. Shanghai manufacturing had become the most important determinant of the city's imports.

An even clearer picture of the growth of manufacturing in Shanghai is given by graphs 4 and 5. The first shows dramatically the coincidence between the boom in Shanghai manufacturing attendant on the removal of overseas competition during the first world war (and continued through the 1920's), and the meteoric increase in the trade of the port as a whole from 1915 to 1930. The second shows an equal correlation between the growth of manufacturing in Shanghai and the quintupling of the value of exports of local origin between 1914 and 1932.

Between 1860 and 1930, in sum, Shanghai, as the primary focus, first of the commercialization of the Chinese economy, and later of its industrialization, changed in its import trade from a position primarily as distributor of foreign consumption goods to its tributary area of the Yangtze basin to one primarily as consumer and distributor of foreign capital goods and industrial raw materials, while in its export trade it changed from the market for overseas shipments of the "noble articles" of tea and silk to the market for overseas shipments of the more mundane products of the Yangtze basin as a whole and of the goods produced by the city's own industry.

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Shanghai as a Transshipment Point

The figures of the Maritime Customs are one of the few oases in the statistical desert of the Chinese economy.* The Chinese city at Shanghai was held by rebel forces during 1853 and 1854, and in the impotence of the Ch'ing customs officials, customs dues were collected on behalf of the Ch'ing government by the British and American consuls from their own nationals. Out of this temporary expedient grew the Imperial Maritime Customs (after 1911 called the Chinese Maritime Customs), an organ of the Chinese government headed by a British Inspector-General and staffed by both Chinese and foreigners.[8]

The advantages of this development for the foreign firms at Shanghai were great. Difficulties, and financial losses, inevitably involved in dealing with the native (original Chinese) customs had been frequent sources of complaint, despite the improvement over conditions in Canton (see above, Chapter Five). Like most official institutions in the declining years of Ch'ing, the customs was not only riddled with corruption, but thoroughly inefficient, and in any case neither capable nor disposed to expedite the foreign trade of the port, which was so largely in foreign hands and for foreign profit. The Taiping Rebellion provided the occasion for the removal of this obstacle, and the delay, red tape, squeeze, and cumbersomeness of the old system were replaced by a new body, which though hybrid was geared to the needs and techniques of the European trader. The change also redounded to the benefit not only of the Chinese in Shanghai, who increasingly shared in creating and profiting from the commercial expansion of the city which the new customs service facilitated, but to the whole of the Chinese economy where the stimulus of Shanghai was more and more being felt. The Maritime Customs represented a major step toward the creation of conditions under which Western-type

* The "Annual Reports and Returns of Trade," published every year from 1864 to 1941 for each of the treaty ports, itemize the imports and exports of each port and give figures for original exports, re-exports, coasting trade, and the origin and destination of imports and exports at each port. The Reports also give considerable information on trade and industrial developments in each province and treaty-port area, including the sources of the major trade goods of each port.

651 commercial growth, Shanghai in the van, could prosper with accelerating vigor.*

By 1864, offices of the new customs service had been established in all of the treaty ports, and its records of treaty-port trade are complete from that year. Maritime Customs figures for each treaty port, however, cover only the imports and exports to and from foreign countries, and the domestic coasting and river trade carried in foreign-built or foreign-type bottoms, whether Chinese- or foreign-owned (i.e., excluding junks, sampans, and rafts, but including lorchas, small sailing boats with a foreign-type hull and Chinese-type superstructure and sails). The trade carried in junks, sampans, and rafts, and the domestic overland trade, was the responsibility of the so-called "Native Customs," the original Chinese customs, which by the Boxer Protocol of 1901 was put under the control of the Maritime Customs at and within 15 miles of each treaty port. The figures of the Maritime Customs may be assumed reasonably accurate and complete for the categories which they cover, aside from smuggling, but the figures of the Native Customs are neither accurate nor complete. This is due in part to the inadequate numbers and inefficiency of the staff, and in part to the difficulty of regulating or measuring a trade brought into the port by a multitude of large and small water craft or by coolie and cart transport as well as by rail and truck.†

438 Perhaps a majority of the trade between Shanghai and the rest of China which was carried by coolies and carts, or by sampans, rafts, and junks by sea or by the variety of inland waterways leading from the city, was not recorded. Customs officials and other observers have estimated that as much as a quarter of the total domestic trade of Shanghai was not recorded.[9] Maritime and Native Customs figures for Shanghai also omit trade passing through the port on "trans-

* The steady revenue derived from Maritime Customs became a most important financial support of the Ch'ing government, in time its leading source of revenue, and thus made it dependent on the continuance of trade. Customs revenues were also used repeatedly as security for foreign loans and indemnities, symbols of the commercial and political processes at work. Thus was imperial China confounded by the merchants of the West.

† Complete statistical records of the Native Customs are unfortunately not available in this country.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

shipment passes" to or from other Chinese ports, even though goods 438
traveling on such passes may be stored, repacked, and reloaded at Shanghai. For all of these reasons, it must be assumed that the trade between Shanghai and the rest of China was considerably greater than recorded, and that the city's role as a transshipment point was thus more important than the combined customs figures would indicate.

With this major limitation, the customs figures nevertheless 438
show that nearly half of the trade of Shanghai was transit trade. 439
Graph 8 shows that re-exports (by value) to Chinese and foreign ports between 1885 and 1935 were consistently more than half of the total value of Chinese and foreign imports combined, and until after 1915 were greater in value than foreign imports alone. Until after 1920, the value of re-exports was more than half of the value of the gross trade, less exports of local origin. The break which comes between 1915 and 1925 is a reflection of the growth of manufacturing in Shanghai, which took increasing proportions of the city's foreign and Chinese imports and produced a sharp rise particularly in the value of exports of local origin, as well as in the value of all other trade categories except re-exports.

Graph 7 gives a similar picture of the city's trade, in terms of volume by weight. Discrepancies with graph 8 are due primarily to the greater weight per unit of value of imported industrial raw materials consumed in the city than of the imported finished goods subsequently re-exported. Nevertheless, re-exports in 1910 totaled about one half of combined Chinese and foreign imports by weight, and it was not until 1920 that manufacturing in the city claimed a majority of all imports by weight. In that year also, original exports equalled re-exports of Chinese goods and exceeded re-exports of foreign goods by weight. Slightly larger proportions by weight of Chinese than of foreign goods were re-exported in all of the three years represented in graph 7, indicating their greater weight per unit of value (predominantly food and unfinished goods) than foreign imports (predominantly finished goods). According to the Customs figures, Chinese imports into Shanghai in 1920 and in 1930 were, in rough order of value: coal, raw cotton, foodstuffs, raw

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438 silk, tobacco, tea, vegetable oils, hides, skins, and bristles, vegetable
439 fibers other than cotton, and wool.

Graph 6 gives further details on what Shanghai did with its imports from the rest of China, and where it sent the growing volume of original exports produced by manufacturing after 1900. Through the entire period 1870–1930 as shown on the graph, Shanghai re-exported a total of well over half of the value of its imports of Chinese goods, and until after 1920 the proportion averaged about 90 per cent. (The value of foreign imports during most of this period is given in graph 8.) In every year shown on the graph, re-exports abroad were considerably greater by value than re-exports to the rest of China, a reflection of Shanghai's function in collecting from the Chinese hinterland and exporting to industrial economies overseas the assortment of raw materials shown in table I. However, Shanghai's original exports went about half and half to Chinese and foreign ports until 1910, and after 1920 went predominantly to the former, an indication of Shanghai industry's dependence on the domestic market. The sharp rise in Chinese imports and the fall in total re-exports between 1920 and 1930 indicate the increased proportion of the city's imports which were absorbed by manufacturing.

In 1893, the Commissioner of Customs at Shanghai described the trade of Shanghai as follows: "Excepting the small amount used locally, the bulk of the produce which comes here from Chinese ports or from foreign countries goes away again in some channel—the ocean, the river or the creeks—in a vessel which may be a large steamer or may be a little more than a sampan."[30] While the proportion of re-exports increasingly declined as manufacturing developed in Shanghai after 1895, the city's function as a transshipment point continued to depend in large degree on its water transport connections as they are described in the Commissioner's statement.* It is in measuring this domestic trade that accurate figures are unfortunately lacking, since so much of it was carried in

* At the risk of stating the obvious, it should be pointed out that this function of Shanghai as a break-in-bulk (or transshipment) point was an important factor in the rise of manufacturing in the city. This is of course an illustration of Cooley's classic theory (C. H. Cooley, "The Theory of Transportation," Publications of the American Economic Association, IX: 1–148 [1894]).

2: Murphy G-4 (no date) 1932 AF15 East China AF15

[p. 129]

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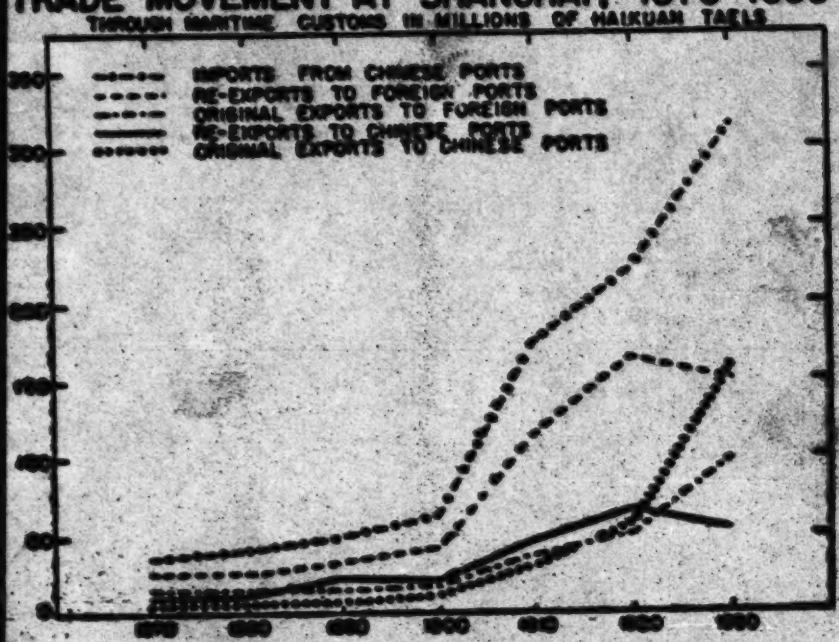
TRADE MOVEMENT AT SHANGHAI, 1870-1930

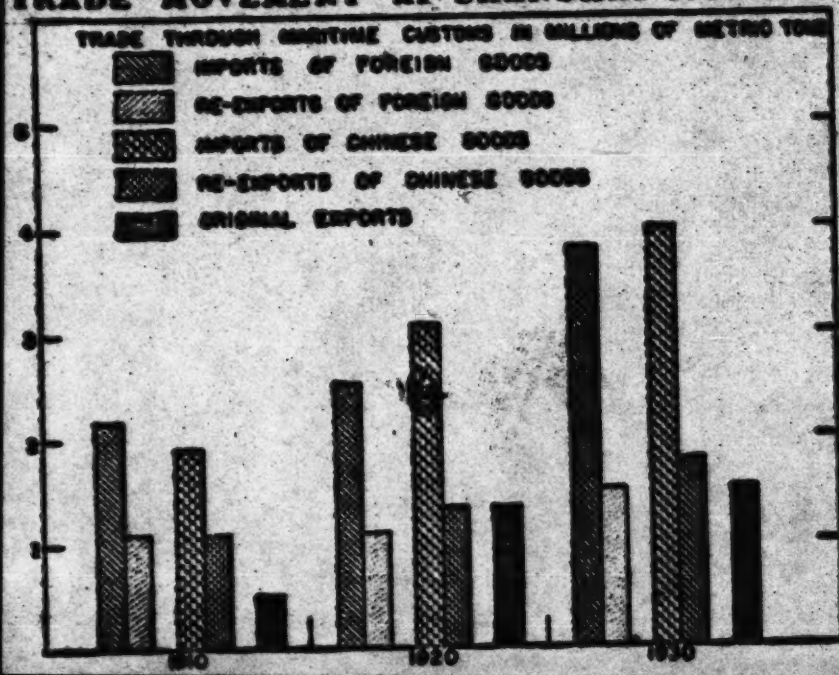
THROUGH MARITIME CUSTOMS IN MILLIONS OF HAIKUAN TAELS



Graph 6

TRADE MOVEMENT AT SHANGHAI 1910-1930

TRADE THROUGH MARITIME CUSTOMS IN MILLIONS OF METRIC TONS



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438 Chinese vessels beyond the purview of the Maritime Customs. We
439 are obliged to rely on reasoned estimates by customs officials and other observers, and on the partial evidence contained in customs records.

505 Shipping from foreign ports entering Shanghai averaged about 650,000 tons monthly from 1933 to 1936 inclusive, according to the records of the Maritime Customs. During the same period, coastal

TRADE PASSING THROUGH SHANGHAI

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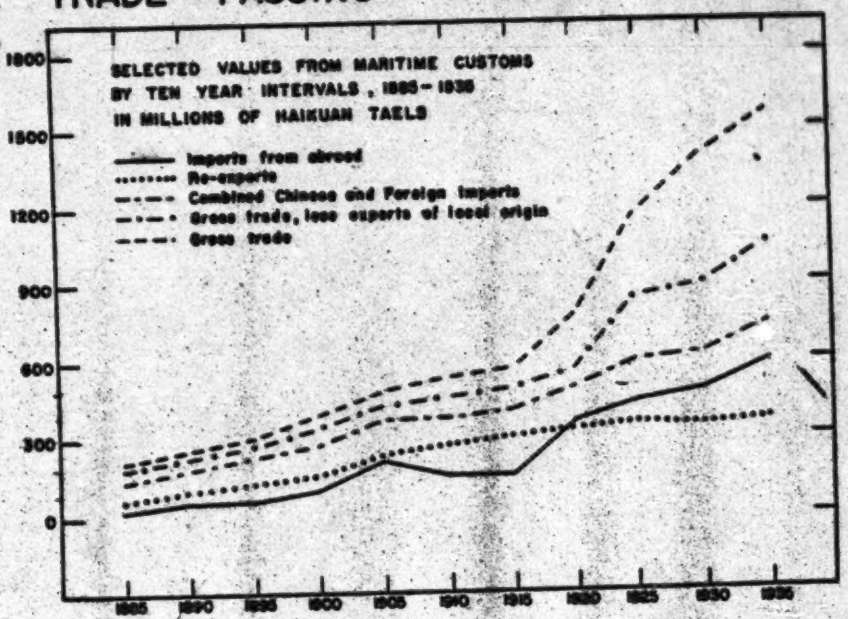

Graph 8

505 shipping entering Shanghai through Maritime Customs averaged about 640,000 tons monthly, while shipping entering from inland (i.e., Yangtze River) ports averaged about 250,000 tons monthly. These figures are exclusive of Native Customs, which recorded at Shanghai during 1930 a total of 54,410 junks entered and cleared (no tonnage given).[11] Combining the Maritime Customs tonnage figures, and adding a conservative 20 per cent for the recorded and unrecorded shipments by junk and sampan, gives a total for coastal and inland shipping (640,000 tons plus 250,000 tons plus 20 per cent,

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or 1,068,000 net tons monthly) 40 per cent greater in volume than 505
shipping from foreign ports (650,000 net tons monthly). Among
the domestic imports, food and industrial raw materials for the city, 438
and among the exports, products of Shanghai manufacturing (or 439
original exports) probably accounted (as we have seen in the above analysis of graphs 6, 7, and 8) for 50 to 60 per cent of these shipments to and from Chinese ports, but the remainder, or 40 to 50 per cent, was transit trade.*

Other published estimates corroborate the estimates of the relative importance of Shanghai's transit trade given above. The *Journal of The British Chamber of Commerce* at Shanghai in its issue for February 1920 estimates that about 65 per cent of the shipping of all types entering and clearing Shanghai was destined to or from coastal or Yangtze River ports, and only 35 per cent was engaged in overseas trade. Bowman estimates that about 50 per cent of Shanghai's imports of foreign goods were re-exported to ports on the Yangtze—20 per cent to ports below Hankow, 15 per cent to Hankow itself, and 15 per cent to ports above Hankow.† In the cotton trade, Fong Hsien-ting estimates that between 1920 and 1930 Shanghai accounted for an average of 80 per cent of China's total exports of cotton piece goods, although less than 60 per cent of this 80 per cent was produced in Shanghai.[12]

Finally, published citations of the records of the Native Customs 438
at Shanghai add a not inconsiderable figure to the total values of domestic trade as shown in graphs 6 and 8. The Native Customs in 1928 recorded total imports from Chinese ports to Shanghai to the value of approximately 65,000,000 Hai-kuan taels, and total exports from Shanghai to Chinese ports to the value of approximately 46,000,000 Hai-kuan taels, or a grand total of 110,000,000.[13] In 1930, this grand total had risen to over 114,000,000 Hai-kuan

* During the same period (1931–1936 inclusive), the railway line to Nanking carried into and out of Shanghai a monthly average of about 80,000 total tons of freight, and the line to Hangchow a monthly average of about 40,000 tons, according to Ministry of Communications, 1931–1936. These two figures combined are less than 12 per cent of the total domestic waterborne trade as estimated in the preceding paragraph (1,068,000 net tons).

† Bowman's estimates take into consideration the unrecorded trade carried in junks and sampans. Of the major Yangtze ports, only Chinkiang, Nanking, and Wuhu have direct rail connections with Shanghai.

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438 taels.[14] Remembering that these records are far from complete and that the actual domestic trade carried in junks and sampans was probably at least 40 per cent larger, we must assume that the domestic trade of Shanghai was in fact between 20 and 30 per cent greater than it is shown in graphs 6 and 8. The proportion of transit trade was correspondingly greater.

177 As the first and the predominant focus of the opening of traditional China to Western commercial exploitation, Shanghai became, by virtue of its location and especially of its water connections, the great transshipment point for the trade of China which Western enterprise stimulated and directed into wider regional and international channels. Even after the growth of manufacturing in the city, at least half of Shanghai's commerce was transit trade. Trade repeated and transmitted the pattern of ideas, for Shanghai was the center and dispersing point of modern China's revolution.

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NINE

How the City is Fed

Agriculture and Transport in the Delta

The portion of the Yangtze delta which we have called the fertile triangle (Chapter Four) stands out in dramatic relief as one of the richest agricultural areas in China. Maps 7, 10, and 11 show its place in the pattern of agricultural occupance and rice production. Shanghai lies at the apex of this largest area of high-fertility soil in China with adequate rainfall, and indeed so large a city could have developed nowhere else before the industrial revolution. With railway development still in its infancy in China, Shanghai has been able to maintain itself as a city of nearly four millions because it is located in what is in effect a huge truck garden. 132 134

The soil of the delta is of course alluvium, and its correspondingly high fertility is implemented by its fortunate median position between the semi-arid north and the humid south. Between Hangchow on the south and the Huai River on the north, average annual rainfall decreases from 58 inches to 34 inches. South of the line of the Huai River, leaching has removed much of the original lime content of the soils, but the prevailing gentle quality of the rains in the delta area and their relatively even distribution over the year * has prevented removal of all the lime. The line of the Huai roughly marks the division between the wheat-kaoliang-millet crop economy of the semi-arid north and the rice-tea-silk complex of the humid south, although the two major agricultural patterns overlap in the delta to some extent. Below Hangchow, rainfall increases sharply, and most of the soils of south China are thoroughly leached.

The fertile triangle thus avoids both the inadequate rainfall of

* Rainfall is concentrated from March through August, but no month has more than nine inches and no month less than two.

[p. 133]

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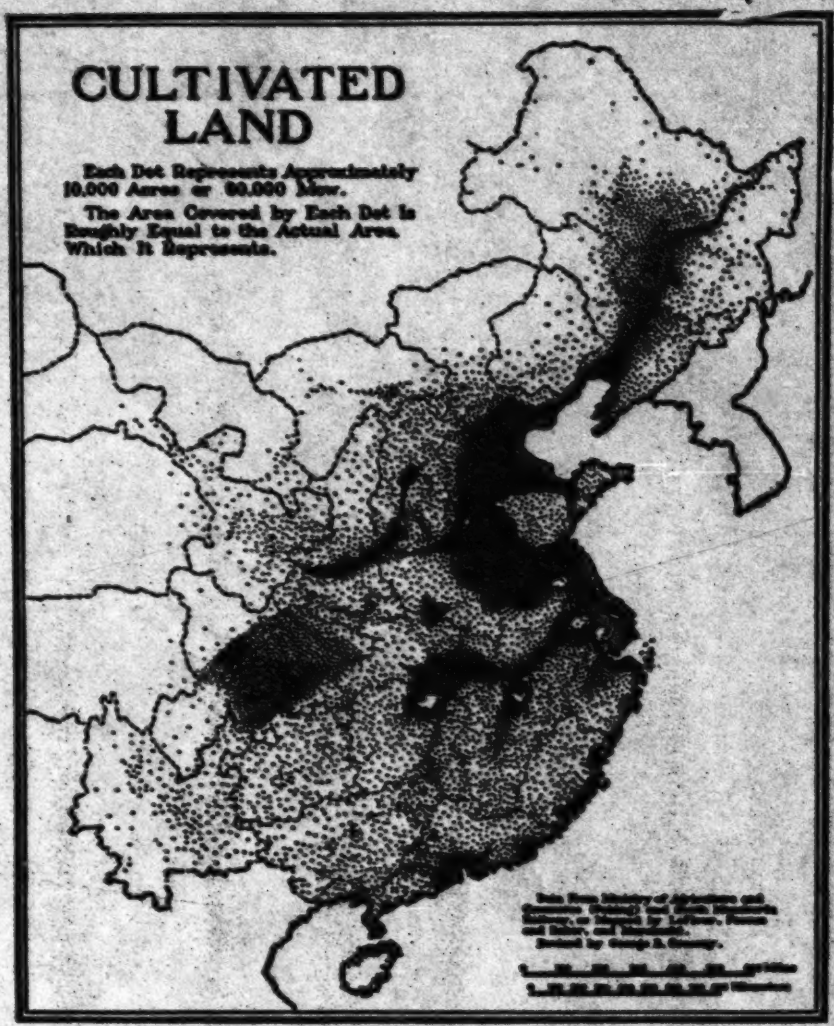

Map 10. Distribution of Cultivated Land in China (reproduced here by the courtesy of the McGraw-Hill Book Company, Inc., from G. B. Cressey, *China's Geographic Foundations* [1934]).

[p. 134]

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the areas immediately north and the leaching of the areas immediately south. It shares with most of south China however a soil which has a high clay content and is thus suitable for wet-rice cultivation in paddies. Of equal importance for the soil with the amount, distribution, and nature of the rainfall is the continual renewal of the alluvium by the Yangtze and its tributaries. While in the absence of frequent floods covering the whole of the area this renewal cannot keep pace with the soil exhaustion attendant on 2,000 years of farming, the material which the rivers bring down and deposit is a highly fertile mixture of well-varied origin containing in particular considerable calcium.[1]

Rainfall over the fertile triangle as a whole averages about 43 inches annually, and falls largely in gentle showers. The peak in late April, May, and June is especially favorable to agriculture, coming as it does during the planting season for most crops in this area and continuing through the first important weeks of early growth. These are the so-called plum rains (*pai-yü*), accompanying weak cyclonic storms whose effect is somewhat lessened by the counter influence of the monsoon wind system of east Asia. The growing season is long, averaging 287 days at Shanghai between killing frosts, 291 at Nanking, and 307 at Hangchow.

Relief forms almost no obstacle to cultivation. For the triangle as a whole, about 80 per cent of the total land area is cultivated (eliminating the area covered by lakes), the highest figure for an area of comparable size in China, according to J. L. Buck's figures.* The

* J. L. Buck, *Land Utilization in China* (1937). This is a highly statistical study, whose limitations are obvious in dealing with a largely illiterate peasant society where accurate or complete statistical information is unobtainable. Buck's figures have often been used too literally, but since they are virtually the only ones available on a national basis they may be used to advantage if it is realized that despite their detail they are no more than approximations, arrived at by Western methods whose applicability to the traditional Chinese society is questionable. Their safest use is as estimates of orders of magnitude. Subsequent citations here from Buck's work should be read with these considerations in mind.

Buck's figures have the advantage of considerable regional detail. Since the discussion of food production and marketing here is largely limited to the fertile triangle, Buck's statistics are more readily usable than others gathered or presented on a provincial basis. However, reference should be made to some of these more general studies by Chinese, of agriculture and of rice production, which bear on the problems treated here, and which I have used in a general way in addition

311 The extensive system of lakes articulated with Tai Lake is by no means 226 lost to agriculture, since most of these bodies of water are shallow 244 enough to permit widespread aquiculture of water chestnuts and lotus (whose roots form an important part of the local diet), as well as supporting a considerable fishing industry on both an exploitative and a farming basis.[2]

311 Cultivation within the triangle is at least as intensive as in any 241 other part of the world. The growing season allows only one crop of rice, but winter crops of wheat and rape seed harvested in May occupy the rice fields after they are drained following the rice harvest in September-October. Cotton is planted in dry fields at the same time as rice in early May. Broad beans are usually intercultivated with the cotton. West and northwest from Soochow as far as the northern tip of Tai Lake as much as 20 per cent of the cultivated area is devoted to mulberry, but even here rice is dominant, and over the triangle as a whole occupies about 75 per cent of the total crop acreage. Vegetables are grown in small plots by nearly every farmer, and within a day's boat travel of Shanghai (approximately 30 miles) they rank third (after rice and cotton) in total acreage.[3]

241 Intensive cultivation is decreed by the dense population characteristically associated with deltas in east Asia (the fertile triangle is one of the primary density areas of China), and made possible by the natural fertility of the soil and the ready availability of water. Common usage in the area of the triangle calls for the bodily exchange of soil once in every three years between rice paddies and

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to depending on them at the specific points for which they are cited below. They would include C. C. Chang, Agricultural Statistics (1930), and *China's Food Problem* (1931), Chiang I-shih, Production of Various Cereals (1947), Chao Lien-fang, The Problem of Rice Production (1947) — including estimates from the early 1930's of the amount of cultivated land in rice, by provinces — Chiang Hsüeh-chai, A New Estimate of the Supply and Demand (1936), Feng Hu-fa, Source Materials (1935), Kuo Ming-hsüeh, Chinese Agricultural Resources (1948), Shen Tsung-han, Chinese Food Problems (1947), and *The Agricultural Resources of China* (1951), and T'ang Chi-yu, *An Economic Study of Chinese Agriculture* (1924) — including figures as of 1920 for rice production and cultivated land in the seven leading rice provinces. Wang P'ei-hsün, The Volume of China's Food Imports and Exports (1947), is a brief general discussion of China's foreign trade in food commodities as an introduction to selected statistics from individual ports.

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fields growing other crops (primarily cotton), since this entails a 241
thorough turning over of the soil which crop rotation alone would not accomplish. When the exchange is completed, the new surfaces are then overlaid with an average per acre of 70 tons of mud dug from the canals. Maintenance of navigability in the canals is a 503
communal responsibility, and farmers are recompensed for their 241
dredging labor by using the highly fertile calcareous mud (which as a rule has supported a heavy growth of water weeds as well as ultimately receiving considerable farm and village waste), also by making use of the canals to market their production and receive goods from outside.[4]

The farms are small, 93 per cent of them under 50 *mow* and 25 241
per cent under 5 *mow*, with an average size of 34 *mow*, according to a Chinese statistical study[5] (one *mow* equals approximately one sixth of an acre). Their cultivation is better described as gardening than as farming. Tools in general use are limited to the *t'u t'ou* [412]
(earth head) — a large-bladed hoe — and smaller metal-headed rakes, hoes, and mattocks, all designed for painstaking hand labor. Water is transferred from the canals to fields for irrigation by means of endless chains of small buckets mounted on inclined frames and driven by foot treadles.[6] The average number of total animal units per farm is lower in this area, according to Buck, than anywhere else in China[7] This is due to the small size of the farms, and to the abundance of human labor, which cannot afford to allocate feed for animals in return for the labor, meat, and manure which they produce. Manual gardening gives a greater return than animal husbandry or farming with draft animals from this fertile and repeatedly refertilized soil in proportion to the food it consumes, and permits a population of 40 million people in the fertile triangle.

With such intensive cultivation, crop yields in the fertile triangle 241
are among the highest in China. Buck's samplings show both rice 433
and wheat yields in this area consistently among the upper five per cent of rice and wheat yields for the 161 localities in China covered by his study.[8] Within a thirty-mile radius of Shanghai, where the city's night soil is cheaper and more readily available than in outlying districts (see below, pp. 162–64), yields of all crops are exceeded by only two counties in China (both near Canton)

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241 reported by Buck. According to his figures, the grain production
433 (or equivalent) per male adult of the population (or equivalent) within this thirty-mile radius averages 2594 kilograms, as compared with an all-China average of 1400 kilograms.*

161 The problem of how Shanghai is fed is, however, not answered merely by the facts of fertile soil, intensive cultivation, and high crop yields in its immediate hinterland. While the delta is clearly productive, it is equally clearly densely populated, and it is likely that a larger proportion of the total population of the fertile triangle lives in cities than is the case in any other area of comparable size in China (map 5).

[146] Buck estimates that the consumption of food energy on farms in
241 this area is 3486 calories per adult-male unit per day, a high figure for a so-called subsistence agricultural economy, and exceeded in Buck's figures for China only by the rice-tea area immediately to the south.[10] Far from being a subsistence economy, the triangle supports a relatively commercialized agriculture. Buck estimates for example, that the farmers of this area sell 61 per cent of their farm products immediately after harvest, and that 60 per cent of farm products are sold (i.e., first sale) as far away as the nearest market town, as distinct from the local village. Both of these figures are exceeded only by those from the double-cropping rice area of Kwangtung.[11]

433 Assuming that the favorable natural environment and the in-
489 tensive farming methods result in a total food production great enough to allow a surplus for feeding the delta's cities, how is it marketed in this pre-industrial economy? Cities of the magnitude of Shanghai have hitherto never developed except where mechanization and technological improvement in agriculture have been accompanied by the growth of railways, and later, highways.* Shanghai, competing for the food surplus of the delta with Hangchow, Nanking, Soochow, and other large delta cities, added well over three millions to its population between 1843 and 1936, while agricultural practices in the delta remained in general just as they

* Ancient Rome and Peking, both cities of approximately one million long before the industrial revolution, might constitute exceptions. Both owed their size primarily to their administrative functions, and both depended heavily on water transport.

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have been during the last 1,000 years. Improvements in transport facilities during the same period were slight. As stated above in Chapter Seven, the only railway lines serving Shanghai during the twentieth century were those to Nanking and Hangchow (opened in 1908 and 1909 respectively). They have never become large volume carriers on a Western scale. Highway development contributed even less to the total transport resources of the area. For a densely populated, highly productive area which also contains several large cities dependent in varying degrees on industry, this transport network is minimal. 433 489

The Shanghai Rice Market

Rice is the basic food commodity for Shanghai. A sampling survey of workers' families in Shanghai by the Bureau of Social Affairs during 1929 and 1930*[12] showed the average worker's diet (by percentages of total money spent on food) to be 53 per cent cereals (of which rice was 90 per cent, wheat 5 per cent, and other cereals 5 per cent), 18 per cent vegetables and beans, 16 per cent meat, fish, and eggs, 8 per cent condiments, 3 per cent fruit, and 2 per cent miscellaneous. Since cereals may be presumed cheaper by weight than the other items in the list (as well as having a higher caloric value by weight unit), the importance of rice in the diet by weight (which is the leading consideration for transport problems) is thus greater than these figures indicate. Fortunately, statistics are more readily available for rice than for any of the other food items. 262

While no complete figures exist to show the rice supply pattern, trading in rice on the Shanghai market was recorded in considerable detail during most of the 1920's and 1930's, and an analysis of the published market reports provides a relatively clear quantitative picture of the main outlines of the city's food supply. The monthly reports issued by the General Chamber of Commerce of Greater Shanghai list supplies of rice entering the city according to source.[13] 438 489

* Chiang I-shih, Production, discusses regional differences in the consumption of cereals as between south China, the Yangtze region, and north China, and includes a table showing these differences for the major cereals, as of 1936. For the Yangtze region as a whole he estimates that rice formed 40 per cent of the cereal diet, wheat 20 per cent, minor cereals 14 per cent, and other food crops 26 per cent.

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438 Most of the places so mentioned recur every month except during
489 the rice planting season from early May to early June, and nearly all of them cluster within a relatively small area in the immediate neighborhood of Shanghai (map 5). In about half the cases they are *hsien* towns (county seats), which presumably draw on most of their respective *hsien* (counties), and in the other cases simply towns or villages which serve as collecting places for the rice-producing areas immediately around them. For the most part, they are located with indifference to existing road and railway networks. Most of the exceptions are large towns through which the road and/or railway are obliged to run in any case. The majority of the places however are located on main waterways, and in every case there is a direct water connection with Shanghai.

433 When the rice supply pattern for Shanghai as shown in these
438 reports is compared with total figures for rice production in Kiangsu province by *hsien*,[14] it is seen that for the most part only the heavy rice-producing *hsien* which lie within about 75 miles of Shanghai send amounts to the city significant enough to be recorded consistently in the market reports. If a surplus exists in the other heavy rice-producing *hsien* * then either transport costs to Shanghai are too high for this rice to compete with areas nearer the city and it therefore moves to other consuming centers, or Shanghai can draw sufficient amounts from the nearer areas at a reasonable price to fill the majority of its rice needs.

For example, Kashing, an important rice marketing center on the railway 60 miles southwest of Shanghai sends little of its rice to Shanghai, although it does send large amounts of locally produced ginger. The comparatively high unit-value by weight of ginger can bear transportation costs which make shipment of rice uneconomic by either rail or water in this case. Another rice center, however, 19 miles farther south on the railway, sends large amounts of local rice to Hangchow 39 miles away. It is near enough apparently to be included in Hangchow's tributary rice area.[15]

438 Although water transport, especially in this delta area, is relatively
505 easy and cheap, it is also relatively slow, and it is reasonable to find

* Kiangsu government figures indicate that this is the case — *Kiang-su sheng-chien*, cited above.

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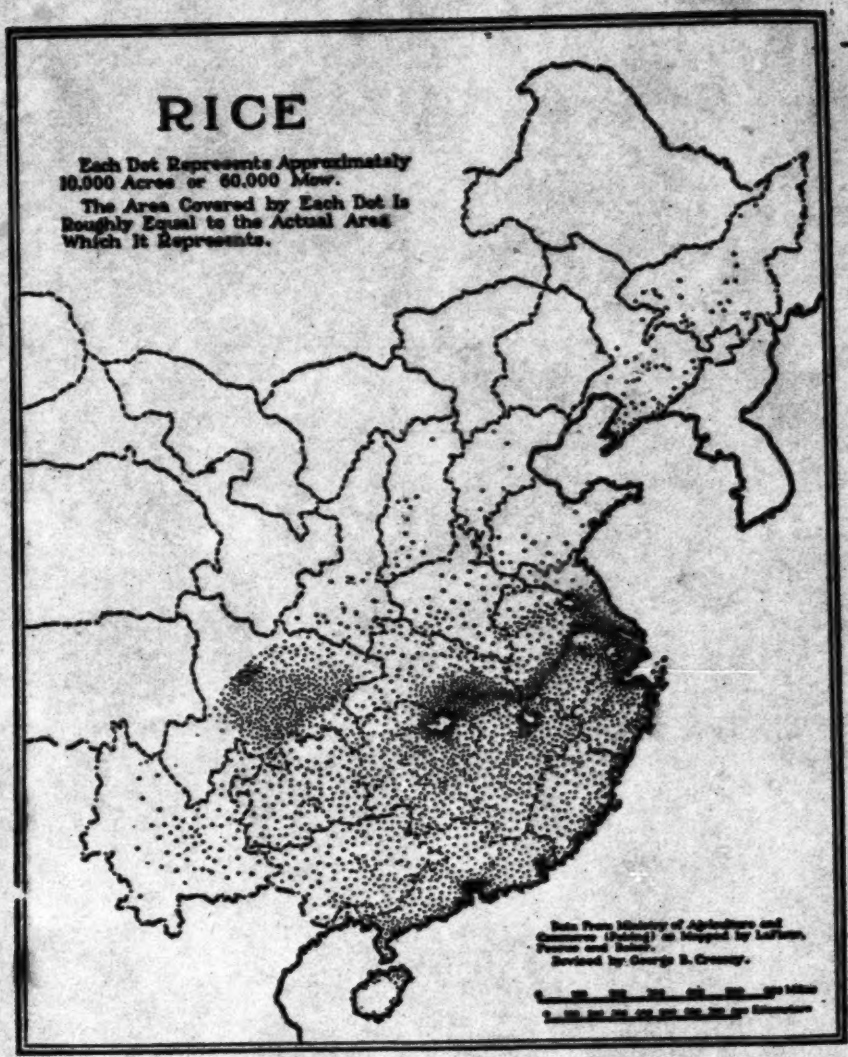

May 11. Distribution of Rice Production in China (reproduced here by the courtesy of the McGraw-Hill Book Company, Inc., from G. B. Cressey, *China's Geographic Foundations* [1934]).

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438 505 that for the most part beyond approximately 75 miles from Shanghai, the time-distance-transport costs make water shipment of rice uneconomic under present conditions. It is correspondingly a logical conclusion that the heavy dependence of Shanghai on this small local rice-supply area is implemented by the Venetian network of canals and natural waterways in the immediate hinterland of the [435] city. Discussions of rice production and marketing in the delta area state that rice moves to both local and distant markets almost entirely by junk or sampan, and that in hilly areas with little or no water transport (such as the country southeast of Nanking, or west and south of Hangchow) the local market price of rice is double the price in the delta lowlands.[16]

The crucial importance of water transport in the pre-industrial economy of China as a whole is heightened in the Yangtze delta area, where water routes are so highly developed. Shanghai lies at the focus of these routes, and of the level terrain of the delta over which transport by water can operate at optimum efficiency. This has been a vital factor in making possible the development of a city of four million people.

438 439 The Shanghai rice merchants divide their main supply areas into three categories: a. local rice (roughly from within a 75-mile radius); b. out-province rice (from Anhwei, Kiangsi, Chekiang, Kiangsu north of the Yangtze, and at scattered intervals from Hunan); c. foreign rice (from the Indo-Chinese peninsula, mainly ex-Saigon, but including small amounts from Bankok and Rangoon).*

435 439 The factors influencing the rice market in Shanghai and its general behavior through the year throw considerable light on how the city is fed. These factors (in addition to the amount and quality of the rice harvest in the main supply areas) may be summarized as follows:

1. The price of foreign and out-province rice. Average monthly prices for the three area categories of rice for the period 1920–1936 were approximately as follows: a. (local rice), CNC$12.00† per

* The export trade in rice from Indo-China, and to a lesser degree from Siam and Burma, is in the hands of overseas Chinese.

† Chinese National Currency — the Chinese dollar.

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picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CN$12.40 per picul; c. (foreign 437
rice) CN$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262
the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

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132 435 438 505 The boatmen on these waterways usually refuse to load or unload rice when it is raining (whether out of regard for their own safety or for that of their cargo is not clear), and the flow of rice to Shanghai stops almost entirely whenever it rains. The Shanghai rice market, including foreign and out-province rice, reacts with great sensitivity to the rain situation in the city, price changes for rice from all sources often following changes in the weather as closely as an hour.* The role of the weather in the Shanghai rice market as a whole underscores the fact that local sources of rice hold the commanding position, and that the rice moves to the city largely by boat. The monthly reports on the rice market refer repeatedly to water transport connecting Shanghai with the rice-producing areas of south central Kiangsu, but very little mention is made of railway transport of rice during the entire period 1920–1936. Highway transport of rice is not mentioned at all. The dominance of water is so marked that these monthly reports lay great stress on the weather, and conclude in one case that "Rain and wind make a great difference to the rice merchant's heart."[18]

527 435 438 4. Traditional festivals, especially the Chinese New Year (a lunar festival occurring as a rule in early February). Their effects may be summarized as follows: a. since the New Year is the time for settling of accounts as well as for feasting, the farmers need cash and sell their rice; the price falls as a result at the beginning of the festival period; b. however, the holiday on the farms decreases the amount of rice collected and transported to inland centers as the festival continues, thus counterbalancing the earlier selling; c. banditry resulting from inability to pay debts slows or stops move-

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market on an average of ten or twelve times a year, principally from March through July.

* According to records kept by the Public Works Department of the International Settlement at Shanghai (printed each year in the Annual Reports of the Municipal Council from 1920 to 1939), rainy days occurred in the city from 1920 to 1939 on an average as follows:

	Jan.	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*
Number of days on which some rain fell	3	4	6	6	8	14	7	5	5	4	4	1
Number of days with rain continuously 6 A.M.-6 P.M.	1	2	4	4	5	8	4	3	3	2	1	1

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ment of rice by water to Shanghai. This last has the greatest effect on the rice market. In general, the Shanghai price of rice tends to rise at New Year about 5 per cent and at other festival times a little less. The above effects of festival periods also demonstrate the leading position of local rice supplies, since the entire Shanghai rice market (including the price of foreign rice imports) reacts at these times to purely local festival activities. Local rice being in short supply, foreign rice is at a premium. 527 435 438

5. Civil disturbances. Movement of local rice to Shanghai is notably interfered with during periods of local unrest, especially when troop movements occur. The boatmen fear commandeering of their boats and expropriation of the cargoes. This was a frequent occurrence during the unsettled political period of the late 1920's, and later during the Japanese attacks on Shanghai in 1932 and 1937, as well presumably as the wartime period and the large-scale civil war which shortly followed it. Civil order has unfortunately not been the rule in this area during the past thirty years. In October 1926, despite an excellent harvest just gathered, large amounts of rice already in storage in Shanghai and the accumulated demand in the city after the mid-autumn festival, a local uprising in Chekiang and troop movements connected with it in Kiangsu brought water transport to a complete halt in the delta south and west of Soochow. As a result, the Shanghai price of rice nearly doubled instead of falling as it otherwise would have done. The railways to Hangchow and Nanking were kept open during the entire period. In this case the rice supply situation was eased by shipments on special order from Tsingpu, Sungchiang, and other nearby areas removed from the trouble.* 579 435 438

* Rice was stored both in Shanghai and in the collection centers in the local producing areas. However, the Shanghai rice market was very sensitive to day-to-day changes in the supply arriving from the local areas. This suggests that relatively small amounts of rice were stored in Shanghai, and that the market depended on regular shipments. When these were interfered with, it was not possible for the Shanghai rice merchants to keep the Shanghai price from rising, since orders for foreign rice could not normally be delivered in less than two weeks. The hiatus in local supplies during the planting season was of course anticipated by the Shanghai merchants in the form of advance orders for foreign rice which were delivered during May and June, but even so the price of rice rose during this period, as indicated above, further evidence that the market was dominated by local supplies moving regularly to the city during most of the year.

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438 The general impression from the foregoing summary of factors, and from the market reports themselves, is twofold: firstly, that there is an ample margin of rice supply for Shanghai, from various sources, at all times at least until 1936; and secondly, that by far the largest part of that supply comes from within a radius of approximately 75 miles and moves to the city largely by water transport. There is some statistical evidence which bears on the problem, and the following figures compiled from the records of the Maritime Customs provide as close a check as can be obtained at present.

Local, Out-Province, and Foreign Rice

438 439 The Food Commission of the Bureau of Social Affairs of the City Government (Chinese) of Greater Shanghai published in 1931 a statistical study of the sources of Shanghai's food supply, using figures taken from the records of the Maritime and Native Customs.[19] The study shows a yearly average during the period 1925–1930 of 780,000,000 pounds of rice brought into the city from all sources. This is stated as a rough estimate because there are no means of recording all of the small shipments arriving from the delta by junk and sampan via the many small creeks and canals which converge on Shanghai.

The total figure is broken down in the table below, according to means of entry into the city.

from inland areas via the Whangpoo, Yangtze, or Soochow Creek:		560,000,000 pounds
from the sea via the Yangtze:		160,000,000 pounds
domestic origin	30,000,000	
foreign origin	130,000,000	
via overland routes (means of transport not specified)		60,000,000 pounds
TOTAL		780,000,000 pounds

438 497 Railway haulage figures[20] indicate that nearly all of the 60,000,000 pounds arriving by overland routes came in by rail from cities and towns along the Yangtze toward Nanking, Tanyang, and Changchow in particular. Although these places are on or near the Yangtze, they are farther from Shanghai than its main rice supply areas so

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that rail transport to Shanghai can compete with water transport. 438
Given the lines, one might assume that they would carry the most 497
important product of the delta. The surprising fact is that they carry such insignificant amounts. Total figures given by the railway for rice haulage leave little or no margin for highway transport of rice, and we may assume that it is negligible.

The relatively small figure of 30,000,000 pounds given for arrivals 438
by sea from domestic sources is probably accounted for by small-lot 505
junk cargoes from the northern and southern shores of Hangchow Bay, and from the seaward-extending tip of Kiangsu just north of the Yangtze. South of Hangchow Bay all of the coastal areas import rice to balance their local rice deficits, and north China has no rice surplus for export.

Most of the foreign rice imports to Shanghai, according to the 438
market reports referred to above, are ordered by rice brokers from 439
Nanking, Tientsin, Hankow, and Ningpo operating at Shanghai as China's leading rice market, and this rice is then shipped from Shanghai to their respective cities. At certain periods when the Ningpo rice brokers ordered directly from Ningpo for Saigon rice, Shanghai's stores of foreign rice became superabundant and its price fell sharply, even producing a fall in the price of local rice during the planting season, as in May 1929. All of these cities are relatively more dependent on foreign rice imports than is Shanghai. The focusing of delta waterways on Shanghai, and the relatively less easy transport in the hilly or semi-arid hinterlands of the other cities mentioned, are certainly as important as the concentration of rice production in the delta in accounting for this difference.

The greatest period of foreign rice invasion on the Shanghai market for consumption in the city coincides roughly with the planting season, showing a natural lag of about one month during which Shanghai stores of local rice are drawn on. As soon as new supplies of local rice enter the Shanghai market in July, the situation returns to normal and prices are stabilized. Foreign rice is also ordered by Shanghai merchants when other natural or threatened hiatuses occur in the local supply due to weather, civil unrest, short supply in storage, or price stoppages. As a rule, these breaks in the local supply are short-lived or do not materialize.

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438 With the exception of the planting season, the general price and
439 supply situation is dominated by local rice.

Although considerable amounts (unfortunately there is no record of their size) of both domestic and foreign rice entering Shanghai
432 are resold to or originally ordered by other cities, relatively more
511 of the foreign imports fall into this category. The table on page 146 above should therefore be interpreted in the light of the ultimate destination of the several categories of rice shipments arriving in the city. Total sales of rice in Shanghai, for which relatively more accurate figures are kept, provide a different indication of the city's rice consumption. Sales are estimated by the Food Commission's study as averaging annually 860,000,000 pounds during the period 1925–1930.* Their report assumes that the difference of nearly 100,000,000 pounds between this figure and the total recorded entries of 780,000,000 pounds is accounted for by unrecorded shipments arriving by creek and canal from nearby sources. Shipment of much or most of the foreign rice from Shanghai to other cities would leave an even greater gap between the two figures as measures of Shanghai's consumption, and it is logical to assume that this also is filled from local sources.

The figure for total sales, however, may not be an accurate indication of total consumption if we attempt to estimate the average annual rice consumption of a Chinese adult and multiply it by the population of Shanghai in 1930. A Chinese economist[21] suggests four piculs per year (532 pounds), which, using 3,250,000 as Shanghai's 1930 population (graph I) gives a total city consumption of 1,730,000,000 pounds. Or if we use a lower estimate of 400 pounds,[22] which agrees more closely with the writer's experience, and scale down this figure to 380 to allow for children, for other cereals and foods in the Shanghai diet (see above, p. 139), and for the non-rice-eating foreign population of the city (38,000 in 1930), we still arrive at a figure of 1,235,000 pounds. This is equivalent to about 1,750
[146] calories per day per capita from rice alone, certainly a minimum diet for a Chinese.

* This figure presumably includes spot sales of foreign rice by Shanghai brokers to dealers in other cities, but probably does not include foreign rice delivered in Shanghai on order from other cities.

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We can be sure that the figures for foreign imports recorded by the Maritime Customs are reasonably complete and accurate, since smuggling of rice imports is hardly a profitable venture. If a discrepancy exists (and it is not considered that the calculations of the preceding paragraph do more than suggest the possibility of a discrepancy), it must therefore be attributed to unrecorded entries of rice by water transport from the delta area.

The Customs figures show great yearly fluctuations in the import of foreign rice to Shanghai, with a low in 1924 of 200,000 pounds and a high in 1926 of 300,000,000 pounds. 1926 was marked by prolonged and widespread civil war in the delta, culminating in the capture of Shanghai by the northern expeditionary forces of the Kuomintang in January 1927. The market reports referred to above mention interruptions in water transport to Shanghai from the local rice-producing areas more frequently in that year than in any other. They also describe it as an unusually rainy year, with floods over large areas of the delta during the spring and autumn. The reports make it clear that the rice crop in Shanghai's local supply area was not drastically affected by these conditions and totaled approximately 80 per cent of normal. The interruptions in water transport, however, caused by civil disturbances and weather, made it difficult to get the crop to market in Shanghai. They increased the price of what did come in so markedly that foreign rice was imported in unusually large amounts.

Foreign rice imports returned in 1928 to a more nearly normal level. Subsequently they rose and fell almost as radically in certain other years to give an average for the period 1920–1936 of 70,000,000 pounds yearly (as compared with the 1925–1930 yearly average of 130,000,000 pounds cited above from the Food Commission's Report). The following table lists annually foreign rice imports to Shanghai and notes after years of unusually large imports any exceptional conditions mentioned for those years by the market reports.[23]

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Year	Foreign Rice Imports (lbs.)	Market Report Comments
1920	2,000,000	
1921	15,000,000	
1922	40,000,000	
1923	3,000,000	
1924	200,000	
1925	210,000,000	civil war in the delta
1926	300,000,000	civil war and floods in the delta
1927	120,000,000	civil war and floods in the delta
1928	80,000,000	
1929	40,000,000	
1930	40,000,000	
1931	200,000,000	floods in the lower Yangtze basin
1932	120,000,000	Japanese attack on Shanghai
1933	2,000,000	
1934	600,000	
1935	600,000	
1936	300,000	

The market reports imply (without giving any figures) that the drop in rice imports after 1932 was related to the fact that Ningpo, Tientsin, Hankow, and Nanking rice brokers decided in these years to order foreign rice directly for delivery to their respective cities without transshipment via Shanghai. But whatever the reason for the fluctuations in rice imports shown in the above table, it is clear that under normal conditions Shanghai could not and did not depend on foreign rice to any important extent. Given free movement of water transport in the delta, it was able to support itself almost entirely on what it drew from its local supply areas. Shanghai's population doubled between 1920 and 1936, yet imports of foreign rice to the city all but disappeared in one third of the years listed in the above table.

There is some evidence that even during the early years of modern Shanghai, before it reached a population of half a million, the city relied primarily on local sources of rice and depended on foreign imports only under unusual conditions. Trade reports of the British consul at Shanghai show large imports of rice in 1862, 1863, and 1864 while the city was for considerable periods besieged by rebel forces of the Taiping army. The consular reports specifically mention elsewhere that water transport in the delta to and from the city

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came to a standstill at frequent intervals during these years.[24] They also mention the Shanghai prejudice against eating foreign rice and state that it is consumed only when local supplies are unobtainable.[25] The Taiping Rebellion was suppressed and Nanking recaptured by the Ch'ing forces in June 1864. By 1865 the Shanghai consular report shows the virtual disappearance of foreign rice imports.[26] Apparently Shanghai was not at that period acting as an entrepôt for rice imports to other cities. 439

It has been a widespread opinion in China and outside it that the large cities of east Asia, including Shanghai, have depended for their growth on the import by sea of foreign rice from the surplus rice areas of Indo-China, Burma, and Siam. Various students of the problem have gone far enough to examine the rice import figures recorded by the Maritime Customs and to compare them with population growth, finding that in the case of at least the south China treaty ports overseas rice imports have increased faster than the population, and concluding that these cities would starve if overseas imports were cut off.[27] Aside from the fact that much of the foreign rice entering Shanghai is destined for other places, what statistics are available, when added to the evidence of the market reports, demonstrate that the part played by foreign rice is minor in the case of Shanghai.

If Shanghai is indeed an exception in this respect, an explanation may logically be found in the combination in its immediate hinterland of heavy rice production and highly developed water routes. There is no significant correlation between the size of the delta rice crop in different years and imports of foreign rice. The years of large import did however coincide with unusual conditions in the delta which affected primarily the movement of goods by water rather than the actual rice crop. Transportation rather than production would appear to be the key.

While the quantitative importance of foreign rice is minor within the general supply picture, it is certainly true that for recurrent short periods foreign rice has filled large gaps in the Shanghai market. Even in normal years, foreign rice came in during the local planting season, and in years marked by civil disorder or natural calamities in the delta it accounted for a quarter [illegible] third 439 435

439 of Shanghai's rice consumption of something like one billion
435 pounds over the year as a whole. The supply situation was determined by price, and foreign rice was imported not necessarily because local rice was unobtainable but because its Shanghai price at certain periods rose considerably above the Shanghai price of foreign rice.

The price problem posed by the hiatus in local supply during the planting season might have been overcome without bringing in foreign rice, by carefully planned advance buying and by distributing price fluctuations for local rice more widely over the year as a whole. This solution was theoretically in the power of the Shanghai rice merchants, and it has since been applied at least to a degree by the Communist Government (see Chapter Eleven). But it is doubtful whether Shanghai could have existed without foreign rice imports during the periods of civil war and floods which disrupted its water connections with the producing areas. At such times, a high enough price in Shanghai could presumably have attracted to the city from the local areas adequate rice to feed its population despite the difficulties and dangers of water transport, but workers' families and other low-income groups, which constituted the great majority of the population, would have been priced out of the market.

722 The situation after 1936 was complicated by the Japanese invasion
439 and conquest of the delta in 1937. Japanese military requisitions drained off increasing amounts of the delta's rice crop, and fighting over the area reduced total production and hampered the movement of rice to Shanghai. The city became increasingly dependent on foreign imports of rice, and by 1940 relied almost entirely on what it was able to import from Saigon. The unsettled political situation, in which the foreign settlements remained until Pearl Harbor in theory outside Japanese control but increasingly subject to Japanese influence and threatened with total absorption, en-
435 couraged hoarding and speculation. Curtailment of local supplies created an actual shortage, and these factors together resulted in a tripling of the Shanghai price of rice between 1936 and 1941.

[577] Rice riots in the city became frequent, and Shanghai's normal dependence on its local rice supply areas was increasingly borne in upon all of the cities population.

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upon all of the city's population. A leading commercial journal in the city remarked in 1940 that "Shanghai is an island cut off from the normal sources of supply of its staple food," and went on to point out that rice selling at that time in Wusih for CNC$15 per picul of 172 pounds sold for CNC$90 per picul in Shanghai, a price difference which certainly reflects transport difficulties as well as the abnormal situation in Shanghai. The Shanghai price of imported rice quite naturally rose to meet this level.[28] At scattered intervals during this period from 1937 to the end of 1941 when conditions permitted relatively safe water shipment to Shanghai from the delta, local rice appeared on the Shanghai market in large quantities and the price of rice from all sources dropped to nearly its pre-war levels.[29] 435 [489]

The part played by out-province rice is difficult to evaluate. The market reports already referred to indicate that except during the planting season out-province rice is unimportant on the Shanghai market, and at all periods under normal conditions is less important than foreign imports.[30] However, complete figures for out-province shipments of rice to Shanghai do not exist, doubtless due, at least in part, to the fact that much of it moves to the city in small boats, a flow difficult to measure. The market reports give the impression that most of Shanghai's out-province supply comes (in order of importance) from Wuhu (the chief rice center of Anhwei), the lowland areas of Kiangsi connected by lakes and rivers with the Yangtze, the lowland areas of northeastern Chekiang, and the western and southern shores of Tung Ting Lake in Hunan. All of these sources have direct water connections with Shanghai. 438

If the earlier opinion that Shanghai, among the other treaty ports, depended for its growth on overseas imports of rice is no longer tenable, it is perhaps reasonable to question whether at least Canton may not have profited from its similar location. The Hsi delta is the closest parallel in China to the Yangtze delta, although on a smaller scale. Like the Yangtze delta, it is a heavy rice-producing area which also contains a highly developed network of natural and artificial waterways. Kwangtung as a whole is a rice-deficiency area, and foreign imports of rice to Canton may not be destined entirely for 439

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439 consumption in the city. As in the case of Shanghai, Canton may act as an entrepôt for rice imports to other cities.

433 This may suggest that China as a whole produces enough to feed
489 itself, even by traditional farming methods, if only the food could be transported cheaply enough. As it is, foreign rice moves only to the large coastal cities, because transport costs once it leaves the sea prevent further penetration. The rice comes in because at certain periods it is cheap, and it is cheap relative to Chinese rice primarily because of the difference in transport costs between sea and land. It may be found when full facts are available that the flow of rice to large Chinese cities, which depends on price, is governed predominantly by transport costs, as it is in the case of Shanghai, and that where cheap transport is possible, local sources form the major part of the supply.

Other Food Commodities

241 The Yangtze delta, and more especially the fertile triangle, is a
438 specialized agricultural area, more so than most agricultural regions of China because of its greater degree of commercialization. Its special crop is rice, with cotton, mulberry, and vegetables the only other significant items. Some wheat is grown, but it is of relatively minor importance in the fertile triangle and is raised mainly as a dry-field winter crop between rice plantings. Shanghai's dependence on local sources for rice is thus not matched by the rest of its food supply. The significance of the city's water connections with other agricultural regions is apparent in the fact that in a largely pre-railroad and pre-commercial economy, Shanghai is able to depend on distant sources for many food items in a way, if not to a degree, which is in certain respects comparable to the food supply pattern developed for large cities in the United States and Western Europe.

244 Shanghai has its own truck- and market-garden area, much as
438 large Western cities have, with the difference that vegetables in particular have always been grown there and that environmental conditions in the fertile triangle are virtually ideal for market-garden-type production. Near most Western cities, soil, climate, and relief must often be fitted with difficulty into the needs of the city for fresh local food. Vegetable production in the fertile triangle

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for sale in Shanghai is not only convenient but environmentally advantageous. 244 438

How much of the city's supply of vegetables comes from its market-garden area (a day's water travel, or about a 30-mile radius from the city, an area where vegetables rival rice as the leading crop), and how much from greater distances is difficult to determine with any accuracy in the absence of published records. The principal vegetable market in Shanghai is along both banks of Soochow Creek near its mouth, which suggests that vegetables come into the city by water from its immediate environs. Merchants and vendors there, including many farmers who bring their vegetables into the city by sampan for daily or twice weekly markets, speak only of the near neighborhood of the city as the source of their wares. About 15 square miles within the Municipality of Greater Shanghai itself are occupied by vegetable crops,[31] which can take the fullest advantage both of convenience to the market and of favorable environment in this fertile flat delta land. Vegetables undoubtedly come into the city in large amounts from greater distances, although it is unlikely that bulk shipments of such perishable commodities would move beyond the delta. The railways do not carry them in any significant quantities.[32] 438

Although its place in the Shanghai diet is relatively minor (see above p. 139), wheat is a major food commodity for the city because of the prominent place of the flour milling industry there. While over two-thirds of the flour milled is exported, principally to north China ports, the wheat must first be brought to the city even though most of it is not eventually consumed there. [262] 256 438 489

Shanghai drew its domestic wheat largely from Kiangsu. Only a minor crop within the fertile triangle, wheat is of much greater importance in the drier and colder areas of Kiangsu north of the Yangtze, and in the western parts of the delta. This production, plus the wheat raised almost entirely for sale as a dry-field winter crop within the fertile triangle, can be carried to Shanghai from nearly every producing area via the water network of the delta, including the Yangtze itself. While the delta area is by no means a leading wheat producer, it is wholly unique among wheat areas in China in its cheap and easy transport connections with a large urban [243]

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256 438 489 market. The semi-arid north, where most of China's wheat is grown, has almost no water transportation. Water in the delta has made it possible for wheat production there to become highly commercialized as Shanghai developed into a huge industrial market which water routes made accessible in terms of transport costs for bulk shipments.* This helps to explain the anomaly of Shanghai (rather than Tientsin — a close second) as the largest wheat-milling center in China despite its great distance from China's major wheat-producing areas where other industrial centers, notably Tientsin, also mill flour.

439 505 Domestic sources of wheat, however, accounted for slightly less than half of the city's supply during most of the 1920's and 1930's. Although Kiangsu sources held the commanding position domestically, wheat also came to the city especially from the major wheat area of Shantung, by sea from Tsingtao, where it was collected largely by rail. Shanghai's connections by sea thus implemented its water connections in the delta in ensuring a steady flow of low-cost cereals. Dependence on overseas sources for more than half of its wheat was more workable economically for Shanghai, with its location and harbor facilities, than for any other China port. It was cheaper for Shanghai to bring in wheat from Canada, the United States, and Australia (the three major overseas sources in order of importance) than for Tientsin, without inland water transport, to bring in wheat from the producing areas of north China beyond its immediate Hopeh region of the north China plain.

These imports of wheat from overseas fluctuated considerably from year to year according to price conditions. As in the case of rice, wheat imports were unusually high in years of civil disorder and (or) rain and floods in the delta area, notably in 1926, and decreased markedly in intervening years of political and climatic stability.[33] Again the inference is that stoppages of water transport in the delta were the key factor. As an ocean port near major world shipping lanes, Shanghai could import at a practicable cost whatever goods normally obtained from the delta which temporary cir-

* Water as rainfall, or as irrigation, also keeps wheat yields higher in the delta than the north China average.

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cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [48?]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

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235 505 the province where arid north China fairly begins, and where water transport facilities are limited. Eggs also come to Shanghai from places up the Yangtze valley as far as Hankow, transported in bamboo crates holding from 500 to 1000 eggs and carried entirely by water. 40 per cent breakage in transport is given as an average figure.[39] This apparently does not make the longer hauls uneconomic, and implies that cheap transportation is an important factor.

[262] 226 435 251 Fish, however, after cereals and vegetables, is the most important protein-supplier in the city's diet, and Shanghai handles one third of the fish and marine products marketed in China annually for which there are market records. Seasonal variations in the catch and lack of adequate cold storage facilities make for violent fluctuations in the price of sea fish, in the case of one common species from a yearly low of CNC$3 per *shih* (200 pounds) to a yearly high of CNC$50 per *shih*. A good catch is often disastrous to the fishermen because it depresses the Shanghai price below cost, since in the absence of cold storage the fish must be sold within a few days.[40]

226 251 Shanghai's fishing fleet in the 1930's was about two-thirds sailing junks and one-third steam trawlers, both of which packed their catch at sea in iced barrels. In summer, spring, and autumn the packing preserved the fish for only about two days in this climate, and a premium was put on quick marketing. The fishing boats were allowed only a limited amount of salt for preserving, in order to prevent smuggling abuses. The main fishing grounds off the coast of central China are approximately fifty miles to the seaward of the Chusan Islands, or about 140 miles from Shanghai, a good two days' run for the junks and not much less than that for the trawlers. The catches are of course not all made in one day, so that fish arriving in Shanghai might be as much as four or five days old and in a questionable state of preservation.[41] Small fast power boats from Shanghai met the fishing fleet at the fishing grounds when the catches were good and rushed the fish to market in the city, but this stratagem greatly increased the cost and did not remove the need for making an immediate sale.[42] Dried and salted fish comes to Shanghai mainly from small villages and islands along the coast of northern Kiangsu and southern Shantung, where it is pre-

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served, packed in barrels, and shipped to Shanghai by junk, but this supply also is irregular and its price fluctuates widely.[43] 226 251

The supply and price of fresh-water fish are much steadier. The catch from the lakes, canals, and rivers of the delta comes in alive in specially constructed boats with built-in wells floored with grating through which the water can circulate freely. The fish are fed en route with powdered egg yolk, and the average journey from source to Shanghai is about three days, or approximately 100 miles. These boats are built for the Shanghai trade, since fish do not travel alive for such relatively long distances to any other market. The boats avoid the lower reaches of Soochow Creek in approaching the city because they fear that its polluted water will harm or kill the fish.[44] Several alternate routes are available. Fish are also transported alive to Shanghai in tanks from places along the Yangtze as far as Wuhu, Hukow, and Kiukiang, the water being changed several times a day en route.[45] Although no complete figures exist, it is estimated that the supply of fresh-water fish and its sale in Shanghai are much greater than of sea fish.[46] This fact is certainly related to the ease of live shipment by water, which maintains a steady supply at a relatively constant cost.

Of the higher unit-value food items discussed above, only fruit and cured hams travel long distances independently of waterways. The extension of the egg supply area to as far as Hankow would seem to be related to the water connections between it and Shanghai. In the case of fish, although Shanghai is an ocean port near the main fishing grounds of the central China coast and served by a large commercial fleet, the city's fish market is dominated by a supply whose freshness, cheapness, and abundance at all seasons is the direct result of inland water transport. 505

Local Rice Surpluses, and the Future

There remain two principal unsolved problems. The first is accounting for a rice surplus in the densely settled delta where so many large cities compete for the food produced on these tiny farms by traditional farming methods. Only indirect explanations can be suggested, but it should be remembered that the Yangtze delta is by no means unique in this respect. The three great rice-exporting 433

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433 areas of Asia are all deltas, and all are of the same order of population density as the Yangtze delta: the lower basins of the Mekong, Menam, and Irrawaddy Rivers. Each of these deltas also contains a primate city, and in addition produces most of the rice for the entire population of each country (Indo-China, Siam, and Burma respectively). Yet each of them has continued, under peace-time conditions, to produce large yearly surpluses of rice for export.

503 The Sui emperor Yang Ti (A.D. 605–618) first joined together
433 existing natural and artificial waterways into a connected system running from Hangchow in the south to northern Kiangsu and thence westward across Honan to the Sui capital at Ch'angan (modern Sian). This system of waterways linking the rich rice areas of the delta with the military and political centers of the north included several branches, among them a route to the Peking area which was later incorporated in the Grand Canal of the Mongols.* The southern half of the present Grand Canal was completed from Hangchow to Kaifeng during the northern Sung dynasty (A.D. 960–1127), *inter alia*, to bring rice for the supply of the court and capital at Kaifeng. During the Yüan (Mongol) dynasty (1260–1368) the canal was extended from Kaifeng to Peking, the Yüan capital, and up to the time of the late Ch'ing dynasty (1644–1911), with its capital also at Peking, rice to feed successive imperial centers in arid north China flowed in great volume out of the productive Yangtze delta.

433 Apparently a local surplus existed throughout this period, but it was not allowed to accumulate locally as the basis for a new population growth in the delta. By a coincidence which may or may not be significant, the end of the imperial system (the revolutionary Kuomintang overthrew the Ch'ing Government in 1911, and established its capital in 1927 at Nanking) came at about the beginning of Shanghai's major population growth (graph 1). It is certainly possible that instead of going to Peking, the delta rice

* Chi Ch'ao-ting, *Key Economic Areas in Chinese History* (1936), pp. 114–115, in giving an account of this development and its later extensions, shows that canals between the Huai and the Huang were built at least as early as the fifth century B.C., and that a through water route between the Yangtze delta and western Honan apparently existed by the third century B.C.

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surplus began at this period to move to Shanghai and has continued to do so. 433

Grain shipments on the Grand Canal from the delta to Peking had actually become insignificant after the Taiping Rebellion (1850–1864), and ceased entirely in 1901. Sea transport of rice was substituted until 1911, but it never brought from the delta to Peking more than a small fraction of what had previously moved by the Canal. During the nineteenth century, Kiangsu and Chekiang had yearly quotas of tribute rice shipments to Peking of over one million piculs each, totalling for both over 320 million pounds,[47] or about one-third of the annual rice consumption of Shanghai alone in the 1930's. However Morse suggests[48] that the rice actually collected (much of which never got to Peking) may often have been six times the official quotas. 505 651 [661]

The population of Peking did not decline after 1911, since the city remained the seat of a northern warlord regime and became China's largest rail junction, especially with the economic development of Manchuria. Its estimated population total in 1936 was 1,400,000, in all likelihood the highest figure it had ever reached, as compared with about 800,000 in 1900. But it was no longer the seat of a court, garrison troops, and an extensive bureaucracy, recruited from all over China including the rice-eating south, and with power to command shipments of tribute rice, which made up part of many official salaries. After Peking ceased to function as the imperial capital, its population subsisted primarily on the millet and wheat readily obtainable from north China, while the flow of rice from the Yangtze delta followed economic rather than imperial dictates. 000

It does however seem possible that rice surpluses in the delta available for urban consumption have been greater since the twentieth-century growth of Shanghai (and of its many urban rivals in the delta) than during the imperial period. The following paragraphs suggest one explanation of this. Another might be that local farmers had less incentive to produce rice when most or all of the surplus went to Peking as tribute, or was absorbed as "squeeze," than when they could sell it in a reasonably free market for consumption in Shanghai. 433

In the early years of the foreign settlements when foreigners were 000

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514 364 463

In the early years of the foreign settlements when foreigners were permitted into the hinterland for half a day's travel from the city (since they were originally not allowed to spend a night beyond the Settlements), they moved very largely by boat, and "they inevitably met on the way dung boats, dung tanks, dung buckets, and dung carriers wherever they went."[49] Until 1923 (the 1925 population of Shanghai was approximately 2,300,000, including 29,000 foreigners), there were virtually no flush toilets anywhere in the city and no central sewage system. The human wastes (or night soil) and the garbage of the city, in common with the usual practice in east Asia, were carefully saved and "sold" to contractors, who were paid a small fee for their services in removing the wastes and distributing them for sale to the farmers of the delta. Up to 1923, when a central sewage system was installed, these night soil contractors collected the wastes at most of the houses in Shanghai, including the foreign houses, and were under contract to the Shanghai Municipal Council for the removal of wastes collected by the Council from public buildings and a few private houses within the International Settlement. The Council realized an average annual revenue between 1910 and 1920 of US$50,000 from these transactions.[50]

The Council made its first contract with the night soil collectors in 1867 because it was alarmed by the health menace presented by the promiscuous dumping of wastes of all kinds in the creeks which flowed through the Settlement. Night soil contractors had been operating in the Settlement for several years before this date, but they had not removed all of the wastes, and the Council in its new contract provided for a complete disposal system.[51] By 1932, the Health Commissioner of the International Settlement was defending this system as essential not only to the health of the Settlement but to the productivity of the farms which supplied it with food.[52] As a means of disposing of the city's refuse it also had notable advantages of economy, if not of attractiveness to the foreign residents. The Council estimated in 1920 that the cost of collection and disposal of household wastes in Shanghai over the period 1908–1919 averaged about 1s 2d per ton, as against an estimated cost in London at the same period of 9s 1d per ton.[53]

In 1923 the Council built the first central sewage system, which

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by 1934 included four sewage-treatment plants and two incinerators 364
for household refuse. During the same period cesspools were dug 514
for most buildings in the Settlement beyond the limits of the 463
central sewage system. The night soil contractors continued to remove wastes from buildings without cesspools, and, by agreement with the Council, to drain the cesspools at regular intervals. Most of the sewage treated by the new plants was sold to the night soil contractors as before, but now in a concentrated form which was also less dangerous to health when used as fertilizer. Non-organic wastes were dumped at sea by the Council, or were used for raising low-lying land. Household garbage continued to be collected by the night soil contractors as before.[54] These malodorous cargoes went out from Shanghai entirely in barges, many of which were open and which were (and still are) to be seen on all of the waterways running through the city. It was these which attracted the adverse comment to which the Municipal Health Commissioner replied in the statement referred to above.

The night soil produced by two, three, or four million people 241
and distributed to farmers must have been a not inconsiderable factor in maintaining or enhancing soil fertility and in making possible unusually high yields within a thirty- or forty-mile radius of Shanghai.* Existing figures for crop yields are unfortunately calculated on the basis of *hsien*, and *hsien* boundaries do not even approximately coincide with the thirty- or forty-mile radius. The Municipality of Greater Shanghai itself occupies 320 square miles (of which 210 square miles is listed as farm land) within the area of night soil distribution from the city. The effect of this distribution therefore cannot be measured with any accuracy in terms of crop yields, although the figures do show about 10 per cent higher yields of all crops in the *hsien* which have some part of their area within a forty-mile radius of Shanghai than in the remaining *hsien* in the Kiangsu section of the delta south of the Yangtze and east of Tai Lake.[55] Soil and land forms are generally uniform over this area. It is a readily observable fact that fields are greener and crops heavier and further advanced within a day's foot or water travel

* See above, p. 137. Buck's figure was compiled from surveys in only one district (about one quarter of one *hsien*) within this area.

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241 from large Chinese and Japanese cities than in the remainder of the rural districts, into which the green fades off beyond 30 or 40 miles. This is particularly true at Shanghai, and is most clearly seen from the air, but it also strikes the eye on the trip by train from Shanghai to Nanking, or in walking through the country.

Night-soil distribution could have provided an automatic increase in crop yields in the immediate vicinity of Shanghai as the city's population grew. In a country where even near the large coastal cities and under a system of relatively commercialized agriculture, chemical fertilizers are beyond the means of the farmers, the heavy use of night soil in the neighborhoods of large cities where it can be purchased at a price even the poorest farmer can afford can be assumed an important factor for agriculture. In the case of Shanghai, it may help to explain the apparent local surplus of rice from the delta which goes to feed the city.

722 433 439 The second problem concerns the future. Shanghai up to 1936 had managed to feed itself largely from its local supply areas. During the disturbed war years, virtually unbroken from 1937 to 1949, it was for long periods forced to depend on imported rice, although the inference is still that under normal conditions the local supply areas remain adequate. But can the city continue to grow on this basis, or will the population not eventually outrun the food supply as it has done repeatedly in the past throughout China? Obviously this is a possibility. It would lead to greater dependence on rice imports, and greater use of railways and highways as these expand and become cheaper carriers, to bring rice and other food into the city from longer distances. In the absence of figures and information for the period since the war with Japan comparable even to the inadequate data for the pre-1937 period, we have no reliable basis for judging whether Shanghai has already entered a new phase in this vital aspect of its economic life. As we can measure it, this huge city is a world anomaly in the pattern and mechanics of its food supply, but as China is increasingly drawn into the world economic pattern, with Shanghai leading and accelerating the change as before, this anomaly, like most of its others, will disappear.

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TEN

The Geography of Shanghai Manufacturing

Shanghai is not only the primary industrial center of China proper, but has a virtual monopoly of large-scale manufacturing enterprises in nearly every field. Two factors are principally responsible for this concentration. First, Shanghai and its trading area represent by far the largest market in China; and second, despite the local absence of most industrial raw materials, cheap transportation makes it possible for Shanghai industry to produce competitively. 361

Evaluation of Data

More statistical work has been done on Shanghai manufacturing than on almost any other economic problem in China. It is therefore perhaps a commentary on statistical work in China that what has been done on Shanghai falls so short of reliability as measured by any criteria. A further difficulty is that no large-scale work has been published on the problem since 1936; this limits the use of statistics here almost entirely to the pre-war period. The standard study of Liu Ta-chün (1936) draws on the findings of six different surveys made during the late 1920's and early 1930's by the municipal governments of both the foreign and Chinese settlements and by private groups. The combined data of these six surveys do not cover more than two-thirds of Shanghai manufacturing, by workers or by industries. Where two or more surveys cover the same material, their data are almost invariably contradictory. In most of the surveys, and in Liu's compilation, totals are wrongly added, figures misplaced, columns transposed, and statistical paradoxes abound. 128

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128 659 471 These faults are apart from the inherent difficulties of the problem. Until 1945 no one municipal authority had jurisdiction over the entire city, and it was impossible for any one survey to collect complete data, especially on matters such as wages, costs, and capital investment. A much greater difficulty was presented by the fact that something like 80 per cent of the manufacturing establishments in Shanghai employed fewer than 30 workers (and were therefore not liable to regulation or inspection under the National Factory Act of 1929) and operated in private houses. What statistics are used here must be read with the foregoing in mind, realizing that they are in nearly all cases approximations of limited reliability.[1]

471 While perhaps four-fifths of the total number of "factories" in Shanghai employed fewer than 30 workers, probably about two-thirds of the total industrial workers in the city were employed in factories with a labor force of over 30, and perhaps three-quarters of the total industrial production, by value, of the entire city was accounted for by these larger factories.[2] Most of the figures which will be cited here are based on investigations of these larger factories, and while they are to that extent incomplete, they do at least deal with the most important segment of Shanghai manufacturing in terms of labor force and of value of production.

The Pattern of Manufacturing

471 178 Estimates of the degree to which China's industry was concentrated in Shanghai before 1937 differ, but it is clear that Shanghai accounted for about half of the country's large-scale Western-type industrial production. Liu's figures[3] show in 1932–33 136 modern cotton mills in China, of which 64 were in Shanghai, 60 modern tobacco factories, of which 46 were in Shanghai, 83 modern flour mills, of which 41 were in Shanghai, and 2435 modern factories of all kinds in China, of which 1200 were in Shanghai. He estimated that 43 per cent of China's industrial workers in modern manufacturing were employed in Shanghai, and that the city accounted for 51 per cent of the value of China's industrial production.*

* Liu does not define "modern." According to his analysis of "modern" factories elsewhere in his work, the term means factories employing 30 or more persons and using power-driven machinery. However, on this basis his figure of 2435 "modern" factories for the whole of China in 1932–33 would seem too low.

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Textile manufacturing was by far the leading industry in Shanghai in the period 1920–36, and included the spinning, weaving, and dyeing of cotton, wool, jute, flax, hemp, and ramie, and the spinning and weaving of silk. The pattern of manufacturing was in most respects typical of the early stages of industrial development, with textiles far in the lead and light consumer goods in general predominant. Shanghai, however, as the primary focus of the Westernization process in China in which a pre-industrial economy was suddenly confronted with the impact of a highly developed industrial economy, was also engaged to some extent in the production of capital goods to supply its own consumers'-goods production and that of most of the rest of China.

For the city as a whole in 1932–33, Liu estimated[4] that the textile industry accounted for 50 to 60 per cent of Shanghai's industrial workers and 40 to 50 per cent of the value of industrial output. Cotton spinning led the textile industries, followed by silk reeling, cotton weaving, wool spinning, and wool weaving in that order. Food industries were second, with 10 to 15 per cent of the industrial workers and 30 to 35 per cent of the value of industrial output. Flour milling was first in this category, closely followed by tobacco (cigarette manufacturing). Most of the rice entering Shanghai was milled in the hinterland collection centers and all of the relatively few rice mills in the city employed fewer than 30 workers.

Clothing industries ranked third, with 3 to 5 per cent of the value of the industrial output, leather and rubber goods fourth, with 2 to 3 per cent, paper and printing fifth, chemical industries sixth (including matches, soap, cosmetics, drugs, and production of industrial chemicals), and manufacture of machinery seventh.*

The Shanghai Municipal Council in its Report for 1935 published figures showing the distribution of factories and workers within the various industries located in the International Settlement, based on surveys conducted in 1934 and corrected to November 1935. In

* These figures for 1932–33 are representative for the period 1920–1936 despite the world depression, which affected Shanghai manufacturing relatively little and whose effect in Shanghai was delayed until late 1933 in most industries, with the exception of silk reeling and weaving, which were heavily dependent on the American market. See Liu Ta-chün, *The Growth and Industrialization of Shanghai* (1936).

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471 the latter year, the government of the Chinese Municipality of Greater Shanghai collected similar figures for industries located in the Chinese Municipality (i.e., exclusive of the two foreign settlements).[5] The two sets of figures provide the most reliable indication available of the pre-1937 industrial pattern in Shanghai.

For the International Settlement

Industry	*Number of Factories*	*Number of Workers*
textiles	567	75,242
food, drink, and tobacco	155	35,886
machinery	1108	19,051
paper and printing	663	17,730
clothing	226	13,765
chemical (including soap, drugs, matches, and industrial chems.)	191	4,225
metal working	167	2,602
woodworking	98	2,010
bricks, pottery, and glass	45	1,637
vehicles (including boats)	20	1,292
leather and rubber goods	36	1,039
furniture	23	912
scientific and musical instruments and jewellers	22	640
public utilities	5	362
others	95	4,311
Totals	3421	170,704

471 392 The discrepancies of this list with Liu's figures on page 167 will be noted, in particular the relatively high place which it gives to machinery. It is obvious from the totals that the figures are not limited to factories employing over 30 workers, but the Council's Report indicates that they do not cover all the industrial establishments in the Settlement and are in general limited to those using power-driven machinery. This would help to account for the relatively higher place of machinery manufacturing, since the figures show that the average number of workers per factory pro-
471 ducing machinery recorded in this survey is only 17. The figures also indicate the relatively larger-scale production in the textile, food-drink-tobacco, clothing, bricks-pottery-glass, vehicles, furniture,

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and public utilities industries, and relatively smaller-scale production in the paper-printing, chemical, metal working, wood working, leather-rubber, and scientific-instruments-jewellers industries. 471

For the Chinese Municipality

Industry	*Number of Factories*	*Number of Workers*
textiles	690	73,448
vehicles (including boats)	46	50,472
food, drink, and tobacco	84	32,379
clothing	344	16,621
machinery	720	16,708
rubber and leather	78	11,845
chemical (including soap, matches and industrial chems.)	121	7,426
power generating	8	5,267
wood working	25	4,101
brick, tile, cement and glass	61	3,370
iron works	169	3,224
building materials	31	1,796
scientific apparatus and jewellery	72	1,779
furniture	46	(no figures)
others	181	17,023
Totals	2676	245,664

Machinery is high on this list also, but the figures show an average of only 23 workers per factory producing machinery. The [396] relatively high place of vehicles and the apparently large scale of production in this industry are presumably accounted for by the two shipyards attached to the Kiangnan Arsenal and by the five foreign-owned shipyards on the right bank of the river.[6] Power [377] generating is necessarily a large-scale industry, but it may be doubted whether six of the eight plants listed here are independent establishments rather than adjuncts, and particularly whether as many as 5,267 workers are employed directly in this industry or whether at least half of this figure represents auxiliary labor outside the plants themselves, such as linesmen, service men, etc.

The relative importance of the other industries listed here is about the same as listed for the Settlement, despite slight differences

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471 in the categories. This second list also clearly includes many factories employing less than 30 workers, but again does not include all of the industrial establishments in the Chinese Municipality. We may assume that it too is largely limited to factories using power-driven machinery, but not necessarily that it includes all of these. 169 seems a large number of iron works, especially since this means an average of only 19 workers per factory; when it is considered that the Kiangnan Arsenal is included in this survey and that it alone employed about 700 men in 1932,[7] one may question the accuracy of these figures, or at least the nature of most of the other 168 iron works.

On the basis of an independent survey which he made in 1934, Liu estimated[8] that the eleven leading industries of the city as a whole, according to estimated annual value of output, were as shown in the table below.

Industry	*Estimated Annual Value of Output in CNC$*
cotton spinning	5,500,000
flour milling and wheat products	4,400,000
cigarettes	1,300,000
matches	720,000
silk reeling and spinning in steam filatures	430,000
chemical (soap, industrial chemicals, cosmetics, drugs)	330,000
cotton weaving	240,000
rubber goods	230,000
silk weaving	130,000
knitted goods	110,000
machinery	70,000

This list of course uses a different method of evaluation, and discrepancies with Liu's earlier estimates of 1932–33 will also be noted (see above, p. 167), but it re-emphasizes the major outlines of the city's industrial pattern as revealed in the other two lists above, namely, the preponderant position of textiles and of light consumers' goods generally, and the inclusion of some capital goods production among the leading industries.

One of the notable features of Shanghai manufacturing is the prevalence of small-scale production in private houses, or in dwell-

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ings slightly altered to house machinery which is tended by the residents of the house, often members of one family. These small industries are engaged in a bewildering variety of production, and despite their universal under-capitalization, most of them use electrically-driven machinery. "Factories" of this kind produce, for instance, machine tools, cast iron, electric appliances, soap, acids, textile machinery, power presses, boilers, and telephone parts, as well as a long list of light consumer goods, such as flashlights, light bulbs, thermos flasks, clothing, lamps, electric fans, and food products.[9] Despite crowding and poor working conditions, the quality of production in these plants was apparently high. American orders for telephone parts were placed in Shanghai from 1932 to 1935 for export to South America, and the contracts went predominantly to these small household operators.[10] There was a very high rate of turnover among these "factories"; their small scale and small capitalization enabled them to react with great sensitivity to market changes and to crowd or evacuate lines of production alternately as profits varied.* 471

Market and Raw Materials

Market considerations are the leading factor in the concentration of manufacturing as a whole in Shanghai. As the primate commercial and industrial center of China, not only were capital, relatively trained industrial labor, and electric power available there more abundantly and in most cases more cheaply than anywhere else in China, but Shanghai includes in its trade hinterland half of the country. With the notable exception of the textile industries, most of the raw materials necessary to maintain Shanghai's manufacturing were not available locally in its immediate hinterland. It was the market which attracted and held most manufacturing. 442 377

We may logically begin with the exception, the textile industries. Shanghai is located near the center of China's chief cotton-producing 248 439

* The *Chinese Economic Bulletin*, published in Shanghai, records many of these changes. For example, there were 11 industrial establishments in Shanghai in November 1930, producing "gourmet powder" (made mainly from wheat flour), 9 in October 1931, and none in June 1932, according to the *Bulletin's* weekly industrial news columns.

248 area. Kiangsu alone produced before the war about 30 per cent of
439 China's total annual cotton crop. Shanghai's textile mills at this period consumed an annual average of about 3,800,000 piculs of raw cotton (one picul equals 133 pounds), of which it is estimated that 2,000,000 came from Kiangsu, 500,000 from Hankow, 500,000 from Tientsin by sea, and 800,000 from foreign ports, principally from the United States.[11] The foreign cotton imports were predominantly of long-staple varieties for the weaving of finer-count cloth for which the native short-staple Chinese cotton was not suitable. During the 1930's considerable progress was made in growing long-staple cotton in China from American seeds, including that grown in the Kiangsu area, so that by 1936 foreign cotton imports to Shanghai were only half of what they had been in 1920.[12] The ground thus gained was largely lost during the war years, but reports from China since 1946 indicate that self-sufficiency in all types of cotton is now again within reach, with Kiangsu still the leading producer.[13]

231 The major silk-producing regions of China are also near at hand.
288 The delta areas of Kiangsu and Chekiang accounted for about half of the total Chinese production of raw silk in the 1920's and 1930's, as they had during most of the nineteenth century, and Shanghai remained the primary silk market of China. When silk-reeling, spinning, and weaving in the delta area became largely concentrated in factories after about 1910, rather than being done as before on a domestic basis, it was logical that the industry should center in Shanghai, as well as in the nearby cities of Soochow, Wusih, and Hangchow.

236 The rest of the textile industry is less closely related to the sources
248 of its raw materials. About three-quarters of the raw wool used in
288 Shanghai factories before the war came from the grazing areas of northwest China via Tientsin, by sea and rail. Less than one-tenth came from Kiangsu, and it was mainly "dead" wool of poor quality shorn from dead sheep and goats. The remainder was supplied largely from central China, via Hankow, by Yangtze steamer.[14] Ramie and hemp for Shanghai manufacturing came primarily from Hankow, in the center of the chief producing areas
[439] for both crops. Most of the jute consumed in Shanghai was imported from India.

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Among the food industries, Shanghai's flour mills, as we have seen above in Chapter Nine, depended more heavily on foreign wheat imports than on what they drew from China. The six plants in Shanghai in the 1930's producing dried, powdered, or frozen eggs were all foreign-owned and all large-scale, employing an average of about 350 workers per plant.[15] The area from which they drew their eggs has already been outlined in Chapter Nine. While local sources were important in this industry, they did not fill the entire demand, and it was necessary to bring eggs from as far as Hankow. Shantung was also a large egg-producing center, but the factory production of preserved eggs in Tsinan and Tsingtao combined was less than a third of Shanghai's.[16] It is reasonable to suppose that a measure of this difference was accounted for by the water transport network feeding Shanghai and the lack of it in Shantung.

Of all the food industries in Shanghai, tobacco manufacturing was most notably divorced from major sources of supply. The cigarette industry in China had been started on a large scale by the American Tobacco Company in the late 1890's (it merged with British interests in 1902 to form the British-American Tobacco Company, the largest producer of tobacco products in China). During the first decade of the twentieth century, its foreign tobacco experts surveyed soil and climatic conditions in China and fixed on three main areas where American tobacco seed would grow best so that its leaf could be blended with the native Chinese leaf (which was produced in small quantities in most parts of central and north China but with the best quality leaf coming from the three areas selected by the foreign experts) to produce an inexpensive but good quality smoke. The three areas were located in south central Shantung, northwestern Anhwei, and central Honan. Large Chinese cigarette producers entered the field after 1905, drawing on the increasing domestic production of foreign-type leaf and blending it with Chinese leaf.[17]

In spite of the presence of large industrial centers (by Chinese standards) in or near these main producing areas (Kaifeng and Hankow for Honan, Kiukiang, Wuhu, and Nanking for Anhwei, Tsingtao and Tsinan for Shantung), approximately 60 per cent of

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277 all the factory-made cigarettes in China were produced in Shanghai
439 from 1925 to 1935.[18] The Shanghai cigarette factories drew about half of their tobacco from Shantung, 20 per cent from Anhwei, and 20 per cent from Honan.[19] The remaining 10 per cent was imported, mainly from the United States, but the amount imported continued to decline as domestic production of foreign-style leaf increased, and by 1935 it was about half what it had been in 1925, the overall average for the period 1925–1935 being 10 per cent. The magnetism of the Shanghai market gave it a commanding position in spite of its distance from the leaf-producing areas.

327 Shanghai industries using large amounts of metal, and the
[431] rubber goods industry, were the farthest removed from their sources of raw materials. Virtually all of the steel, ferro-alloys, and non-ferrous metals (with the exceptions of antimony and tungsten) were imported. Until the recent subsidized development program of the Communist Government, large-scale modern production had not been profitable in China proper for either iron or steel, with the exception of three plants which produced mainly from local scrap and which served a local market.[20] These three plants were in Shanghai, and were therefore by definition market-oriented. Two plants in Pootung were established in 1918. One produced steel from local scrap in two open-hearth furnaces of 30 and 70 tons capacity respectively, and the other probably produced no steel (since its "blast furnaces" were of only 12 and 33 tons capacity respectively), but poured iron castings.[21] Both plants worked only sporadically until 1934, when they were shut down. They were reopened by the Japanese in 1938, presumably on a military, and therefore a non-paying basis.[22] (Iron and steel were made for a few years during the war in Chungking, but on a small and uneconomic basis.)

The third plant was the steel-casting unit of the Kiangnan Arsenal, which operated two 15-ton electric furnaces to produce regular plate, high-speed, and armour steel for its shipyards and munitions works, using entirely local scrap. It was dismantled in 1932.[23] Other engineering and metal-working plants in Shanghai had small iron- and steel-casting furnaces of a few tons' capacity, but such small furnaces are necessary in any modern industrial complex for re-working scrap. They do not add to existing stocks.

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The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods.

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27]

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits

[135] China has significant deposits
439 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

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1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

The average Shanghai price before the war was nevertheless substantially below that of foreign vegetable oil imports (despite the production of coconut oil in southeast Asia). Vegetable wax from central China also largely replaced foreign imports of paraffin wax after 1930, when the *likin* (internal customs tax) was abolished by the Kuomintang government. The cheapness of domestic tallow, oils, and wax in Shanghai relative to seaborne foreign imports was clearly related to the use of inland water transport in bringing these products to the city. The fact that 80 per cent of Shanghai's soap production in the early 1930's was marketed outside Kiangsu also suggests that the city's water connections with its hinterland were basic in locating the industry there. Only 10 per cent of the Shanghai soap industry's raw materials were imported, largely coconut and olive oils for making especially high-quality soap for the domestic market.[33]

By contrast, the Shanghai match industry was almost entirely dependent on overseas sources for its raw materials. It imported all of its sulphur (largely from Japan), all of its paper and cardboard (from Sweden), and all of its match-making machinery (from Japan). Most of its phosphorous was also imported, but some was produced locally from animal bones. Ample sulphuric acid was produced in Shanghai. For this product of such high unit-value by weight, raw materials to which so much value was added by manufacture could economically be imported, and the finished matches were marketed in every province of China.[34] Shanghai was never-

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381 theless industrially out of gear with the rest of China to such an
439 extent that the match industry imported even its paper and cardboard.*

Chinese sources could maintain Shanghai's soap manufacturing, using relatively bulky agricultural raw materials, but the match industry, dependent on relatively finished and specialized materials, was obliged to rely predominantly on overseas sources. The city's market was able to hold both of these greatly dissimilar enterprises, each typical of much of its manufacturing complex.

306 The jade-cutting industry may be cited as a final illustration of
439 the market-oriented character of Shanghai manufacturing as a whole. While jade-cutting would presumably be less likely than diamond-cutting to gravitate to primate financial and banking centers, it is equally dependent on specially skilled labor, which is most often found in the largest cities, and on the commercial services and connections of a primate market. Most of the world's jade is mined in northern Burma, but Shanghai, rather than Rangoon or Calcutta, was the world's leading jade center for cutting, polishing, and marketing. It imported its rough jade from Burma by sea, paying a 50 per cent export duty *ad valorem*, and sold the finished product not only in China but all over the world. Japanese attempts at competition in this industry during the 1920's failed to dislodge Shanghai from its leading position.[85] An early start and accumulated skill have been more important in this industry than in almost any other, but it was the Shanghai market which attracted and continued to hold it.

The Cost of Raw Materials

435 It will be useful to estimate the percentage of total costs which is represented in different Shanghai industries by the cost of delivered raw materials in order to throw light on the competitive position of the city as a location for manufacturing. The published estimates of costs are contradictory, and the implication is that accurate information is not available, an understandable condition in view of the

* The relative importance in Shanghai manufacturing of the industries discussed above (pp. 171–178) is indicated by the tables above on pages 168, 169, and 170. Consumption figures are unfortunately not available.

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complex industrial and administrative picture in Shanghai as outlined in the first section of this chapter. The following figures should therefore be read as the roughest kind of approximations, and conclusions should be drawn from them only with great caution.

The table below, according to Liu's survey of 1934, gives estimates of the percentage of total costs represented by delivered raw materials in each of the eleven leading Shanghai industries (by value of output).[86]

Industry	*Raw Materials' Percentage of Total Costs*
cotton spinning	65
flour milling	73
cigarettes	40
matches	68
silk filatures	72
chemical (including soap)	45
cotton weaving	74
rubber goods	48
silk weaving	63
knitted goods	65
machinery	72

These figures are incredibly high, especially for the textile industries, where not only are local supplies of raw materials readily available by water transport, but where the amounts of power and labor necessary are relatively great. The figures must reflect very low proportionate costs for labor and for power. The figures for the textile industries are hard to reconcile with that for cigarettes (which is itself about what one would expect—40 per cent), considering the much greater distances over which the leaf tobacco must move to Shanghai, and the difference is not explained away by the relatively larger amounts of labor necessary in the cigarette industry. The figure for the chemical industries seems reasonable, including the separate figure for matches, as well as that for rubber goods, considering the large proportionate amounts of labor necessary. The figure for flour milling, however, also seems high, despite the large importance of foreign wheat imports. Presumably it also reflects low

435 proportionate costs of labor and power. The same comment applies to the high figure for machinery.

288 435 In a generally more careful work dealing only with the cotton industry, Fong Hsien-ting, as shown in the accompanying table, provides a different estimate of costs in the production of cotton yarn in Shanghai in 1930.[37]

Cost Item	*Percentage of Total Costs*
raw cotton	42
labor	30
power	8
overhead and interest	20
	100

These seem much more reasonable, and they are generally substantiated by the findings of Moser and of Pearse.[38] Liu's figures for cotton spinning are also suspect because in 1934 a larger proportion of the mills' supply was the cheaper domestic cotton (see above, p. 172). If we may accept these figures of Fong's as a closer approximation to the facts than Liu's, we have at least some idea of the proportionate cost of delivered raw materials in Shanghai's largest industry, cotton spinning, and we may justifiably assume that this cost was of approximately the same order of magnitude in the other cotton industries and in the silk industries, since Liu's figures show a maximum spread of only 10 per cent among the raw materials' cost in the textile industries which he covers, and since both cotton and silk supplies came very largely from the local delta area. We have unfortunately no check on Liu's estimates of raw materials' costs in other leading Shanghai industries. Since with the exception of flour milling and machinery, these other figures seem reasonable, we can only accept them with caution.

435 489 Even after this revision, however, the best estimate which can be made of the proportionate costs of raw materials in Shanghai manufacturing still shows these costs to be high by Western [465] standards.* There are two major reasons for this: the relatively low cost of labor, and the relatively high cost of transport. The first

* The United States Census of Manufactures for 1939 gives value figures for manufacturing costs in major categories of manufacturing in the United States in

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condition operates to approximately the same degree in all Chinese industrial centers.[39] The second oper ces for all Chinese industrial centers, but not to the same degree. 435 489

Only two important carriers are involved: railways and waterways. Highway transport by truck remains negligible in China, relative to the scale necessary for the maintenance of modern manufacturing, and with the shortage of fuel, vehicles, and parts as well as of adequate roads it is an impractically expensive carrier. Non-mechanized overland carriers in general use in China (porters, wheel-barrows, pack animals, carts) are also notoriously expensive, and are inadequate to handle volume movements.* Representative rates for railway transport of bulk goods (exclusive of coal) in carload lots in China during the 1930's ranged from the equivalents of US$.02 to US$.07 per ton/mile.[40] This compares with an average ton/mile rate on United States railways during the same period of about US$.01.[41] Accurate or even representative rates for water transport in China are not available, but the average for unobstructed inland routes may be estimated at between US$.018 and US$.02 per ton/mile during this period. In any case, where adequate water transport is available in China, it is a cheaper carrier than railways under present conditions, and can handle bulk shipments. 489 [497] [505]

As we have pointed out above in Chapter Seven Shanghai is not a major rail center, and the two railways which serve it are not

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that year under five headings. Expressed in percentage terms, these costs are tabulated, for United States manufacturing as a whole, and for the textile industry in the United States:

	All Manufacturing (%)	*Textile Manufacturing (%)*
labor and salaries	53	57
materials and supplies	37	35
fuel	2	1
purchased electric power	1	4
other	7	3
	100	100

"Materials and supplies" is not defined. No figure is given for overhead and interest, so that all of these figures must be scaled down in order to make them comparable with the figures cited for Shanghai.

* Average ton/mile rates for truck transport in China range from the equivalents of US$.30 to US$.50. For porter and wheelbarrow they often reach US$1.00 per ton/mile.

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489 large carriers. The city's water connections, however, are uniquely good. (They have been outlined in some detail in Chapters Four and Seven.) It may be assumed that the cost of most delivered raw materials in other Chinese industrial centers was a higher percentage of total costs of production than in Shanghai. This assumption is borne out in the case of Tientsin. Tientsin is not only an ocean port through its association with Taku, but it lies on the Grand Canal and is, after Peking, the second most important rail junction in China. It lies at the focus of an even more extensive lowland (the north China plain and the basin of the Yellow River) than does Shanghai. Tientsin's water connections over this lowland are slight compared with Shanghai's water connections over the Yangtze basin, but with the possible exception of Hankow, Tientsin nevertheless has the most favorable orientation to transport routes of any Chinese industrial center after Shanghai.

288 435 Fong Hsien-ting found, in comparing production costs in the spinning of cotton yarn (also Tientsin's largest industry by value of output) that the cost of delivered raw materials in this industry in Tientsin averaged about 70 per cent of the total cost of production, as against an average of 42 per cent for Shanghai (see above, p. 180). Yet Tientsin also lies near the center of one of China's leading cotton-producing areas, through which three railway lines run to the city. Fong's cost estimates for the Tientsin cotton yarn-spinning industry, by percentages of total costs, are shown in the accompanying table.[42]

Cost Item	*Percentage of Total Costs*
raw cotton	70
labor	15
power	7
overhead and interest	8
	100

It does not seem possible that the costs could be divided as Fong has estimated. The figure for raw cotton seems too high, and that for overhead and interest too low. Power is cheap in Tientsin, due largely to the proximity of the Kailan mines at Kaiping, 82 miles north by rail, China's largest producer of coal, and the chief source of Shanghai's coal supply as well. The figure for labor costs is of

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course depressed by the high figure for raw cotton. Nevertheless it seems clear that Tientsin, despite its rail and water connections and its location in a major cotton-producing area, paid a considerably higher price than Shanghai for delivered raw cotton. If this was true for raw cotton, we may assume that it was true for most of the other industrial raw materials consumed in Tientsin, with the obvious exceptions of coal and the wool, hides and skins of north China, and the possible exception of wheat.* If Tientsin could obtain the necessary raw materials in these latter cases more cheaply than Shanghai, this is further evidence of the paramountcy of the Shanghai market and of the market-oriented character of its manufacturing. If Tientsin paid a higher price than Shanghai for most delivered raw materials, we may assume that other Chinese industrial centers did so too.

Water transport has been a key factor in the development of manufacturing in Shanghai. The city's railway connections are inferior to Tientsin's, and yet its manufacturing apparently paid less for most of its raw materials, and in fact was a greater consumer than Tientsin manufacturing of the leading industrial raw materials of north China: coal, hides, and wheat, all of which can move to Shanghai by sea from north China ports. In turn, the primacy of the Shanghai market depends in large measure on the water transport network which includes half of China in the city's tributary area. The market is able to exercise its attractiveness for manufacturing of all kinds by its ability to draw to its generally resource-poor area by sea and river transport the industrial raw materials which it needs.

Coal and Electric Power

The single most important industrial raw material, coal, has been left for final consideration, since it plays a major role in nearly every industry, directly, or in the form of electric power.

* Shanghai nevertheless led Tientsin in the 1920's and 1930's in the consumption of coal and in the production of leather goods and flour, and in fact shipped nearly 10 per cent of its total flour production to Tientsin on an annual average. (For comparative figures on consumption of coal and production of leather goods and flour, see respectively Leonard Ting, "The Coal Industry in China" (1937), p. 217; Chinese Year Book (1936), p. 1153; Y. C. Chang, "Flour Milling in China" (1922), p. 219).

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439 Consular and Customs reports from Shanghai during the early
316 decades of the modern city show that it depended almost entirely on overseas imports of coal. There was a large movement in ballast from England to Shanghai from the opening of the port to foreign trade in 1843 through the period of the 1860's, when foreign merchants had difficulty finding a market for foreign goods in return for China's tea and silk.[43] It was consumed largely by the coastal, river, and ocean vessels fueling at Shanghai.[44] This relatively cheap ballast coal from England was however gradually replaced after 1870 by even cheaper coal from Nagasaki in Japan and from the large Chinese government-operated Keelung mines (subsequently taken over by the Japanese in their conquest of Formosa in 1895) at the northern tip of Formosa, opened in 1875. Both of these new sources were on tidewater and coal from both could move to Shanghai as part of the growing volume of east Asian maritime trade.

316 The first large-scale coal mine in China was opened at Kaiping,
438 Hopeh, in 1878,* (map 9), and the first shipment from Kaiping to Shanghai arrived in 1881, but this coal was unable to compete with Japanese imports at Shanghai until after the turn of the century. By 1930, the Kaiping mine accounted for 23 per cent of China's annual coal production.[45] Kaiping was connected by rail to Tangku and Tientsin in 1888 (the first permanent railway in China), and to Shanhaikuan, via Chingwantao, in 1894. At Ching-
[503] wantao, 79 miles by rail north of Kaiping, a seawall and wharves were built between 1899 and 1902 to permit shipment of Kaiping coal from this port, where there was no bar as at Tangku.[46]

438 This facilitation of transport, and the relatively short rail-haul
439 from the mines to Chingwantao, were undoubtedly factors in the increased ability of Kaiping coal to compete in the Shanghai market after 1902. In the 1890's, with the assistance of French capital, another new supply of coal appeared on the east Asia market, from Indo-China. The mines, located on tidewater near Haiphong (map

* This was the Kaiping Mining Bureau, organized at the instigation of Li Hung-chang in 1878, and later (1912), after a period of British control (1901–1912), reorganized as the Kailan Mining Administration, a joint Sino-British undertaking and one of the pioneer modern industrial enterprises in China. For a valuable account of its development, see Ellsworth Carlson, *The Kailan Mines* (1949).

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9), could compete in Shanghai with Japanese, Formosan, or north China coal. 439 438

The table below estimates the relative rank of major sources for Shanghai's coal in the 1930's, by percentages of total tonnage of coal delivered in Shanghai in each year from all the sources listed.[47]

Source	*1931*	*1932*	*1933*	*1934*	*1935*	*1936*	*Average 1931–36*
Kaiping (Hopeh)	37	46	37	36	37	36	37.5
Tzuchuan-Poshan (Shantung)	7	6	11	17	19	22	14.0
Japan (ex-Nagasaki)	18	16	15	8	5	3	10.8
Fushun (Manchuria)	19	13	13	6	3	1	9.5
Anhwei (mines on Yangtze)	—	—	9	10	14	23	9.2
Chunghsing (Shantung)	8	8	6	12	12	8	9.1
Haiphong (Indo-China)	4	6	6	5	5	5	5.3
Shansi (mine(s) unspecified)	7	5	3	6	5	2	4.6
	100	100	100	100	100	100	100.0

Mainland places mentioned in the foregoing table will be found in map 9. The Poshan and Tzuchuan mines were located in the major coal field of Shantung. Both mines began to produce coal on a large scale in the late 1920's, after they were connected by rail to Tsingtao, approximately 175 miles away. Tzuchuan and Poshan coal moved to Shanghai largely by rail to Tsingtao and thence by sea, although there was some rail shipment via Nanking and thence to Shanghai via the Yangtze. Fushun was linked by rail with the port of Yingkow (Newchwang), 120 miles to the south at the mouth of the Liao River, as well as by limited water transport on the river, and by rail with Dairen, Manchuria's leading port, 210 miles to the south. The mines in Anhwei were located along the Yangtze, but production was not begun on a large scale until after 1932. The Anhwei coal deposits are relatively small and their exploitation is more expensive than in the larger Chinese mines, such as at Kaiping. Only their location along the Yangtze made their exploitation profitable as a source for Shanghai's coal supply. Coal from Chunghsing in Shantung moved 120 miles by rail to Haichow, and thence to Shanghai by sea. Shansi coal entering Shanghai came principally from the mines at Tzu- 438 316

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438 chou, and moved to both Tientsin and Haichow by rail, whence it
316 traveled to Shanghai by sea.

The figures for coal imports from Japan and Manchuria in 1931,
439 1932, and 1933 listed in the foregoing table owe their size primarily
438 to Japanese dumping of coal on the Shanghai market in these years at a price which was often less than two-thirds of the domestic price of coal in Japan. The table shows that while this dumping did not greatly affect sales of Kaiping coal in Shanghai, it did cut into the Shanghai market for Shantung coal in particular (Tzuchuan, Poshan, and Chunghsing). This may suggest, in the absence of complete available price figures, that Kaiping coal was relatively cheap in Shanghai and that Shantung coal was relatively expensive. A reason for this difference may be found in the long rail-haul necessary for coal moving from Shantung mines to Shanghai (120 miles from Chunghsing and 175 miles from Tzuchuan-Poshan), compared with the shorter rail haul of 79 miles for Kaiping coal to Chingwantao.

[497] Railway figures show that coal shipments arriving in Shanghai by rail in the years 1931, 1932, and 1933 averaged less than one-quarter of the railway coal shipments recorded for 1930, 1934, 1935, and 1936.[48] Apparently direct rail haulage of coal from Shantung (or from other sources) to Shanghai was not profitable in the face of Japanese dumping in Shanghai. Figures of the Maritime Customs for these years show no significant falling off in seaborne cargoes of coal arriving in Shanghai between 1931 and 1933, and in fact record a slightly higher average for these three years than for the years immediately preceding and following them, readily explainable in terms of larger imports of the unnaturally cheap Japanese coal for inland distribution as well as for consumption in Shanghai. In any case, Kaiping coal apparently had no difficulty in maintaining its position on the Shanghai market despite Japanese dumping.

438 Shanghai drew most of its coal from sources closely oriented to
316 water transport. Coal deposits are widely distributed over large areas of north and central China. While Shanghai received its largest supply from Kaiping mines near the coast, and a relatively constant supply from the mines on tidewater at Haiphong, it drew

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inland coal only from Fushun (on a navigable tributary of the Liao, and normally the cheapest pit-head coal in East Asia due to easy extraction from huge open-pit mines), Anhwei (deposits along the Yangtze), Shansi (China's major coal reserve), and Shantung (the nearest large coal deposits to Shanghai). The Chinghsing mines in Hopeh could not depend for transport on their largely unnavigable river connections with Tientsin, 190 miles away by rail. 438 316

The accompanying table lists the average annual production (in millions of tons) of the major coal-producing provinces of China in the early 1930's.[49]

Province	*Production*
Hopeh	7.7
Shantung	3.5
Shansi	2.7
Honan	2.1
Szechuan	.9
Hunan	.6
Anhwei	.6

Hopeh, with its Kaiping mines 79 miles by rail from the port of Chingwantao, supplied the largest share of Shanghai's coal for the period 1931–1936 (37.6 per cent). Shantung, immediately north of Kiangsu and the nearest large coal producer to Shanghai, but with limited water transport, supplied an average of only 23.1 per cent of Shanghai's coal during the same period. Inland Honan, Szechuan, and Hunan do not figure as sources of Shanghai coal. Anhwei, also without a seacoast, but with mines along the Yangtze, accounted for 23 per cent of Shanghai's coal supply by 1936. Landlocked Shansi, China's third producer of coal accounted for less than five per cent of Shanghai's coal supply for the same period. Overseas coal imports (Japan, Manchuria, and Indo-China) accounted for 25.6 per cent of Shanghai's coal supply for the period 1931–1936, or more than any Chinese province except Hopeh (see table above on p. 185). 439

Ting estimates that for China as a whole in the period of the 1930's domestic coal was moved 70 per cent (by weight) by rail, and 438 489

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438 30 per cent by water.[50] Shanghai was thus in a relatively favorable
489 position in being able to draw its coal supplies so largely over water routes. For the period 1930 to 1936, the city imported an annual average of 3.9 million tons of coal from all sources combined.[51] Figures of the Maritime Customs at Shanghai for the same period show an annual average of 3.5 million tons of coal arriving in the city by sea and river[52] (so that railway haulage accounted for less than 10 per cent). Even so, the distances separating Shanghai from its sources of coal made domestic coal more expensive there than for instance in Tientsin, where the cost of Kaiping coal was about 10 per cent less than in Shanghai. Shansi coal, selling for CNC$5 per ton at the pit-head, sold after its long rail haul for CNC$10 at Taku and CNC$12 per ton at Shanghai.[53] (Note that the price doubled between the mines and Taku, but increased by only 20 per cent between Taku and Shanghai, more than twice as long a haul, but by sea rather than by rail.) Shanghai has the advantage of central location, and can draw with equal ease on domestic or overseas coal as prices vary.

375 Consumption of coal in the city, according to C. A. Bacon, was divided approximately as shown below.[54]

Users	*Approx. Annual Consumption, in Tons*	
Public Utilities	1,475,000	
electric power companies		1,300,000
gas works		100,000
waterworks		75,000
Other Industries	1,100,000	
Households	500,000	
Shipping	400,000	
Railways	350,000	
Miscellaneous	50,000	
TOTAL	3,875,000	

365 According to these figures, 37 per cent of Shanghai's coal consumption was accounted for by the electric power companies. There were four of these companies in the 1930's, of which the Shanghai Power Company (sold by the Shanghai Municipal Council to an American company in 1929, and in 1949–50 taken over by the Com-

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munist government) was by far the largest. An official of the company estimated that it was responsible for an average of 83 per cent of the total sales of electric power in Shanghai for the period 1925–1934, and that 78 per cent of its sales during this period were to industrial users, distributed as shown in the accompanying table.[55] 365

Industry	*Percentage of Total Industrial Power Sales*
cotton mills	78
flour mills	7
rubber goods factories	2
miscellaneous textiles	2
other industries (less than 1 per cent each)	11
	100

The city's dominant industry, cotton textiles, was thus apparently heavily dependent on rented electric power. All of the five power plants in Shanghai were entirely carbo-electric. The Shanghai Power Company operated two plants, one at the northeastern tip of Yangtzepoo (the "Riverside" plant), and the other near the mouth of Hongkew Creek (map 3). Of the other three plants, one was owned by the French Municipality and was located on Siccawei Creek at the southern edge of the French Settlement, and two were Chinese-owned, located respectively in Nantao and Chapei. The silk-reeling industry does not appear in the above table because it used primarily steam power (and steam heat), which was produced on the factory premises from coal. Approximately 80 per cent of the industrially-used electric power was purchased from the power companies, and only about 20 per cent was generated by the industrial consumers themselves. Fully half of this 20 per cent was accounted for by the generators of the Kiangnan Arsenal.[56] [288] [377]

Shanghai produced in 1936 58 per cent of the electric power generated in China, and the "Riverside" plant of the Shanghai Power Company had a larger output in 1930 (450 million kilowatt-hours) than any single station in England.[57] The combined output of all four power companies in 1930 was greater than in any English city except London.[58] This power was sold at very low rates, special rate arrangements being made for large industrial users.

365 Rates during the period 1926–30 averaged for all users the equivalent of US$.008 (.025 taels) per kilowatt-hour, which the president of the Shanghai Power Company claimed made his product the world's cheapest power.[59] These rates were made possible, in spite of the higher price of domestic coal in Shanghai than in Tientsin, by the very high and constant annual 24-hour load factor, which averaged nearly 70 per cent during the period 1930 to 1936, as compared with 42, 26, and 40 per cent respectively for Manchester, Birmingham, and Liverpool during the same period.[60]

365 466 The load factor reflects a high intensity of industrial operation, and a heavy dependence of Shanghai manufacturing on electric power purchased from the power companies. It also reflects the long working hours of nearly all manufacturing establishments in Shanghai, which averaged between 11 and 12 hours a day six days a week,[61] and the widespread Sunday and night-time operation among nearly all of the household and smaller-scale manufacturing establishments using electric power. The low power rates encouraged the spread of small-scale mechanized manufacturing in private houses, and more important, made Shanghai an attractive location for almost every form of manufacturing.

365 The case of electric power demonstrates again the role of the Shanghai market in locating industry there. While coal was relatively easily and cheaply obtainable in Shanghai, it was even cheaper in Tientsin, yet rates for electric power produced from coal in Shanghai were among the lowest in the world. The availability of cheap power must be counted one of the outstanding advantages of Shanghai for manufacturing. Power was cheap because water transport made a flexible and reasonably priced coal supply possible at all times short of war in the Pacific, and because the volume of industry already attracted to the Shanghai market by its transport connections, and dependent on rented electric power, made for a load factor which kept power rates exceedingly low.

Factory Location

361 As if to demonstrate a basic reason for its presence there, manufacturing within Shanghai is closely oriented to waterways, as map 3 will illustrate. Manufacturing came relatively late in the

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development of modern Shanghai, and has always been subordinate to the city's trading function. It has tended to occupy the urban margins and has not notably displaced older land-use patterns in the city. In a Western city this might give manufacturing an advantage of easy railway connections. Shanghai has at least part of a belt line, connecting the Hangchow, Nanking, and Woosung tracks, in addition to conveniently placed yards, but the railway lines touch important manufacturing areas only along Soochow Creek (the riverside industrial developments at Nantao and Woosung are relatively minor and are in both cases more closely related to the Whangpoo and its tributary creeks than to the railway). It is a surprising fact (by Western standards) that while manufacturing has spread toward the Yangtze along the left bank of the Whangpoo for about half the distance between Soochow Creek and Woosung, there is no manufacturing along the railway to Woosung from the station in Chapei (which is itself flanked on two sides by a residential area) to Woosung Creek. The greater part of this spur line passes through purely agricultural country.

The Yangtzepoo manufacturing area, the largest in the city and on the left bank of the Whangpoo, is nowhere nearer to the railway than one mile, and most of it is between two and three miles away. The manufacturing zone along Soochow Creek is mainly on the opposite bank from the railway and does not follow it when the lines leave the creek. The residential district of the French Settlement is also flanked on the south side by an industrial sector, articulated with Siccawei Creek and divorced from the railway. Manufacturing is absent from the left bank of the Whangpoo only along the well-guarded frontage of the Bund (see above, Chapter Three) and immediately downstream where wharves and docks have primary claim. Even Pootung, devoid of railway connections, but jutting into the Whangpoo in peninsular form, is an industrial area.

Power plants in any city must be located on or near large supplies of fresh water in order to cool their condensers. But of the five power plants in Shanghai, none has a direct rail connection, and all but two are considerable distances from the railway. The gas works, not heavily dependent on water for cooling purposes, but, like the

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361 power plants, a large consumer of coal, is on Soochow Creek, on the opposite bank from the railway.

Cotton textiles and flour, Shanghai's two leading industries by value of output, illustrate in the location of their manufacturing plants what is surely a unique economic phenomenon among modern industrial metropolises. Virtually all the city's cotton and flour mills are located on or near the navigable creeks by which they receive their supplies of raw cotton or wheat and send out their finished goods. The great majority of these mills had no other transport facilities, not being connected with either roads or railways.[62] Shanghai, for all its superficially Western appearance, is economically a blend in which Venetian characteristics are as discernible as British or American to the enquiring eye.

Changes in Industrial Location

Any city and any industrial center, once it reaches metropolitan size, tends to develop a seemingly automatic power of attraction for economic enterprises of all kinds. In particular once it has become a primate city, it seems to grow in snowball fashion and to corner for itself continually the lion's share of any new economic activity of the political or economic unit as a whole. This primacy in the case of Shanghai was undoubtedly in large part responsible for the continuing concentration there of trade, manufacturing, and finance. The more economic activity the city supported, in variety and volume, the more advantageous it became for new economic activity of any kind to center there.

361 248 By 1936, there were, however, signs that some new manufacturing was locating elsewhere more than in Shanghai, and even that certain industries were moving from Shanghai to other industrial centers. The cotton textile industries of China were increasingly dependent on domestic cotton through the early 1930's (see above, p. 172). This removed some of the double advantage of Shanghai's location in the major domestic cotton producing area, and near the main shipping lanes, where it could easily import long-staple foreign cotton. The growing of long-staple cotton in China from American seeds was first begun on a large scale in Shensi in the early 1930's, but it was still cheaper for Shanghai to buy its long-

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staple supplies from overseas. Tientsin, Hankow, and to a lesser extent Tsingtao, could, however, use this improved Shensi cotton, and by the early 1930's, although the production of long-staple cotton had spread into all the cotton-growing provinces, more of it was grown in Hopeh and Shantung than in Kiangsu.[63] 361 248

A further factor was China's recovery of tariff autonomy in 1929. Up to that time, the tariff on most imported and exported goods was fixed by successive treaties between China and the major Western powers (beginning with the supplement to the Treaty of Nanking in 1843) at 5 per cent *ad valorem*. In practice the rates had varied between 3 and 10 per cent, but the average between 1843 and 1929 had been close to 5 per cent.[64] The new tariff of 1929 promulgated by the Nationalist Government in that year and revised in 1931, 1934, and 1935 imposed duties on the import of raw cotton and cotton yarn which varied considerably but which averaged about 17 per cent *ad valorem* between 1929 and 1935.[65] While Shanghai normally drew about 20 per cent of its raw cotton from abroad, Tsingtao, Tientsin, and Hankow respectively drew 93, 95, and 98 per cent of their raw cotton supply from domestic sources by 1930.[66] The average price of raw cotton in Shanghai by 1935 was about 10 per cent higher than in these three other centers, and nearly 90 per cent of the new building in the cotton textile industry in that year was elsewhere than Shanghai, although Shanghai still contained 51 per cent of the cotton spindles in China in 1936, and although total production costs for cotton spinning were still about 10 per cent lower in Shanghai than in any other Chinese city.[67] 361 651 361 288

This may prove to have been only a temporary disadvantage, since in the face of higher duties on imported raw cotton after 1929, and currently of China's desperate attempts to become independent of foreign imports, steps have been taken to increase the production of long-staple cotton, especially in Kiangsu where Shanghai manufacturing is so heavily dependent on it. The work of the Cotton Industry Commission of the National Resources Commission during the 1930's indicates that the goal of complete self-sufficiency in all types of cotton was realizable within five or ten years, under an effective administration.[68] Recent reports from China suggest that domestic cotton production, while still inadequate to supply Shang- 361 248

361 248 hai's textile factories, is now again approaching a self-sufficient level.[69]

Until 1927, the silk-reeling industry had been larger, by value of output, in Hangchow and in Wusih (where it was more closely 361 288 oriented to the major silk-producing areas) than in Shanghai. With the stimulus of civil war in the delta in 1926, many of these mills moved to Shanghai, where they could get cheaper coal and electric power, abundant capital, and the general commercial advantages of a large market, as well as being able to draw their raw silk from the producing areas by water transport at nearly the same cost as in Hangchow or Wusih. By 1936, however, Wusih again led Shanghai in silk-reeling, due apparently to lower labor costs in Wusih, local skill, newer and hence more efficient plants, and the drop in the Wusih price of coal brought from Shanghai by barge trains pulled by steam tugs.[70]

361 A major and continuing development of the 1930's was the large Japanese investment in Manchurian heavy industry, notably in the Mukden area. Following the Japanese conquest of north China in 1937–38, this development was extended to include the Peking-Tientsin area, although on a much smaller scale. While these were primarily strategic or military rather than economic investments, they laid the foundation for a new heavy manufacturing center, closely oriented to its sources of bulk raw materials, and confined to the north. In addition to the logical association with coal and iron deposits, this project was geographically an obvious one for Japan to undertake from her original Korean and Manchurian base, and it did not include Shanghai, especially after the widening of the war from 1941 on made seaborne imports of raw materials into Shanghai increasingly difficult.

Japanese war-dictated industrial investments have now however become a legacy of great value for China, and heavy manufacturing is still virtually restricted to the north. In time, a second manufacturing center of this type may develop at Shanghai, dependent on cheap transportation for the assembling of bulk raw materials and shipping of finished products, cheap electric power, skilled labor, and continued market attractions. But in the current acute capital shortage in China, which is unlikely to be alleviated soon, such a development cannot be considered imminent.

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Industrially Shanghai has been an anomaly, by Western standards, since it has reached its dominant position in China in the local absence of most of the essential materials of manufacturing. This is especially striking in the case of coal, the single most important industrial material. The city's development has nevertheless proceeded rapidly once industrialization began in China (Shanghai's population doubled between 1920 and 1936) because it remained the cheapest point of assembly within China proper for the resources on which Chinese industrial structure rested. Manufactured goods which the city produced could also be marketed more cheaply than from any other location. Assembly costs and distribution costs are after all the ultimate locational considerations, and the actual presence of raw materials is important only in those terms. But Shanghai's position is a reflection of the level of the Chinese economy as a whole. As China moves from a pre-industrial economy to an industrial economy, with the accompanying expansion in transportation facilities, Shanghai may lose some of its particular advantage. By 1936 and up to the present, such a development has by no means occurred, but there are signs that it may have begun.

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ELEVEN

Shanghai Today and Tomorrow

722 Shanghai, with the rest of China, has lived in a state of nearly unbroken war since 1937. "Normal conditions" has been almost a meaningless phrase since the first Japanese attack on the city in 1932. As of late 1952, the Nationalist blockade and accompanying United Nations embargo continue to reduce Shanghai to a virtual state of siege. For a city whose economy depended closely on free access by sea to a variety of raw materials, producer and consumers' goods, and markets, this situation cannot help but have affected its economic life in fundamental fashion. Shanghai's industrial production and commercial facilities are of the greatest importance to the Communist regime, whose success depends on its ability to raise China's living standards through increased production and easier exchange. As the greatest single producer and exchanger, Shanghai provides tools, machines, and markets for agriculture, transportation equipment, and capital and consumers' goods for the support of a huge economy where such things are otherwise notably lacking.

Since Shanghai's productivity is so vital to the new government, it is understandable that accurate information on the state of the city's economy is difficult to obtain, or difficult to deduce from the mass of propaganda-style news releases on the city in current Chinese periodicals and official statements.[1] The Communist armies occupied on May 27, 1949, a city which had suffered almost no physical destruction, either as a result of the Japanese war or during the civil war and the "battle" for Shanghai (which was in effect fought north of the Yangtze), but whose industrial plant had barely begun to recover its pre-war production levels. In particular, the flow of goods and raw materials into the city by sea was still far below minimum needs, as it had been since at least 1939, due to shipping

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shortages and to delayed recovery of many of the areas from which the city drew its supplies, especially in north China, where civil war had quickly succeeded international war. 722

The pinch which these conditions imposed on the Shanghai economy was nowhere more apparent or more important than in the case of coal. Coal normally came to the city primarily from north China (Kaiping, Fushun, Shansi, and Shantung), and the acute shortage of this essential and universal raw material slowed Shanghai's industrial recovery to a walk during the four years of Nationalist control from 1945 to 1949.* Other essential supplies were also curtailed, especially industrial machinery, liquid fuels, rubber, chemicals, semi-finished metal goods, and prime movers, all of which normally came to Shanghai for the most part from overseas and had been largely cut off during the Japanese occupation after 1941 as well. Runaway inflation, bred in part of current and forseen shortages, had a disastrous effect on the entire urban economy.

Shanghai's skilled industrial labor force, which before the war had constituted at least half of the China pool, had been dissipated through eight long war years during which many workers migrated to Free China (and to Japan and Manchuria), and technical and managerial personnel were similarly decimated. Inland routes supplying the city were choked off periodically as the civil war progressed. A major part of Communist military strategy was the destruction of railways over which the Nationalist armies could move their originally greatly superior military equipment, and the lines feeding Shanghai were repeatedly cut, both between the city and Nanking, and north of the Yangtze where the interruptions were only slightly less awkward for Shanghai. More importantly, civil unrest and actual fighting in the delta and along the Yangtze recurrently brought water transport there to a halt.

The inland routes the Communists could reopen, and this was 727

* The textile industry enjoyed a brief recovery in mid-1948 (after electric power production had been momentarily restored nearly to its pre-war level), based on the removal of Japanese competition, especially in the southeast Asia market (see Université Aurore, "L'état présent de l'industrie à Shanghai" [1949]. But unlike the earlier boom during and after the first world war, this was extremely short-lived, as the Communist armies closed in on the city in the months before May 1949, and increasingly stifled its vital economic relations with China as a whole.

727 done with dispatch soon after Shanghai had been taken. By the
[496] end of 1949, railways destroyed in the delta area during the civil war had been restored to operation, and by the end of 1950, most of the lines in China as of 1936 had been rebuilt, plus considerable new mileage. Great stress has also been put on maintaining a high level of commodity flow by water transport from the Yangtze and
[503] the delta to Shanghai. Numerous hydraulic improvements were undertaken in 1949, 1950, and 1951, including the widening, deepening, and regulating of existing waterways, the building of additional carriers of all types,* and in November 1950 the commencement of a very large five-year project for the regulation of the Huai River, designed primarily to prevent its disastrous floods, but also to facilitate navigation.[2]

439 But the sea routes, equally vital to the city's economic life, remain largely closed. Political capital has been made of this unfortunate situation, since it has in effect called the Communists' bluff in their repeated assertions that Shanghai was a foreign sore on the Chinese body politic and should be integrated with China rather than with its kindred economies overseas.

> The new Shanghai . . . is closely linked by commerce and the interflow of goods with the rest of the country. Facing inland instead of across the sea, it is integrated politically, economically, and culturally with the nation whose needs it serves. From being a source of infection in China's economic life, Shanghai has today become a source of strength to the new China.[3]

365 This is cold comfort. Shanghai can be a source of strength to
439 China only if it produces, and it cannot reach more than a part of its industrial potential while the sea routes which feed it are closed. The shortage of coal in the city remains, if one may read between the lines of official statements and news releases. Electric power is rationed; new users are discouraged, and one gathers that current users are unable to get enough to increase their production. Remembering the crucial importance of cheap and abundant electric power for all of the city's industry, as we have discussed it above

* 192 inland water craft were built in Shanghai alone in 1950, totalling 28,000 tons displacement, according to Ching-Chi Chou-Pao for January 4, 1951, p. 9.

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in Chapter Ten (it constituted probably Shanghai's outstanding advantage for manufacturing), the present situation is discouraging. We may assume that the newly rebuilt railways are now carrying much larger amounts of coal from north China to Shanghai than they did before the war, but this greatly increases its price as against sea shipment, and is unlikely to have the necessary capacity. Industrial machinery, liquid fuels, rubber, chemicals, and the other goods which were imported from overseas and which are vital to Shanghai's industrial recovery are also short under the combined Nationalist blockade and United Nations embargo. 365 439

Ocean shipping using the port virtually disappeared during 1949 and most of 1950. Toward the end of 1950 it reappeared on a very small scale, and now averages perhaps two or three ships a month, all in the coasting trade. The entrances to the Yangtze have been mined by the Nationalists, and the main ship channel in the estuary has not been dredged since 1937. Sunken ships, to which floating mines still occasionally add, further block the river. Until early 1951 there was a small trade with Hong Kong, but this has now nearly disappeared with the adoption of the United Nations embargo in December 1950, and the few ships which call at Shanghai are restricted almost entirely to the trade with Tientsin, Tsingtao, and Dairen. Rates are prohibitively high, and all imports and exports through the port of Shanghai are rigidly controlled by the government. Luxury goods and most consumers' goods are excluded from the list of admissable imports. The city's busses and most of its other gasoline vehicles have been converted to run on charcoal gas. Export and import licenses can be obtained only where it is considered in the national interest, but buyers to whom exports might be sent are in many cases unreachable, as witness the consistent import surplus for Shanghai itself of 100 to 120 per cent over exports during 1951.* [4] Such conditions are crippling for a city which 505 439

* The Soviet bloc however seems now to be filling the gap in China's foreign trade left by the shrinking of commercial relations with the West, judging from current reports. (See Ch'en Han-seng, "The Future of China's Foreign Trade" (1952), *New China News Agency Bulletin*, September 29, 1951, *Hsin-Hua Yüeh-Pao*, October 1951, *Ching-Chi Chou-Pao*, September 27, 1951 and April 24, 1952, *Peoples' China*, August 1, 1952.) But for trade with the Soviet bloc, though it is still a new development whose permanent outlines are uncertain, Shanghai is in a relatively

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505 not only depended heavily on seaborne supplies, but which had a
439 large and important transit trade.

As if in a commentary on the nature of the city's food supply,
433 food, in particular rice, has remained cheap and plentiful throughout the period of Communist control. Order was quickly restored in the delta in 1949, and the flow of low-cost food to the city was maintained despite a nearly universal food shortage or famine in the rest of China during the winter of 1949–50, and despite the Nationalist blockade, which prevented any substantial amounts of food from arriving in the city by sea. The Communist Government has apparently been able to solve, at least to a degree, the problem of local rice supply during the planting season and at festival periods, by controlling prices and arranging for large government purchases which are released on the market at stable prices whenever the situation requires. There is no suggestion that local food supplies are not entirely adequate to meet the city's demands under such a
[162] system of management. While no official figures have been released, it is unlikely that Shanghai's population is substantially less than the four millions it had reached in 1936; it may have risen closer to the five million mark, since the great influx of people after the Japanese war has not apparently been balanced by the still limited exodus.*

288 Nationalist bombings during the winter of 1949–50 did only minor industrial damage, and came to an end by late 1950 with the arrival of jet defense planes from the Soviet Union and the Nationalist loss of the Chusan Islands, which had been the major base for the bombings of the city. A continuing deterrent to industrial recovery however has been the still inadequate domestic production of raw cotton. Several cotton textile factories in the city were obliged to shut down entirely during 1949 and 1950 for lack of raw cotton, and while all or most of these have subsequently reopened, not enough cotton is coming in to maintain peak production.†

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poor position, and its economy has in the past been closely geared with that of the West.

* See above, p. 21. Foreign and Chinese press reports still consistently refer to Shanghai as the fourth largest city in the world, with a population given variously as 5 or 6 million.

† *Hsin-Hua Yüeh-Pao* for November 1951, 130–131, reports that while production

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Cotton production is gradually increasing, and the expectation is that within the next two or three years enough will be available domestically (mainly in the delta area) to occupy Shanghai's full textile potential, which is still the largest of any city in the country. 288

Much shuffling around of the industrial pattern has resulted from government regulations on the types of manufacturing which may be licensed and may obtain the necessary power and supplies. During 1950 nearly 500 "factories" closed down, through financial failure and through inability to obtain licenses because they were considered non-essential under the new regulations. Most of the casualties were presumably small-scale manufacturers operating in private houses, who were before the war engaged in a great variety of production, mostly of consumers' goods. Many of these have since reopened, but in different production lines more in keeping with the government's new policy, and for which a market is available under the current austerity program. The government has for example refused reopening licenses to tobacco manufacturers, restaurants, hotels, and funeral establishments.[5] 471 656

The problem most frequently referred to in Chinese reports on economic Shanghai since 1949 is that of keeping pace with increased rural demand and rural purchasing power. This may be designed as an advertisement of the accomplishments of the land reform program in raising rural living standards, but it is repeatedly stated that industrial production in the city runs behind the demand in the country. Industries in the city showing the greatest profits during this period have been those producing light consumers' goods for which there is a ready local market. Dyeing leads the list, since the delta peasants are now sufficiently well off, if one may take the published reports at face value, to buy colored and printed clothing made in Shanghai. Western-type medical supplies are also listed, which would indicate a revolution indeed in the *mores* and income of the Chinese peasant. One report gives as an example of increased 434

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of cotton textiles for China as a whole in 1950 and in the first six months of 1951 was between 20 and 30 per cent greater than the pre-1937 peak, domestic production of raw cotton is still inadequte to meet the demands of the textile industry. For an earlier post-war report, see Shen Wen-fu, The Increase in Cotton Production, (1948).

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434 rural purchasing power the large domestic sale of Shanghai-made thermos bottles, and others cite the increasing domestic demand for flashlights, soap, and stationery made in the city.[6] Times have changed. Among the heavier industries, cement and machinery production in Shanghai also lag behind demand,[7] as might be expected in view of the general shortage of such production over China as a whole and of the ambitious industrialization program of the Communist Government. Apparently, if these reports can be accepted, Shanghai need not be concerned for domestic markets despite the closing of its normal sea routes.

656 Earlier Communist talk of moving industry out of Shanghai (see above, pp. 27–8) has tended to disappear. During 1949 and early 1950 some small cotton textile factories were moved to Tientsin and Hankow, and a few other small manufacturing plants to Tientsin and Tsingtao (including a bicycle works, a printing establishment, and a furniture plant). These were minor removals, and no plans were made to move any of the larger factories or the heavier industries. Occasionally during this period there were general remarks in official speeches and news reports encouraging commercial enterprises to go out into the countryside, and encouraging Shanghai workers to help with the industrial reconstruction program in Manchuria, but more recently the prevailing attitude has been one of pride in Shanghai and enthusiasm for its own program of recovery. Criticism was natural while the Communists were on the outside looking in, but now that the new regime is in full control, and has full responsibility, it is more clearly aware of Shanghai's vital importance, and more clearly aware as well that no other location in China offers equal advantages for the kind of manufacturing which has grown up in the city and which the government is now trying desperately to maintain.

000 In future, a measure of Shanghai's advantage may disappear as railways bind the Chinese economy more closely together and as light and heavy industrial production continues to grow in Manchuria and north China where raw materials are close at hand. The coal and iron reserves of Shansi may also in time support a major industrial development there, as part of a thoroughly commercialized economy based on a mature railway system. Hankow and the three

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Wu-Han cities may grow into another important industrial center, combining transport advantages, nearness to agricultural raw materials, and location near the population center of the China market as its purchasing power gradually rises. In time the potential hydroelectric power of the west and southeast, in combination with local mineral resources and markets, may lead to large manufacturing developments in cities like Chungking, Changsha, Amoy, and Canton. Electric power in all of the cities mentioned, however, with the possible exception of Manchuria, is a problem whose solution is neither currently nor foreseeably within reach, and Shanghai remains virtually the only city in China proper where power facilities are adequate and power costs low enough for large industrial growth.

While the long-term changes in China's overall economy which would permit such developments would probably remove much or all of Shanghai's industrial primacy, they would help to increase the city's absolute production and commercial importance as they simultaneously reduced its relative rank. When we consider that in 1936 Shanghai accounted for about half of China's modern industrial production and half of its foreign trade, it is apparent that there is ample room within the Chinese economy as a whole for many new industrial and commercial centers to develop without reducing the actual part which Shanghai would play in a more completely industrialized China.

In the long run, however, Shanghai's economic growth will depend on a restoration of free access by sea to the whole of East Asia and to the rest of the world. Its trading and commercial functions have been even more important to its growth and prosperity than its industrial development, and those functions have depended not only on its location within China but on its geographic orientation to the entire world of commerce. Shanghai may never again serve, as it has in the past, as the funnel for the penetration of China by the West and as the major seed bed of economic change in China. As China is increasingly drawn into the world economic order by the changes now in progress there, other points of entry and other breeding grounds for modernization will become increasingly prominent until the economy as a whole is unified. But economic change of the order indicated in China cannot be accomplished without the

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600 catalytic action which an already established industrial and commercial center like Shanghai can provide. In the process of the change, Shanghai would be more likely to grow than to decline.

As a trade center, its advantages would remain even in a railroad-based economy.* Its physical location midway on the China coast and at the mouth of the Yangtze River would merely be implemented by a network of rails. For China as a whole, the change from waterways to railways as a major carrier is still far in the future, not only because a change of this kind and on this scale is necessarily slow, but because China has been endowed by nature with an enviable network of waterways. Unlike the United States, China's great rivers, preeminently the Yangtze, flow from west to east, draining commercially, with their tributaries, most of the country. Complementary to this inland system is the east coast, providing a north-south water highway which connects most of the large cities. Railways will supplant these two great trunk routes only slowly, if at all, and they are unlikely ever to reduce the absolute importance of water transport in China. China might be compared in this respect with maritime western Europe and the United Kingdom, where ice-free rivers drain most of the productive heart of the area and where the surrounding sea links all of its parts. Water transport there has increased in absolute volume since the beginning of the industrial revolution despite the building of a dense railway net, and has continued to play a vital role in Europe's economy. Shanghai might be taken as the Asian counterpart of Rotterdam, a city whose commercial and industrial position has certainly not declined during the last two hundred years and which rests now as it has always done on its location at the mouth of the Rhine midway along the coast of maritime Europe.

Industrially, Shanghai's advantages are also not likely to be removed. Cheap transportation, reflected in every aspect of its eco-

* Since at least 1950, Hong Kong has of course pre-empted Shanghai's functions as a trade center, transshipment port, and point of contact with the West for China as a whole. However long political conditions may continue this situation, it is nevertheless an artificial one, and is not considered in this general evaluation of Shanghai's economic potential within China and within a "normal" east Asian market. Indefinitely cut off from access to sea routes as it now is, Shanghai must obviously wither, in greater or lesser degree.

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nomic life, has been and will continue to be its major attraction. Cheap transportation means low power costs, costs which would remain relatively low even after hydro-electric development in China has progressed. Cheap transportation offers a variety of advantages for every industry dependent on bulk raw materials or bulk shipments of finished goods, including iron and steel manufacture, which could certainly be carried on in Shanghai as the market for it increases, in successful competition with Manchuria, north China, Japan, or India. No other Chinese location can assemble the necessary raw materials and market the finished products as cheaply as Shanghai. As inexpensive transportation attracts industries dependent on it, other industries find it advantageous to be there as well, and the manifold economies and conveniences of location in the market take on a self-perpetuating power of attraction. This is reflected again in the high and constant load factor which continues to keep power costs low. Power costs do not end with the assembling of coal or the production of a few kilowatt hours.

Whatever new industrial areas may arise elsewhere, Shanghai is likely to remain near the center of the China market as a whole, to which the Yangtze River system will continue to give it low-cost and easy access. Capital will be relatively plentiful in Shanghai as long as the city maintains its trading, commercial, and financial importance, ano these functions are unlikely to be usurped in the foreseeable future. Skilled labor and technical management tend to gravitate to such centers, and to be produced by a pre-existing industrial structure. Industrially and commercially, Shanghai has much to gain and little to lose in the gradual process by which the rest of China puts into practice the economic pattern which Shanghai was the first to create.

So long-term a view may not be in the minds of current government planners in China. Shanghai is still too new a possession, and too new a responsibility. But the geographic logic of the city's economic leadership is likely to prove more powerful and more convincing than any political argument. Great cities do not arise by accident, and they are not destroyed by whim. The geographic facts which have made Shanghai will prosper it in the future once peace has been restored in East Asia.

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Notes

CHAPTER ONE. INTRODUCTORY

1. R. C. Feetham, *Report to the Shanghai Municipal Council* (1931), I, p. 306.
2. *Shanghai Mercury* (1893), p. 59.
3. *Ibid.*, p. 95.
4. *Ibid.*, p. 30.
5. *Ibid.*, p. 30.
6. *Shun Pao* (December 3, 1934).
7. F. L. Pott, *A Short History of Shanghai* (1928), p. 181.
8. E. M. Hauser, *Shanghai, City for Sale* (1940), p. 85.
9. J. W. Maclellan, *The Story of Shanghai* (1889), p. 56. J. C. Montalto, *Historic Shanghai* (1909), p. 166.
10. *Shanghai Mercury* (1893) p. 19.
11. *Ibid.*, p. 23.
12. *North China Herald* (August 12, 1937).
13. Robert Fortune, *Three Years' Wanderings in the Northern Provinces of China* (1846), p. 196.
14. Shanghai Municipal Council, Annual Report for 1939, p. 175.
15. Feetham, *Report*, II, 55.

CHAPTER TWO. POLITICS AND POPULATION

1. For a detailed account of this complex problem, see Hallet Abend, *Treaty Ports in China* (1944); P. N. Chiang, *Sur les Concessions de Changhai* (1932); Feetham, *Report*; E. M. Hinder, *Social and Industrial Problems of Shanghai* (1942); C. L. Hsia, *The Status of Shanghai* (1929); W. C. Johnstone, *The Shanghai Problem* (1937); and A. L. Kotenev, *Shanghai: Its Mixed Court and Council* (1925) and *Shanghai, Its Municipality and the Chinese* (1927).
2. *The Nation* (November 19, 1949).
3. Figures from Shanghai Municipal Council, Annual Report for 1936, p. 24.
4. For a discussion of this problem, see N. A. Pelcovits, *Old China Hands and the Foreign Office* (1948).
5. Chiang Kai-shek, *China's Destiny and Chinese Economic Theory* (1947), pp. 85–87.
6. *China Digest*, August 10, 1949, p. 10.
7. Statement cited in the *China Digest* for September 21, 1949, p. 9.

CHAPTER THREE. SITE

1. A. V. Heidenstam, "The Growth of the Yang-tze Delta" (1922), p. 22.
2. *Ibid.*, pp. 22–26; G. B. Cressey, "The Geology of Shanghai" (1928), p. 341.
3. Henri Havret, *L'île de Tsong Ming* (1901), *passim*.
4. Cressey, "The Geology of Shanghai," pp. 338, 340.
5. Maclellan, *The Story of Shanghai*, p. 46.

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6. S. J. Powell, *A Deep-water Harbour for Shanghai* (1915), p. 23.
7. It is described in H. H. Lindsay, *Report of Proceedings* (1833), p. 74.
8. See A. G. Lang, *Shanghai Considered Socially* (1875), p. 23.
9. George Lanning, *A History of Shanghai* (1923), p. 134.
10. See discussion of this question in *Shanghai Mercury* (1893), p. 78.
11. See Pott, *A Short History, passim.*; C. E. Darwent, *Shanghai: A. Handbook* (1920), p. 64.
12. For factual reference on this discussion of Shanghai's water supply, see Darwent, *Shanghai*, pp. 64, 127, 181; Shanghai Civic Association (1934): *Shang-hai shih nien-chien* (1936); Bartlett Yung, "The Water Supply of Greater Shanghai" (1930).
13. Montalto, *Historic Shanghai*, prints on p. 21, an old Chinese map showing Shanghai and the two streams in about the sixth or seventh century A.D.
14. Montalto, p. 28; Lang, *Shanghai*, p. 18.
15. Whangpoo Conservancy Board (1932), pp. 113–114.
16. *Ibid.*, pp. 114, 119.
17. See statement by Robert Dollar in the *North China Daily News* for January 12, 1931.
18. See *China Press* (1948), pp. 23–29.
19. Figures from *China Press* (1948), p. 23.
20. See *Far Eastern Review* (1937), *passim.*

CHAPTER FOUR. LOCATION

1. Edward Gibbon, *The Decline and Fall of the Roman Empire* (London, 1783), chap. lxxi.
2. See Chi Ch'ao-ting, *Key Economic Areas in Chinese History* (1936).
3. Cressey, *China's Geographic Foundations* (1934), p. 85; Chu Chi-hua, *China's Postal and Other Communications* (1937), p. 128; Hsü Shih-yü, Water Transport in Kiangsu (1937), p. 55.
4. Fortune, *Three Years' Wanderings*, p. 57.
5. Yeh Chou, "Hsinkang — China's New Northern Port," *People's China*, pp. 26–28 (December 1, 1951).
6. Estimates, except for the Shanghai figure, are compiled from Cressey, *China's Geographic Foundations*; Julean Arnold, *China: A Commercial and Industrial Handbook*; China: Maritime Customs, Decennial Reports for 1922–1931. For a discussion of the "primate city," see Mark Jefferson, "The Law of the Primate City" (1939). According to his definition, Shanghai is a double primate city, since it is larger than the second and third cities combined.

CHAPTER FIVE. THE OPENING OF THE CITY

1. Quoted in T. W. Bannister, *A History of the External Trade of China, 1834–1931* (1932), p. 39.
2. For a contemporary account of the Cohong and the Canton system, see W. C. Hunter, *The Fan Kwae at Canton Before Treaty Days* (1882); for a highly readable (though historically unreliable) recent account, see Maurice Collis, *Foreign Mud* (1947).
3. Lindsay, *Report.*

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4. A weekly average of 550 ships averaging 158 tons entered the port of London from 1840 to 1842. Figures for London quoted in J. E. Orchard, "Shanghai" (1936), p. 6, from Tables of the Revenue, Population, Commerce, etc., of the United Kingdom and its Dependencies (1840–1842).

5. Lindsay, p. 85.

6. See Bannister, *External Trade*, p. 3; Michael Greenberg, *British Trade and the Opening of China* (1951), p. 1.

7. Lindsay, p. 87.

8. Text of the treaty from H. B. Morse, *The International Relation of the Chinese Empire* (1918).

9. *Loc. cit.*

10. For factual reference on the origins and history of the foreign settlements, see Chiang, *Sur les Concessions*; Lanning, *History of Shanghai*; C. B. Maybon, *Histoire de la Concession Française de Changhai* (1929); Ratepayers' Association (1855).

11. Bannister, pp. 86–88.

12. Montalto, pp. 35–36.

13. Report of Mr. Robert Thom to Sir Henry Pottinger, dated 1845, cited in Lanning, p. 400.

14. Morse, *International Relations*, I, 357.

15. Bannister, pp. 74, 103.

16. *Shanghai Mercury* (1893), p. 21.

17. Figures compiled from China: Maritime Customs, Annual Reports and Returns of Trade.

18. Fortune, *A Journey to the Tea Countries of China* (1852), I, 97–98.

19. *Chinese Repository* (1849), *passim*.

20. See C. R. Dyce, *The Model Settlement* (1906), for one of many contemporary accounts of foreign Shanghai in the 1860's and 1870's.

21. Dyce, pp. 68–79.

22. *Ibid.*, p. 99.

23. *Ibid.*, p. 202.

24. For contemporary accounts of this life, see Dyce; F. W. Wade, *Boat and Gun* (1886); W. S. Wetmore, *Recollections of Life in the Far East* (1887).

25. W. H. Medhurst, *A Glance at the Interior of China* (1849), p. 24.

26. Quoted in Pott, p. 100.

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12. China: Maritime Customs, Special Series #9 (1884), *passim*.
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36. China: Maritime Customs, Annual Trade Reports (Shanghai, 1925–1935). The figures are not broken down further, and it is therefore not possible to distinguish between areas served by sea and by river transport.

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2. These figures are estimates, compiled from Liu Ta-chün, *Growth and Indus-*

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4. *Ibid*.

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7. Liu Ta-chün, *Growth and Industrialization*.

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18. Chung Jui-chi, "The Cigarette Industry," p. 650.

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23. Read, "Iron Industry," p. 40.

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38. C. K. Moser, *The Cotton Textile Industries of Far Eastern Countries* (1932), p. 74; A. D. Pearse, *The Cotton Industry of China and Japan* (1929), p. 128.

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56. Unsigned article, "Shanghai Public Utilities," *Chinese Economic Journal*, 8: 381–94 (1931).

57. C. H. Chen and Y. S. Sun, "The Electric Power Industry in China" (1947), p. 7.

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59. Statement by P. S. Hopkins, president of the Shanghai Power Company, "World's Cheapest Power Supplied by Shanghai Power Company," *China Press*, August 29, 1931.

60. Figures cited in Barnett, *Economic Shanghai*, p. 82, from the Annual Reports of the Shanghai Power Company.

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63. Fong, I, 231.
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69. See *Hsin-hua Yüeh-pao*, 130–131 (November 1951); "Current China," fortnightly column in *Peoples' China* (since 1950).
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CHAPTER ELEVEN. SHANGHAI TODAY AND TOMORROW

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3. Ku Ling, "New Shanghai," *Peoples' China*, 21–23 (Sept. 1, 1951).
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LIFE AND LABOUR IN SHANGHAI

A DECADE OF LABOUR AND SOCIAL ADMINISTRATION IN THE INTERNATIONAL SETTLEMENT

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AUTHOR'S PREFACE TO THE SHANGHAI EDITION

000 The role of authorities in the control of factors influencing the life and livelihood of any community has become more significant with each passing decade since the commencement of the Industrial Revolution. Periods of national emergency or wars place on governing bodies greater responsibilities for evolving methods of control which will offer safeguards to, and preserve as far as possible, the livelihood of a nation. The restoration of peace may not lessen, but may even enhance the necessity for official concern with these questions.

Whatever the future of Shanghai, it will always have a large industrial population for whose well-being the authorities must have concern. Some analysis, therefore, brief though it may be, of the industrial and social situation in the International Settlement in Shanghai, and the efforts of authorities to meet the problems presented, should be of some advantage in evolving a programme for the future welfare of its industrial population.

The question is sometimes asked whether progress in improving industrial conditions in the Shanghai areas under foreign administration has significance for China as a whole. It has been my experience that ideas spread rapidly among factory owners, and that they are willing to try new procedures. If, therefore, in Shanghai, educational or administrative means can produce improvement in the working conditions, and particularly if it becomes apparent that these better conditions "pay," it is certain that their influence will spread. In one respect Shanghai's significance for the rest of China lies in the long start which it has had industrially over other parts of the country. It is a treasure trove of skilled workmen. These, to be sure, are not qualified technicians in the sense familiar in Western countries, since there has been a lack of technical training facilities. Yet there are thousands of men who are skilled in the operation of machinery, and this skill requires both time and the opportunity of working in machine shops to acquire it. For the China of the future, for the real industrial China which must emerge, they constitute a national resource which should be developed.

121 This monograph has been written at the request of the Institute of
633 Pacific Relations from the experience of creating for the Shanghai Municipal Council an administrative instrument which has functioned in the industrial and social field since 1933. The Council has lacked

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specific powers to evolve a comprehensive legislative instrument to regulate industrial conditions, enforce minimum wages, require compulsory mediation and arbitration in industrial disputes and deal with many other social issues. This limitation has not prevented the creation of a trained staff which collects accurate information for use in wage adjustments, mediates industrial disputes when requested, provides general advisory and consulting services as well as trained personnel to inspect industrial enterprises, and tries to obtain better physical conditions of work.

121

The present monograph, after a brief survey of the jurisdictional issues, indicates the existing problems and describes the plans which have evolved within the limitations of constitutional power and financial support to improve industrial conditions in the International Settlement of Shanghai. This study is essentially a record of material, much of it published for the first time, summarising administrative policy, giving background for the efforts and outlining unsolved problems. Though official in the sense that it describes official action, it is not an official document; it is personal in that it has been my privilege to attempt to find the solution to these problems. For facts and opinions expressed herein, I, as the author, am solely responsible.

ELEANOR M. HINDER

Shanghai
October 1, 1941.

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AUTHOR'S PREFACE TO THE PRESENT EDITION

On the morning of October 10, 1942, a ship steamed up the Mersey River carrying British and other European repatriates from the Far East recently exchanged for Japanese from the British Empire. For more than three weeks since the ship had left Capetown no radio broadcast had been received aboard. Suddenly down the passages and companionways the voice of the British Broadcasting Corporation was heard. It announced the relinquishment by Great Britain and the United States of the extra-territorial rights held by these countries in China. For everyone on the ship the moment was symbolic. The 18,000-mile repatriation journey's end, at the end of a residence in China, coincided with the end of an era. To those who considered that the special privileges were overdue for abrogation the news was welcome.

Final page proofs of the first edition of this book which had covered the situations it describes down to the middle of 1941, were ready in Shanghai when Pacific hostilities broke out on December 8, 1941. The British printing plant in which it was being published was closed by Japanese orders and remained so until May 1942. Thereafter its operations under Japanese supervision were permitted providing nothing was published without the approval of the Japanese Press Bureau. Consent to the appearance of the first edition was finally given on condition that all references to foreign countries were excised. The final chapter had originally made mention of recent progressive moves in industrially backward countries on the part of Great Britain. These were removed without in any way compromising the thesis of the book. All references to the Institute of Pacific Relations under whose auspices the book was to appear were also eliminated. The publication appeared at the beginning of August 1942, as a document of the Shanghai Municipal Council, but the Japanese Press Bureau would not permit its sale.

For the first eight months after the outbreak of hostilities the Shanghai Municipal Council's Industrial and Social Division went on under my direction. Indeed, some unusual opportunities presented themselves for progressive social developments, arising from the need for emergency measures aimed to control the factors affecting the people's livelihood. I resigned my post to return home, leaving Shanghai on August 17, 1942. For me thus ended a period which had begun in January 1933, during which I had the privilege of building up a

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114 Division aiming to serve the people. The work was relinquished with great regret and only because changed administrative controls made it necessary to do so.

128 This second edition of the monograph has been prepared at the request of the Institute of Pacific Relations. It speaks now in the past tense. It aims at viewing in perspective the ten-year experiment in creating an administrative social instrument in one of China's major cities and in assessing its usefulness as a pattern. The kind of industrial and social services that a Chinese city will need to meet the problems that will persist into the future is suggested in the body of the text and in a new final chapter. In the re-writing there has been kept in mind the possible value which the record may also have for those who, of whatever nationality, will take part in post-war rehabilitation and reconstruction measures in which the understanding of social situations will be important.

ELEANOR M. HINDER

Montreal, Canada.
September 1943.

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CHAPTER I

THE BACKGROUND

648 On October 10, 1942, the governments of Great Britain and the United States announced the relinquishment of their extra-territorial rights in China. The announcement was fittingly made on the "Double Ten Day," the tenth day of the tenth month, anniversary of the founding of the Chinese Republic in 1911. It brought to an end a century of special privileges for citizens of the two countries concerned, and heralded the passing of concessions and settlements. Among these was the International Settlement in Shanghai, where, indeed, at the moment of the announcement, Japanese military exercised actual control. The intention was nevertheless clear that, when the invader had been expelled, the actual government and not only the theoretical sovereignty of the International Settlement in Shanghai would pass into the hands of the Chinese Government.

648 633 The complex administrative composition of the Shanghai which existed in the decade 1933-1942 to which the efforts described in this monograph refer, was well known to students of Far Eastern problems. From 1927 onwards three distinct political administrations exercised jurisdiction over three well-defined areas. The Shanghai Municipal Council, dating from 1845, ruled over the International Settlement, an area of some 8.94 square miles, slightly more than half of which lay north of Soochow Creek and the remainder to the south of it. The French Municipal Council functioned in the French Concession, an area of 3.95 square miles to the south of the International Settlement. Two districts, one west and one north of the Settlement, were known as the Extra-Settlement Roads areas, where the Shanghai Municipal Council owned the roads by right of purchase under treaty provisions, and permitted enfranchised public utilities to use them for transportation and other services, but where the enclaves between the roads were Chinese-administered. Some changes occurred after the outbreak of Sino-Japanese hostilities in 1937 when Japanese military

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648 633 722 exercised certain controls in the area of the Settlement north of the Soochow Creek. The Western Extra-Settlement Roads area passed in 1942 completely into the control of the Chinese City Government.

648 633 The governing body of the International Settlement was the Shanghai Municipal Council, of international membership. From 1930, soon after Chinese members first took seats on the Council, until 1941, it consisted of 14 members. Nine foreign members were elected by foreign ratepayers, and the general convention of its composition—five British, two American and two Japanese members—was observed. Five Chinese members were chosen by representative Chinese organisations. The allocation of seats in no way satisfied Japanese aspirations, and on several occasions they sought to increase their representation. In April 1941 a change was made which gave three seats each to British, American and Japanese members, and widened the basis of representation to include one German, one Dutch and one Swiss member. Four seats were allocated to Chinese members. The newly constituted Council proved a success. It pursued vigorous policies and faced many issues, the solution of which political impotence had previously made impossible. Functions formerly exercised by a ratepayers' meeting passed into the hands of the Council.

The administration of the French Concession was under a French Municipal Council appointed by the Consul-General for France. The Chinese City Government was presided over by a Mayor, appointed by the Chinese Government. The Chinese-administered area in Shanghai was a "special municipality," under direct control of the National Government of China, not of the province of Kiangsu in which it was situated.

648 633 692 722 Chinese citizens resident in the two foreign-administered areas were subject to Chinese Courts presided over by officials appointed by the Chinese Government. After the withdrawal of the Chinese Government to Chungking in 1938, the judges of the First Special District Court (in the International Settlement) and of the Second Special District Court (in the French Concession) remained unchanged for a time. In 1940 the Japanese-influenced Nanking Chinese Government obtained control over the Second Special District Court. Chungking-appointed judges were replaced in the First Special District Court when Japanese military occupied the

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International Settlement after the outbreak of Pacific hostilities in December 1941. Under the extra-territorial system foreign residents were subject to the laws of their own country and tried in consular courts. Russia relinquished her rights in 1924; Germany and Austria lost theirs in the war 1914-18. 648 633 692 722

On December 8, 1941 when Japan attacked Great Britain and the United States, the Shanghai Municipal Council agreed to carry on its functions in the interest of the civilian population. At the close of the year, however, the resignations of American, British and Dutch members of the Council were requested. The British chairman was replaced by a Japanese chairman. In the eyes of the Japanese authorities the agreement reached earlier in the year as to the composition of the Council remained in force, but was considered suspended. The places of resigning members were not filled. The Council carried on with four Chinese, three Japanese, one German and one Swiss member. The international character of the Council was technically preserved. 648 633 722

The free exercise of authority by the Council was, however, restricted. During the first eight months of Japanese occupation more than 80 senior British police were replaced by Japanese, and Japanese came to occupy also the ranking posts in the Secretariat, in the Public Health Department and in the Industrial and Social Division. No major question could be decided by the Council without reference to the Japanese authorities, and, further, the Council was given instructions by the Japanese which it had to carry out. In short, while pursuing its normal municipal functions unhampered, it began to be an instrument of Japanese occupying forces.

IT IS CLEAR THAT in a city whose administrative controls have been so divided there would be complications in the carrying out of the most elementary administrative tasks. For many years the dominant feature of Shanghai was its administrative disunity. The absence of plenary powers on the part of the Settlement at any rate created peculiar difficulties in dealing with problems inherent in large cities. 648 633

The authority of the Shanghai Municipal Council derived from the Land Regulations drawn up in 1854 and from Byelaws attached thereto. Later alterations did something to widen initial provisions,

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648 but until the occupation of the Settlement by Japanese forces in
633 1941, this document, the Settlement's constitution as it were, remained practically unchanged. Any change in Byelaws required the consent of a special meeting of ratepayers with a stipulated quorum of the Consular Body in Shanghai, of the Diplomatic Body. Changes in the Land Regulations required approval of the Chinese Government. A Chinese Government which resented the existence of areas alienated from its control refused to contribute to the perpetuation of foreign administration by agreeing to changes in Land Regulations. Thus for several decades prior to 1941 the Council had to proceed under an archaic set of constitutional powers. It possessed no specific power to deal with labour and social issues. After the occupation of the Settlement by Japanese
722 forces and the consequent coming under Japanese direction of the
633 whole Council administration, pseudo-changes in the Land Regula-
648 tions were considered. No final information is available on this matter, but presumably the form would be gone through of submitting them to a Council which was under Japanese influence, to a compliant Consular and Diplomatic Body consisting of Axis and neutral representatives, and to the Japanese-sponsored Chinese Government in Nanking, whose consent to changes could, it is assumed, be obtained. By this procedure a semblance of legality would be sought. Whether legally obtained or not, the Nanking-stafed First Special District Court in Shanghai would apply byelaws derived from newly assumed basic powers in the Land Regulations.

The Organic Law Governing Municipalities promulgated by the Chinese Government in 1930 by comparison granted wide powers to municipalities created by that Government. In particular, Sub-section 5, Article 8 of this Law gave to municipalities the power to administer and bureaucratically to enforce provisions relating to labour.

633 Possibly because of the lack of enabling byelaws, but possibly
364 also because concern with industrial and social issues came late in
744 China itself, the Council's consideration of certain types of social
[625] problems was late also. It was natural that the first municipal emphases historically were logically on the maintenance of public order through police services; on the provision of public health services in a country where modern ideas of sanitation have lagged

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and where virulent disease is endemic; on the development of highways, sewerage and drainage systems; and, through franchises, on the supply of public utility services. Thirty years ago, however, it became evident that Shanghai was coming to be an important manufacturing city, and that a large industrial population would arise, brought to the city from rural areas by the hope of securing employment. The necessity, therefore, for concern with the social problems everywhere associated with a large industrial populace grew more urgent with the years. 633 364 744

IN THE 1920'S FIRST EFFORTS were made by the Shanghai Municipal Council to regulate industrial conditions with the attempt, in 1925, to obtain passage of a byelaw which would limit the age of commencement of work for young people to 10, rising later to 12 years.[1] Until April 1941 the limitations on the Council's powers necessitated the summoning of a special meeting of ratepayers (voters) to alter or to add to any byelaw which might permit the Council to exert authority, provided it were not incompatible with the Land Regulations. Two special meetings of the ratepayers in 1925 lacked the necessary quorum of voters. The byelaw could not be passed. 633 466

Chinese residents in the Settlement subordinating social to patriotic motives opposed the proposed byelaw, for they did not desire the extension of the Council's powers into realms not specifically provided for in the Land Regulations and existing Byelaws. The year 1925 antedated the rise of the Chinese National Government which was to show a lively concern in labour matters, and at that time the Peking Government took only a perfunctory interest in the regulation of industrial conditions. On political grounds even socially minded Chinese leaders in the Settlement opposed the Council's assumption of control over labour conditions, notwithstanding that the issue was a humane one of preventing the exploitation of children. Although under the Land Regulations, attendance and voting at ratepayers' meetings were prerogatives of foreign (i.e. non-Chinese) ratepayers, this Chinese point of view was nonetheless forcefully made known in the Chinese press which has always freely criticised the Settlement administra-

[1] "Toward the Regulation of Child Labour," *Bulletin No. 1.* Joint Committee of Shanghai Women's Organisations, 1926.

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633 tion. Foreign voters were not willing to force a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition. Following the failure to secure the proposed byelaw, the Council decided that, until the Chinese authorities themselves moved to regulate conditions of industrial employment, it would make no further attempt to concern itself with these issues. Larger forces, however, were at work. While the Settlement authorities were
665 attempting to limit the work of children, the Kuomintang, the National People's Party of China, met in Canton and adopted a much more extensive platform of social measures. In the late summer of 1926 the Kuomintang army began its march northward from Kwangtung Province and, by March 1927, had entered Nanking, which was to be the capital of the National Government for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

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claimed the right to "inspect factories in the Settlement," aiming, however, at eventual control of all questions relating to labour in Settlement enterprises. The Council, on the other hand, held the view that, because of fundamental differences in systems of administration of law, the operation of officers of the Chinese Government in the International Settlement was not acceptable.[2] The fear was also entertained that, should regulation of industrial conditions be introduced into, and thoroughly enforced in, the Settlement, unequal competition would result with enterprises outside the Settlement where, it was felt, enforcement would be less complete. On August 1, 1931, when the formal statement of the Chinese Government declaring the Factory Act in force was published, there appeared also a statement by the Shanghai Municipal Council endorsing the principles of industrial regulation and indicating its intention of working toward safe and healthful working conditions. The outbreak of Sino-Japanese hostilities in January 1932 postponed the consideration of means to implement this general statement of principle until 1933, when it was decided to employ the Council's licensing powers to gain the desired ends.

648 633 466 471

In 1933, a special meeting of ratepayers was again convened, this time to change the general licensing byelaw (Byelaw 34)[3] to include industrial undertakings among the enterprises which the Council might license and hence regulate and inspect. This time the approval of the ratepayers, and subsequently of the Consular Body in Shanghai and of the Diplomatic Body in Peking, was secured by the Council. It then felt it had a constitutional right to license factories and, by this means, to enforce certain conditions. The Chinese view was still that such a byelaw was beyond the Council's powers under the Land Regulations.

The Chinese authorities in the metropolitan areas outside the two foreign-administered areas, having strengthened their position in the five years since the establishment of their municipal government, by now known as the Shanghai City Government, registered their protest at the passage of the amendment to the byelaw. In the eyes of the City Government the International Settlement was the "First Special District" and the French Concession the "Second

[2] "Regulation of Industrial Conditions," *Annual Report*, Shanghai Municipal Council, 1933.

[3] *Land Regulations of the Foreign Settlement of Shanghai*, Shanghai Municipal Council.

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471 Special District," areas temporarily beyond, but ultimately to be
648 restored to, its own jurisdiction. The claim was made that only the
633 City Government could regulate Settlement industrial conditions,
466 by enforcing the Factory Law of the Chinese National Government.

An event of importance to the whole problem of law enforce-
648 ment was the Court Rendition Agreement of 1930[4] between the
633 Council and the local Chinese authorities, which provided for the
692 return to complete Chinese control of the Provisional Court exer-
471 cising jurisdiction over Chinese citizens of the Settlement and over those residents belonging to nations without extra-territorial rights. From the 1911 Revolution until 1927 there had been a Mixed Court under foreign influence, expressed in part by the sitting of foreign assessors with the Chinese judges in the hearing of cases. Between 1927 and 1930 a Provisional Court functioned, giving place in 1930 to the Shanghai First Special District Court, completely under the direction of the Ministry of Judicial Administration of the Chinese Government. The new agreement provided that the Court should exercise jurisdiction over cases brought in by the Municipal Police of the International Settlement and arising out of infractions of all duly enacted laws of the Chinese Government, together with cases arising from breaches of municipal bye-laws. In limiting the laws which the Court would apply to those duly enacted by the Chinese Government, the agreement excluded the application of regulations promulgated by the various Chinese ministries.

648 Since the labour laws referred to above in each case state that
633 the competent authority is the municipal government in munici-
692 palities and the *hsien* (or county) government in *hsiens*, and since
466 the enforcing municipal authority in Shanghai recognised by the Chinese Government was the Chinese municipal authority, it was logical for the Court owing allegiance to the Chinese authorities to refuse to try a case brought in by a Shanghai Municipal Council organ under any of the labour laws.[5] In the eyes of the Court the

[4] *Municipal Gazette of the Foreign Settlement of Shanghai*, 1930 volume.

[5] All possible means of using the Court as an instrument of enforcement under laws other than labour laws were explored. In 1939 seven workers were burned to death when an apprentice spilled inflammable thinner over a charcoal stove which the owner of the factory had been specifically instructed by Council officials to remove from the workroom. The Municipal Advocate advised that no case would lie under Article 276 of the Chinese Criminal Code which prescribes a five-year

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Council was not a competent authority within the meaning of the Chinese Government acts. 648 633

The matter was still further complicated by the fact that many owners of industrial enterprises in the Settlement enjoyed extra-territorial rights. While Chinese legalists argued that extra-territorial rights were of the person and not of the undertaking, in practice Chinese law could not be applied against foreign enterprises owned by those with these rights. At the same time the authorities of the countries with extra-territorial rights held in general that the labour codes of their respective countries did not apply in their Shanghai courts.[6] 692 466 471

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sentence or heavy fines for negligence causing the death of others by neglecting the degree of care required in an occupation. The proximate agent only is held liable by the Chinese Courts, and in this case he, in the person of the apprentice, was dead. A case was, however, instituted under Article 33 of the Law Governing Penalties for Police Offences, which prescribes detention or fine for one who "undertakes any work or business contrary to mandate or regulations." Judgment was obtained against the factory owner. When, however, later cases were instituted against other factory owners failing to carry out instructions, the cases were dismissed.

[6] Two cases were heard in the United States Court for China in which application of American law was involved. In the first, in 1936, the widow of a linesman brought an action for damages against an American company for alleged negligence on the part of the company which resulted in death by electrocution of her husband. The case was dismissed. In his judgment the Judge stated that cases similar to the one in question were now rare in the United States because of the almost universal adoption of Workmen's Compensation Acts. Counsel for the plaintiff suggested the novel possibility of the Compensation Act of the District of Columbia being applicable. This, the Judge stated, required study. But he expressed the view that "it may not be impossible, even in this difficult jurisdiction, through reasonable construction and elimination of unsuitable portions to preserve the substance of the law in some fair and workable system which would be welcomed by both employers and employees."

A second case arose later in the same year. A non-American employee of an American corporation slipped on the floor of the employer's premises sustaining an injury for which damages were sought in a common law action based on the theory of negligence. The plaintiff contended that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in this action from maintaining the defences of contributory negligence and assumption of risk. The defendant contended that the District of Columbia Workmen's Compensation Act was not applicable in the Shanghai jurisdiction on the grounds of inherent unsuitability.

The Court ruled that the literal compliance with the District of Columbia Compensation Act would be impossible in the Shanghai jurisdiction, but expressed its belief that the principle of the law of the United States should not be ignored. The judgment referred to the "congressional will manifest in the passage of the District of Columbia Compensation Act" and believed that the "Court might award remedies to injured employees consistent with the spirit and objectives of federal legislation."

Judgment was entered for the plaintiff in the sum of US $1,200.

The Court later temporarily withdrew its Opinion pending further study. It was later restored, and the amount of the award to the plaintiff increased to US $2,200.

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How was such a complicated situation to be dealt with? How could a way be found to improve industrial conditions through administrative action? Fortunately the personal relations between the officers of the Chinese City Government and those of the Shanghai Municipal Council were cordial, despite official differences in viewpoint. The Council welcomed the suggestion of the Shanghai City Government that negotiations should be undertaken to discover if a solution could be found to the impasse. Communications on the subject actually began prior to the special meeting of the ratepayers in 1933, and discussions were continued actively immediately after the alteration to the licensing byelaw which had been approved by the Shanghai Consular Body, and before it had received the approval of the Diplomatic Body in Peking. The licensing power, though it had been obtained, was not immediately invoked. It was felt that its use at the time would probably have brought to a head resistance on the part of Chinese industrialists and others. Moreover, if by negotiation a method might be found by which the requirements of the Chinese Government's Factory Act could gradually be applied in the Chinese Courts against citizens of nations amenable to these Courts, and through some other procedure to those of other countries, the status of the national law would be upheld: it would not be replaced by local regulations. A more comprehensive instrument than license was felt to be desirable.

Conversations extended over four months in 1933, but no agreement was reached. In 1934 the Director of the Shanghai Branch Office of the International Labour Office attempted to use his good offices to find a way out of the deadlock, laying useful foundations. Chinese Government delegates to the International Labour Conference in Geneva in 1934 and 1935 raised the question of a solution to the jurisdictional difficulty in Shanghai. Subsequently, the Director of the International Labour Office in Geneva met with government representatives of Great Britain, the United States, Japan, France and Italy, who agreed to discuss the problem with their governments.

Between 1935 and the outbreak of the Sino-Japanese hostilities in 1937, negotiations between the Shanghai Municipal Council and the Shanghai City Government continued. At one point it appeared that a *modus operandi* had been reached, whereby the Council,

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under authority delegated by the Chinese authorities, agreed to apply in the Settlement those portions of the Factory Act which were enforced in Chinese territory. The Consular Body, however, fearing that such an agreement would imply the partial abrogation of extra-territorial privileges, stated that it could be made applicable only to industrial interests within the Settlement which were subject to Chinese jurisdiction—i.e. to foreign residents without extra-territorial rights, and to Chinese. In that case, the Consular Body held, there would be no objection to a clause stating that the Council would, with the consent of the authorities concerned, apply a similar inspection procedure to all other factories by means of the powers vested in the Council by the Land Regulations.[7] No real progress had been made in the negotiations by the autumn of 1937 when, as a result of Sino-Japanese hostilities, the City Government ceased to function and its personnel withdrew from Shanghai.

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WHILE THE FRONT STAGE had been given over to negotiations, the Bureau of Social Affairs of the City Government and the Industrial Section, the organ of the Council which had been created to deal with the regulation of industrial conditions, had not been idle. The Bureau had exercised a considerable influence within the Settlement even prior to the 1933 licensing byelaw amendment, and it continued to do so. Its officials did not inspect industrial premises, but they were active in mediating industrial disputes which were frequent and often bitter. Even foreign owners of industrial enterprises, who were most vocal in insisting that inspection of factories should remain in the hands of the Shanghai Municipal Council, in the absence of facilities provided by the Council to assist them in the settlement of industrial disputes yielded to the force of organised labour and in some cases gladly accepted the offer of mediation by officials of the Bureau of Social Affairs. Furthermore, the Bureau established a Statistical Section, which began to collect basic information concerning wages and hours of work, and instituted an intensive study of the cost and standard of living of Chinese workers inside and outside the Settlement. This programme finally produced cost of living index figures which were to play an important part in the adjustment of workers'

[7] *Municipal Gazette of the Foreign Settlement of Shanghai*, August 1936.

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earnings in the period of inflation following the 1937 hostilities. The Council's Industrial Section worked steadily at improving health and safety in the Settlement's industrial enterprises. In its desire that nothing should interfere with a possible agreement with the Chinese authorities, it did not, prior to 1937, compete in the mediation of disputes but remained in the less controversial field of hygiene and safety promotion. The concentration of factories and workshops within an area of some nine square miles placed them within easy reach of inspection and made transport a much less difficult problem than was the case for the Chinese authorities, in whose extensive territory factories were widely scattered. While the frequent use of dwelling houses as factories and workshops in the Settlement limited the improvements which could be made, there was a general rise in standards between 1933 and 1937.[8] Trade by trade, a steady drive improved machine safety, safety in the use of pressure vessels, provisions for industrial hygiene, and general working conditions. Relying only on the general authority of the Council and on reason and good will, the Industrial Section used educational means to induce employers to take steps toward factory improvement. The Court could not be invoked, but considerable success was nonetheless achieved.

WITH THE OUTBREAK of Sino-Japanese hostilities in 1937, all industrial enterprises in the Settlement closed. In the western district Chinese and non-Japanese foreign-owned undertakings re-opened shortly after. Those in the eastern district, which was held by the Japanese Naval Landing Party, were in the area of heaviest fighting where blocks of Chinese-owned undertakings were destroyed. Five months after the hostilities had commenced, foreign-owned plants were found to be "islands in a sea of destroyed Chinese enterprise." Comparatively few foreign factories suffered much injury, but they remained closed until the spring of 1938. By the end of 1938 all foreign-owned and many smaller Chinese-owned plants in the eastern district had been re-occupied. Larger Chinese-owned plants were operated by Japanese occupiers. Although Japanese offers of restitution to legal owners with the object of co-operation in their management were made, there was little response by Chinese.

[8] See Chapter III.

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A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

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466 and Industrial Division to secure improved industrial conditions.
471 Two contrary tendencies were observed. Owners of destroyed enter-
178 prises, previously operating either in the eastern district of the
633 Settlement or in provincial cities, in many cases showed a dis-
648 position to take advantage of new construction to erect better and more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

[9] See Chapter III.
[10] See Chapter IX.

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection. 466 633 648 471

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

WHEN PACIFIC HOSTILITIES developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to 471 722 439 [457]

[11] In subsequent pages frequently referred to simply as the "Division."

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471 [439] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

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to secure a better arrangement. Indeed, many employees of foreign firms taken over by the Japanese had to accept, under threat, allowances considerably short of this scale. 471 722 [466]

Thus very soon after the commencement of the Pacific hostilities, the former bustling industrial Shanghai died. The air, once polluted with the smoke of countless chimneys, cleared miraculously. Streets formerly grimed with coal dust became strangely clean. But these were improvements which boded ill for the people's livelihood. To the streets instead came to die many who could not find food or shelter.

Little detailed information is available as to conditions in Shanghai after August 1942. But the social problems of the city are substantially the same whether there is Japanese direction of the former administration or not. The Division will probably be forced during the period of isolation from the outside world, and through the proposed pseudo-changes in the Land Regulations referred to above, to use the Japanese-instructed Nanking Government Courts in enforcement. This may have one useful effect, that of removing those dangers of inequity and lack of evenhanded justice which exist when every factory engaged in the same trade is not subject to the same official scrutiny on the basis of clear regulations. The work of the Division in the last decade has shown that specific formal authority is not essential for useful achievement. The power of accurate facts has been very great. The appeal to reason has not been without result. While industrial conditions at the close of the decade were in many cases still thoroughly bad, within the limits of authority and capacity a not inconsiderable progress had been made prior to December 1941, laying the foundations of improvement in the lives and livelihood of workers in Shanghai. 633 648

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CHAPTER II

SIGNIFICANCE OF THE BACKGROUND FACTORS

633 648 THE GENERAL ATTITUDE of the Chinese residents towards the international but foreign administration in the Settlement was a basic factor which had to be taken into consideration in the efforts to create a municipal instrument designed to achieve social progress. No patriotic Chinese citizen could approve a situation in which part of his country was alienated from the direction of the Chinese government, notwithstanding its prosperity and progressiveness in peaceful times, and however useful the existence of such areas had proved to the Chinese people in times of distress and civil disturbance. Until 1926 the membership of the Shanghai Municipal Council had been entirely non-Chinese: in that year Chinese councillors were chosen, taking their seats in 1928. In 1930 the number was increased to five. For those accepting seats to agree to associate themselves with the foreign administration, and for Chinese civic organizations to elect such members, meant a compromise with their national feelings, though this was perhaps tempered by satisfaction that the ranks had been opened to them. Though they had chosen to reside in the International Settlement in Shanghai it could be said of no large number of Chinese that they had any warm attachment to the administration which controlled it.

633 648 664 208 Relationships between the people and an administration are not a matter of remote and academic attitudes. They are the everyday contacts between the people and the employees of the administration at the level where the people live. They are the relations between the people and the individual members of the police force, with the health inspectors, with the building inspectors and so on. The majority of Shanghai municipal posts carrying responsibility were filled by foreign members of staff, chiefly of British nationality though with a sprinkling of Continental European, American and Japanese staff. In 1930, after one of the periodical staff surveys, it was accepted in principle that qualified Chinese would be ap-

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..ointed in greater numbers to senior positions. This decision was 633
somewhat slowly implemented. When the Japanese occupation of 648
the Settlement took place in December 1941 there were in the gen- 664
eral Council service still comparatively few Chinese of specialist 208
training. The total Chinese staff was nevertheless much larger than the foreign, comprising many in clerical grades and in lower police ranks. The majority of the Council's staff were men of high professional achievement and sterling character. This did not preclude the currency in the community of criticisms against municipal employees. It could be said also that there were residents who were ready to escape compliance with the requirements if they could.

Such attitudes toward the administration and its staff did not make easy the beginnings of a Division which found it essential to obtain the confidence of the people. Moreover, as the preceding chapter shows, the actual issue as to whether the Shanghai Municipal Council should exercise any controls over industrial enterprises and so over labour in the Settlement, was a political one over which feelings ran high. To the more or less passive resistance on the part of sections of the Chinese community to the foreign administration was added a specific resistance in the concern of the Council with Chinese labour matters, a reaction which was national and emotional in origin and was kept up by propaganda means.

The Chinese population in the International Settlement enjoyed complete freedom of expression. This freedom was exercised particularly in criticism of the Settlement administration. Through powerful newspapers and through a Chinese Ratepayers' Association a constant pressure was maintained on the administration, and this was by no means unaffected by it. It has therefore to be realised that a potent influence was exercised by the Chinese population thus vocal and free.

Important, too, when the creation of a Division with social aims 633
was under way, was the attitude of the Chinese residents toward 648
the social situation, as well as that of the Council. There was a general acceptance on the part of both of prevailing poverty. The Council's acquiescence sprang from the traditional interpretation of its responsibilities imposed in the charter of administration, the Land Regulations. It was argued, not without logic though perhaps at the expense of imagination, that the limited revenues available

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633 under the prescribed tax sources provided only for the furnishing
648 of the bare elements of civic amenities such as peace, order and liberty and that there were insufficient funds to indulge in social welfare schemes and in the field of economic and social relief. The Council tended to balk at the idea of a small economic and social Utopia while surrounding areas remained immersed in poverty. But Chinese civic associations equally ignored the fundamental social situation. They were more concerned at the time with achieving political victories than with making social progress. Reluctance to venture into the field of China's economic ills was characteristic of Chinese Councillors as well as American, British and Japanese. Chinese Councillors were frequently men prominent in charitable work, some devoting virtually their whole time to organisations and institutions for relief. Yet few gave evidence of recognition of the possibility of attempting through municipal agency to make fundamental approaches, to do anything about the load of debt which burdened almost every family, or to ask themselves whether the wages paid by industry of whatever national ownership were high enough.

633 WHEN THE COUNCIL, urged to do so by the political nature of the
456 issue of the regulation of industrial conditions in the Settlement, decided to make a first appointment to its staff, it did not appear to be clearly seized of the exact nature or scope of the responsibilities on which it had embarked. It was generally accepted as the simplest course that the first emphasis should be on improving conditions of hygiene and safety in factories. No machinery in the shape of a special committee of the Council was set up to be the means of obtaining deliberation of the scope of the work, or to define the particular social problems which should be faced. This omission was later in practice found to have been useful. To attempt to have discussion of questions and arrive at a policy and programme, a method which would be considered to be most natural and useful in most circumstances, was found under the circumstances not the most suitable approach. Instead, those to whom the opportunity came to develop the work realised, after some initial mistakes in technique, that it would be necessary to work as quietly and unobtrusively as possible, taking advantage of this situation

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here, avoiding making a mistake there, trying certain steps without instruction,—and hoping they would succeed. If they did, they could be gently reported in a monthly or annual report. If they were part of an adopted and printed report, the policy involved in these steps might be considered as not forbidden, and hence to be further acted upon. In the ten years of its existence the Council evidently found it preferable and expedient not to instruct or design the Division's development. 633 466

Several functions of the Division of considerable importance were thus developed. Work in relation to mediation of industrial disputes, to be described in detail in a later chapter,[1] was begun without specific authority and instruction. Yet it was brought to a stage when it could exercise a considerable influence over livelihood, and where no major dispute occurred which was not mediated by the Division. In this particular instance, a quiet procedure was used because of the general position the Municipal police held. The police had been long established. To them, disputes were potential civil disturbances. They had for many years been the arbiters of strikes: but they had no conviction such as the Division held concerning the right of workers to collective action. Their province was more properly that of preserving the peace than removing potential causes of its breach. The method employed was, therefore, to use existing members of the Division staff to make experiments in mediation; when a dispute occurred to call on management to seek information as to its view of the dispute, to seek contact with workers and suggest that services in mediation by the Division's fair handling might be useful. It did not take more than a few months for a reputation to be built up among workers in a few enterprises. These, in turn, informed other workers, who, when they were involved in a dispute, called on the Division seeking its assistance. Similarly, employers for their part came to appreciate the services offered. Within a year its place was fully established. The confidence which was engendered proved the most potent influence in success. Because of the Division's greater specific knowledge of conditions of work and of understanding of the psychology of workers, the day came when the police recognised that their object of preserving the peace in industrial disputes could be served by inviting the mediatory services of 633 466 625

[1] Chapter VI.

[1] [Industrial Division of the Shanghai Municipal Council -- Analyst]

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633 466 625 the Division. It is doubtful if this success would have been achieved if the substantial power of the police had been challenged by raising the question of a social approach to industrial disputes. Nor is it likely that a Council accustomed to listening to police warnings of possible civil disturbances if such and such a policy were instituted, would have upheld the views of a new social service against police objection. Instead, gradual successful practice of mediation at length established the theory of the appropriateness of the acquired mediation functions and the principle on which they rested.

633 466 625 467 It is admitted that in thus avoiding an open raising of issues the Division lost that chance for educative work which the democratic process would have given, in seeking, despite probable failure, to establish recognition of the theoretical as well as the practical validity of the social aims pursued. But when discussion might have meant inaction, it was better to forfeit it. It was never politic to raise formally with the police, with any chance of success, a proposal that labour unions should be encouraged, the view which the Division held. From 1937 onward Municipal Police required the registration of all organisations. They reserved the right to refuse to register those whose actions in their opinion would not help to maintain public peace. They refused to register labour unions. They permitted the registration of "mutual aid" groups with common occupational interests, but if these attempted to act as unions in formulating demands, their registration was cancelled. Some police officials took the view that all leaders of their fellows in any concerted action, no matter how unsupportable the conditions of work against which they protested, were "agitators." On occasions when informal discussion took place with individual members of police in positions of authority, few could be brought to see that unions encouraged and registered, with accepted leadership, could be a factor in preventing the use of unions by less desirable elements. Their negative recourse was to deny unions the right to exist. As later chapters will show, this attitude did not prevent powerful worker action. It merely deprived workers and the community alike of proper instruments for mediation and the development of experienced and acknowledged leadership.

633 466 511 In one issue where a discussion took place, the Division had to wage not one but several campaigns to preserve for the community

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the right to know what the situation actually was with regard to 633
the rising cost of living. After Japanese occupation of the environs 466
of Shanghai in 1937, the Council financed the work of producing 511
cost of living statistics begun by the former Chinese City Government. Again quietly and without raising an issue, the Division's figures concerning costs of living of Chinese workers were sent for publication in the *Municipal Gazette,* these statistics appearing monthly from October 1938. Early in 1940, when living costs had begun to rise steeply, and when workers were clamouring for wage adjustments, some operators of larger industrial plants addressed the Council asking that publication of these figures be discontinued. They were "misleading," it was argued, and the cause of unrest among workers. The argument to show the "misleading" nature of the figures was that they could not be correct, because if they were, workers would not be able to live as they did. The fact of the eternal load of debt on most working-class families was incompletely recognised, and met with the objection, "who would lend to workers unable to repay even their old debts?" Continuance of the publication of the figures was, however, ordered, after long discussion in the Council chamber. The Council showed its ability to see the social significance of the statistics. In 1941 the publication of cost of living figures was again challenged, but again was ordered to be continued. In 1942, after Japanese occu- 633
pation of the Settlement, and the institution of a new currency 466
which the Japanese hoped would hide the continuously rising liv- 511
ing costs, a further effort, led this time by Japanese, was made to 722
cut off from the people any accurate information as to the economic situation. Once again the Division succeeded in maintaining publication of the indices even during Japanese occupation.

THE CREATION OF a qualified, devoted Chinese staff was from the 633
beginning considered to be essential and the pivot on which every- 466
thing else would depend. Experienced, wise Chinese men and women with close understanding of problems and with a devotion to people, were sought and challenged to submit themselves to possible misunderstanding of their more nationally minded compatriots by entering the Council's employment. If such persons could be induced to use an administration they did not personally

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633 favour for the sake of its service to their own people, it was felt
466 something might be accomplished.

First appointments were very carefully made. A Chinese engineer, who had "had his hands dirty," had worked in machine shops himself and had skills with machine tools, who had worked side by side with workers and could in a very real sense speak their dialect, was a first choice. A second was a Chinese woman graduate of a well-known Chinese women's college and of an American school of social work of national reputation. She had not hesitated, after her return from America, to take a post considered very humble in China as matron in a factory dormitory, in order that she might from this vantage point grapple with conditions of work in the factory. A foreign member of the staff was later to become internationally famous as the moving spirit in the development of Chinese Industrial Co-operatives in "Free China." He knew Chinese life intimately in Shanghai, and in the years 1933-38 materially contributed to betterment of conditions and converted many younger Chinese engineers to his outlook. These were early choices: they proved right.

A staff of four members in 1934 had, by 1943, grown to one of fifty-five. Only four of these were foreign, one being Japanese. Of five most important posts, four were filled by Chinese. From the beginning it was decided to create a staff almost entirely Chinese, though as previously noted in other Council departments most senior posts were filled by foreigners. The step was logical, seeing that the new Division was to deal with social issues, the life and livelihood of the Chinese people. Furthermore, the effort was successfully made to secure (with the exception of a small statutory differential between the remuneration of all foreign and Chinese staff based on the view that foreign staff members had commitments abroad) that Chinese and foreign members of the staff in the new Division be equally graded and receive equal remuneration. And again the aim was that there would be no differential between the emoluments of men and women members of staff doing work of equal importance, though this habit held in other Council departments. This intention also was successfully carried out, though sometimes in the face of opposition of those who failed to see why a qualified woman should receive the same grade and pay as a man.

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These principles were the expression of the spirit with which the work was begun and carried through: that Chinese and foreign members of staff were equal partners in a high adventure. There was a real comradeship based on mutual respect for the capacity and the motives of each individual of whatever nationality. The especially fine minds and wise judgment of Chinese colleagues, steadily creating their own work in their own fields, found appreciation among the foreign staff; the generous sharing of experience and the friendship of British, Austrian, Danish and Japanese staff members, with their Chinese colleagues was equally welcomed. In short, a comradeship, consciously aimed at and greatly desired in advance in the early years of the Division's life, was achieved. 466 633 177

As members of the staff were sent out to make initial contacts with factory owners in the early years they had one instruction: to make friends. In the absence of powers of entry, with the possibility that they would be refused, nothing could be done unless they could make themselves wanted. To a large extent the staff succeeded. As time went on and contacts widened, the Division staff earned an enviable reputation for knowledge in their field, so that they were welcomed on this account as well as personally. Moreover, the absence of power to enforce court action has some compensations. Staff members knew that on themselves alone and on the vigour they were able to bring to their work depended their success. Unless a factory owner could be convinced of the reasonableness and rightness of the request made, the possibility of obtaining compliance was remote. And, further, the lack of power to hale into a Court meant that it was seldom considered worthwhile by an employer to offer to suborn a member of the staff so as to escape the necessity of carrying out his requirements. The total effect of these factors was to give to the Division staff a satisfactory status in the community and a useful relationship with the majority of Chinese employers. 466 633 471

Foreign employers reacted somewhat differently to the Division's efforts. For the most part physical conditions were considerably better in British, American, German and Japanese plants than in Chinese-owned enterprises. In consequence in the efforts to achieve safety and better hygiene, less had to be done in foreign enterprises. Many western employers had the same attitude to "government

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466 interference" as employers in their home countries had entertained
633 decades before. Both western and Japanese employers knew that
471 no specific power lay in the hands of the Council to enforce standards. But in general they, too, welcomed the Division staff, submitted with good grace to suggestions for improvement, and carried out the recommendations made. Japanese employers were punctilious in installing safety devices suggested. They were not unwilling to meet Japanese standards in safety and hygiene generally. But neither Japanese nor Western nor Chinese employers were ready to consider modifications of hours of work, or rest days, matters in which—especially in the textile industry—reform was greatly needed.

In the absence of enforcement powers it was sometimes necessary to use something more than sweet reasonableness. A Chinese member of staff would report inability to secure compliance from a Chinese factory owner. Then the device of sending a foreign member would be resorted to. Or a foreign member would report he could do nothing with a certain Chinese owner: and the device of "changing the record," sending a Chinese voice, would be used. Or a man member of staff would fail; and then the eloquence of a Chinese woman, to which no mere Chinese man can stand up, would be used. Or again, failing to achieve success by talking on the premises of the industrialist where he was at home, he would be invited to the office of the Division, and, strangely, would most frequently comply. Then the staff, being in turn at home and hence with a psychological advantage, would urge its point of view. In most cases and by the use of one or other device, success was recorded. It cannot be denied, of course, that this was achieved at the expense of much effort, much waste effort, which the possession of ordinary powers of enforcement would have made unnecessary. It is thought, however, that more education was done through the means that had to be adopted than would otherwise have been the case. The one basic principle was belief that always there was *some* way in which a situation could be bettered.

466 EVENTS DURING THE decade in which the work described in this
633 monograph took place induced a certain change in general attitudes. When, in 1940, it was decided to set up a regular Council committee to be concerned with the Division's work, a Councillor

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in commending the progress made stated that the Division had brought the Council into close touch with the people and with their problems and had thereby performed a great service. For, as subsequent chapters will show, the steady rise in the cost of living from 1938 onwards, and the necessity of a continued concern with the supply of the people's rice, had stirred into action a Council previously more remote from general social issues. In their own businesses, whether commercial or industrial, Chinese and foreign Councillors who were employers were beset with the claims of their employees that their earnings be adjusted to meet rising living costs. In their own homes they faced the problem intimately with their own servants. Aloofness faded before the new difficulties in every-day life. Employer and employee, master and servant alike, had difficulty in maintaining even a shadow of the former standards of living, particularly after December 1941, and this common adversity begot a better general understanding of what livelihood for the Chinese worker in Shanghai meant.

Political, economic, psychological factors had their play and interplay in the decade when the Division sought first to function. Let us now examine some of the issues it faced in greater detail.

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CHAPTER III

TOWARD HEALTH AND SAFETY IN INDUSTRY

464 466 CONDITIONS RULING IN industry in Shanghai during the twenty years since the first movement to eliminate child labour was initiated with the appointment of the Child Labour Commission have often been described.[1] From the point of view of an administrative programme, however, many things remain to be said. It is obvious that industry which was allowed to develop with little public supervision and in the virtual absence of a legal instrument with which control over it might be exercised, and in a country of low living standards where mechanical concepts have, till recently, developed but slowly, would not spontaneously have given the attention to safety, hygiene and working conditions which was achieved in western countries first through the intervention of authority and only latterly through a realisation by employers that "good conditions pay."

178 It is difficult to give an accurate picture of the extent of Shanghai's industrialisation. Prior to the complete occupation of the Settlement by Japanese forces in December 1941, figures showing investment, production, the value of turnover, and the like were not obtainable in the absence of compulsory powers in the Council's hands to require their submission. A first effort toward an industrial census for the International Settlement was planned in 1940, to be taken simultaneously with the population census of the Settlement scheduled for that year but postponed because of the then abnormal state of affairs. Consular authorities, trade commissioners, chambers of commerce and leading industrialists were

[1] The latest treatment of the subject, by Robert W. Barnett in *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941, deals with the general industrial picture, the extent of industrial employment, the effects on it of the hostilities which broke out in 1937 and the recovery which took place between 1938 and 1940. He describes in some detail the conditions ruling in small-scale enterprises, taking a sample area of dwellings converted to factory use and showing the kinds of industry present and the conditions under which work is carried on in them. He draws for much of this information on the annual reports of the Shanghai Municipal Council. Little would be gained by a recapitulation of the material there adequately presented.

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approached for their views on an industrial census, the last-named as to their willingness to supply needed information. With world-wide hostilities raging, the usual reluctance to supply confidential information was enhanced in most national groups. It was necessary therefore to abandon the plan, and in consequence no accurate measuring rod exists with which to assess Shanghai's industry. 178

During the first half of 1942, the Asia Development Board, the organ of the Japanese Military which dealt with economic questions, undertook a complete study of all industry, of whatever national ownership, with a view to its use in Japan's war effort. The results have naturally not been made available. 722

The great majority of factories and workshops in the Settlement were, prior to December 1941, of Chinese ownership. The larger plants and those employing the most workers were generally in foreign (Japanese and western) hands; and, of these, western interests owned the comparatively few plants which approximated "heavy industry." In general, foreign-owned plants were modern and well-operated. Except in the textile industry their hours of work were shorter than in Chinese plants. Earnings were somewhat higher also. It is believed that in Shanghai there were some 1,800,000 spindles in 38 Japanese-owned or Japanese-controlled cotton textile enterprises, 240,000 in five British, and 650,000 in 21 Chinese-owned cotton mills.[2] Individual cotton mills employed as a rule from 1,000 to 4,000 workers, some more. There were few other Chinese-owned plants with as many as 1,000 employees, and though a larger number of medium-size Chinese-owned industries existed, many of them were but extensions of domestic industry. 471 466 465

In the absence of sufficient small buildings erected for industrial purposes, hundreds of small Chinese factories and workshops were housed in buildings originally designed as dwellings and converted to industrial use. In the majority of cases, those who worked in these buildings lived in them without sleeping accommodations separate from their working quarters. A workshop by day was a dormitory by night; untying a bedding roll and spreading it out made sleeping quarters of the same few square feet in which the daytime tasks were performed. The housing congestion which is de- 466

[2] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,322,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

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466 scribed later[3] applied equally and similarly to the small industrial enterprises, since these were housed in dwellings which were the homes of workers and others. Some enterprises were so small that they occupied only one room of what originally was a four-room house, the remaining rooms being the homes of families or other small workshops.

466 633 Conditions of this kind present authorities with almost insuperable problems in securing safer and more healthful conditions of work. Even if there had been unassailable instruments by which the proper departments of the Shanghai Municipal Council could have instituted court proceedings to enforce reasonable standards, the actual attainment of better industrial conditions would have been extremely difficult. When, as was often the case, enterprises were without sufficient space in which to install machine guards, lacking all sanitary equipment, with so little capital that the cost of improvements of any kind was prohibitive,[4] then the responsible authorities were confronted with this dilemma: is it better to permit employers to carry on unbelievably small or badly operated enterprises, endangering the life and health of those who work for them, employing them grievously long hours for very small remuneration, or should the authorities insist upon the closing down of such ventures because they cannot conform to even the most elementary standards of safety and hygiene? Frequently Council officials had grimly to suppress their feelings of sympathy when the existence of a completely insupportable situation, in which the lives of many were being risked, forced them to insist on the abandonment of an enterprise. Saving lives by closing dangerous trades meant destroying a source of meagre livelihood—a bitter decision.

FOR THE FIRST SEVERAL years of its existence the Industrial Division's sole concern was with physical conditions in industry. Since there was no legal instrument of enforcement, reliance had to be placed largely on the tact of first-class personnel whose educa-

[3] See Chapter VII.

[4] Though individual plants may have had small capital resources, there was capital in the city. There were individualistic tendencies, however, which resulted in many small undertakings being opened with poor working conditions, comparatively costly working, inducing the use of child labour and frequently ending in suicide for the enterprise.

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tional and moral influence could induce employers to remedy unsatisfactory situations.[5] It is to the credit of those who worked in the early days that, undismayed by the size and difficulty of the task, going daily into back alleyways where very bad conditions existed, they attacked the worst of these and frequently eliminated possibilities of almost certain death by the changes which they were able to secure. Taking industry by industry, as opportunity presented, efforts were made to remove the most obvious dangers associated with their operation.

Less than two months after the first official was appointed by the Council to deal with industrial conditions, there occurred the worst industrial tragedy in the history of the city. On February 21, 1933, an explosion followed by a fire in a rubber shoe factory caused the deaths of 81 persons, 76 women and five men. The cause of the explosion was not definitely established. In all probability it occurred in a vulcanizer in which rubber shoes were "cured." Gasoline fumes driven off by the heat probably reached a potentially explosive degree of concentration, and a spark was perhaps supplied by the dropping of a steel frame inside the steel shell of the vulcanizer. There is still the possibility that the explosion was caused through faulty electrical installation in the dipping room, where rubber shoes were covered with a varnishing mixture containing a high percentage of gasoline. Here also a suitable concentration of gasoline fumes in the air could have produced an explosive mixture. In any case an explosion and fire occurred. Working at benches in the room immediately above the vulcanizing room were some 250 women, also using gasoline as a solvent and thus in an atmosphere charged with fumes. The fire spread with such rapidity that they were unable to escape, and the wooden floor on which they worked collapsed shortly into the inferno below.

This tragedy drew attention to general conditions in the rubber shoe industry which had grown swiftly in the preceding years. In 1933 there were 26 rubber shoe factories, all of them using gasoline freely without even the most elementary precautions. Some were grossly overcrowded and unable to provide adequate exits for the hundreds of women working on the shoe-forming process. Though without the legal power to do so, Industrial Division officials

[5] See Chapter II.

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633 through sheer insistence succeeded in closing six factories where it
466 was found impossible to effect improvement. The remaining
295 twenty were radically reformed. Among transformations which had made the whole industry reasonably safe by 1937 were the isolation of processes where gasoline was used, so that if a fire were to occur in one place it might not spread; the installation of proper electrical fittings for fume atmospheres; the inspection by qualified engineers of boilers, vulcanizers and other pressure vessels; the provision of adequate exits; and the installation of exhaust ventilation. Many owners built and occupied new premises. It was unfortunate that the hostilities in 1937 destroyed some enterprises and damaged many others where higher standards had been established.

The story of this particular industry has been related in detail since it is typical of the work that had to be done under conditions where no previous regulation had existed. Wherever it was possible to do so, in a wide range of industrial processes, standards were raised. But, as will be shown later, many fires and explosions occurred during the course of the improvement programme.[6] It almost seemed as if, as the efforts at betterment were being made, tragedies occurred to supply concrete evidence of the dangers. They assisted in the development of a public opinion urging action to prevent them. They were an added spur, if one were needed, to the efforts of those responsible for securing action. It can be asserted that the occasions so sadly presented were not lost. They meant renewed efforts by those whose aim was the elimination of the hazards which caused the tragedies.

633 Less obvious to the public perhaps but as serious to the workers
466 were the health hazards which efforts were also made to eliminate and which are referred to later in this chapter.[7] A difficulty confronting the authorities lay not only in obtaining an initial compliance on the part of employers. Action could be secured finally, after sufficient insistence, by exploiting something of a nuisance value in repeated visits to offending factories, or, otherwise, appealing to the better nature of employers. Securing the permanence of the better conditions induced required further insistence. Mechanical installations for the removal of metal dust from polish-

[6] See page 38.
[7] See page 39, ff.

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ing plants or of fumes from chrome-plating vats cost money to run; motors to drive the fans had to use electric current. It was cheaper to shut them off when the inspector was not about. Unfortunately, workers had, for the most part, little comprehension of the less obvious aspects of industrial hygiene; only when experiencing actual discomfort were they likely to insist on the operation of the apparatus. 633 466

Industrial accidents were both frequent and serious. This was to be expected in plants where congestion and generally haphazard operation and management in themselves contributed to the dangers always associated with the operation of power-driven machinery. Machine guards were almost universally absent even in factories owned by foreign nationals who in their own countries would be required by law to install them. The number of fatal accidents between 1934 and 1941 averaged approximately 100 annually, while serious accidents reaching the attention of the Division numbered about 1,500. In the absence of a routine compulsory notification of industrial accidents, it may be assumed that the actual numbers were far in excess of these figures. Information concerning accidents came largely from the hospitals where the injured sought aid and from police and municipal ambulance services, and the figures cited under these circumstances refer for the most part only to the more severe cases.

Using information from these services, the Division from the inception of its work inspected the scenes of as many accidents as possible in order to instruct the occupiers of the premises in preventive steps. Even without statutory power of enforcement, much was accomplished in achieving safer conditions of work by thus seizing the psychological moment when even an otherwise indifferent employer was shaken by an accident, perhaps a fatality. Nevertheless, after several years of endeavour, whole factories were still without proper safety installations. Even if there should have been authority to compel the adoption of necessary safety measures, nothing short of individual inspection and instruction would have induced installation in the majority of cases. The concept of law as something to be obeyed because it is law was not prevalent.

IF THE OUTBREAK of hostilities in 1937 destroyed much of the advance which had been made, the reconstruction period from 466 633 178

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1938 to 1941 presented unique opportunities which Council officials seized eagerly.[8] Better standards and more suitable installations followed the erection of hundreds of new plants. The required submission of plans to the Building Surveyor of the Public Works Department under the Council's Building Rules gave many opportunities for contact with factory owners in the early stages of the development of their projects, and permitted the exercise of considerable influence upon what emerged. The destruction of his plant had in some instances deprived a factory owner of his resources and had driven him into beginning again on a small scale with all the disadvantages of the small enterprises previously described, but it also produced a counter-tendency. Those who were able to obtain capital for rebuilding frequently constructed anew on a modern plan, thus realising at one stroke the improvement which would have taken a considerable time in their former, destroyed plants.

The reconstruction took place at a time when newer industrial thinking among some Chinese factory owners prevailed. The generation of Chinese pioneers who had entered the field of modern industry in the first two decades of this century had done so with little fundamental understanding of mechanical operations. The waste which has occurred in Shanghai factories in the last forty years from a lack of understanding of elementary principles of industrial operations must run into large figures. If machinery ran and if goods were produced—that was enough. The fact that machinery was misused, abused, wastefully operated, or rendered useless in a short time mattered comparatively little to men who had poor understanding of machinery or of its care and upkeep, and whose economic thinking for the most part was geared to immediate "profits" rather than the long-term remunerativeness of investment.

In many cases these older entrepreneurs had given their sons educational opportunities which they themselves had lacked, such as engineering training in universities in China and abroad. In the 1920's and 1930's the numbers of qualified Chinese engineers returning from abroad had grown considerably, and they were filtering into industry. Following the 1937 destruction there were enough well-trained engineers to undertake the planning of the

[8] See Chapter I.

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new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

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A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

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Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

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even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered.

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

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The experiment could not be carried out to its logical conclusion, however, because after the spring of 1939, when the Japanese instituted controls over the cocoon output in the provinces, it became increasingly difficult to obtain cocoons from these areas. By the end of 1940 only two or three filatures were still operating, and the spring of 1941 saw very few cocoons reaching Shanghai. 288 722

DESPITE THE LACK of legal powers, it proved possible radically to reform the manufacture and operation of steam pressure vessels. Prior to 1936, when the institution of controls began, local boiler yards manufactured boilers almost exclusively from metal plate of unknown quality and test, and from designs which did not conform to accepted standards. Neither owners nor workers in the boiler yards had the necessary knowledge for an engineering task requiring special training. The result was that hundreds of initially unsatisfactory boilers had been installed. Regular inspection of them was unknown. Explosions were frequent, at times accompanied by loss of life; and the wonder was that they did not occur almost every day. 633 466 375

In 1936 the Council adopted rules governing vessels and systems under pressure, and for the registration of boiler yards. By the rules all local boiler yards had to employ the services of a Council-approved boiler surveyor who would design and supervise the construction of all vessels. Boilers had to be inspected and registered. Thereafter annual re-inspection was required. A roster of qualified engineers of all nationalities was obtained with the assistance of a specially appointed Boiler Board.

Although the regulations carried no penalty clause, it proved possible to apply them to a very considerable extent. All of the 34 boiler yards in the Settlement were registered, and no boiler after 1936 was manufactured or extensively repaired in them unless a permit therefor had previously been obtained. Qualified boiler surveyors supervised the construction and repair, and submitted copies of certificates describing the metal plate used. Considering the steep rise in the price of imported steel during those years, a result of higher world prices and the lower exchange value of the Chinese dollar, it is noteworthy that tested steel became universally used in pressure vessels manufactured in the Settlement.

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633 There remained much to be done before the goal of regular annual
466 inspection of all pressure vessels could be achieved.[10]
375 In July 1940 licence conditions under Byelaw 35 were instituted as a measure to control the use of celluloid and allied substances.[11] In 1939, twenty fires had occurred on premises associated with the
466 use of these substances, involving the loss of 28 lives (50 per cent of
633 all deaths in factory fires during that year), and an additional 35 persons were injured. In 1940 there were 15 fires with five deaths in factories using celluloid and cellulose spray paint. Many very small enterprises, operating on domestic premises and manufacturing such items as spectacle frames, combs and small toys, constituted a real danger. Cellulose spray painting operations were widespread. Use of a portable spray gun makes this type of work possible on all kinds of premises. The Division required installation of suitable exhaust ventilation in factories using cellulose spray paint and refused special "hazardous goods licences" for spraying operations in unsuitable premises. Progress was consequently made in removing this particular danger.

From July 1941, all enterprises handling hazardous liquids as alcohol, ether, amyl acetate, etc., also became subject to licence. When mixed with air in certain proportions, these liquids are explosive in addition to possessing inflammable properties. With the licence system, factories manufacturing alcohol, and others using gasoline as a solvent in the manufacture of rubber shoes, or amyl acetate as a solvent in the handling of celluloid, were brought under the control of the authorities. Failure to comply with requirements rendered a factory occupier liable to legal prosecution, but the comparatively small fine applicable was but a slight deterrent. Only after several court charges could Article 18[12] in

[10] By the end of 1940, 1,167 pressure vessels (including 969 boilers) were registered, and the Council's identification number had been stamped on 613 of these. In 1940, 440 inspection certificates were executed by Council-approved boiler surveyors. The 1941 figures showed a small improvement.

[11] Byelaw 35 reads: "No person shall keep, store, sell or manufacture any firearms other than those used solely for sporting, volunteer or police purposes, or any dangerous or inflammable materials, namely those which on account of fire or explosion may endanger life or property . . . or carry on any dangerous or hazardous trade . . . without a licence first obtained therefor from the Municipal Council, and in the case of a foreigner countersigned by his consular authority."

[12] The Article reads: "Prohibition of business may be ordered when the offender is found guilty of recidivism in respect of a similar offence."

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the Law Governing Penalties for Police Offences be applied, thus compelling the backslider to cease operations. 466 633

Following the outbreak of Pacific hostilities in December 1941, with consequent cutting off of sources of supply of imported commodities, many enterprises attempted the manufacture of chemical products otherwise unobtainable. About twenty small plants manufactured caffeine from tea dust. In this, chloroform is the usual solvent, and in its use there is little danger from fire. When stocks of chloroform became short, the use of alcohol as a solvent began, and the alcohol had to be at a high temperature for the process. Alcohol itself being under strict Japanese military control, Chinese rice wine was used, its alcohol content being stepped up by distillation. In July 1942, a faulty coil installed in a still caused its explosion and the death of eight persons and serious injury to seven others from alcohol burns. No case appeared to lie in the Court for negligence under the Criminal Code.[13] An action for operation without a licence resulted in a fine of $1,500, an amount quite insufficient in view of the serious loss of life.

The process of bringing any one group up to the desired standard proved a long one, especially when the requirements for even minimum safety standards are so extensive. Guarding of machinery, provision of adequate stairway and doorway exists, installation of mechanical exhaust in the case of harmful dusts and fumes, proper sanitary provisions—all these it takes time to obtain.

THE RANGE OF ENTERPRISES where progress was made in bettering conditions of work through removal of dust or fumes from the atmosphere is considerable. The list includes flannelette, cotton waste, toothbrush, feather-cleaning and seasoning-powder factories, cotton, paper and brass rolling mills, rubber plants, and plating and polishing shops. Not all enterprises among the types mentioned were brought under supervision, but conditions in at least some of each type have been bettered.

Conditions in plating and polishing shops were particularly bad. Chromium salts cause serious ulcers, and the fine mist which rises from the plating vats during the passing of electric current through the solution to plate metal articles can cause piercing of the nasal septum. The crowded working conditions in the small enterprises

[13] See Chapter I, page 8, note 5.

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633 where most of this work was done, and the absence of suitably
466 impervious flooring which would enable the chrome salts to be removed from floors, frequently caused workers able to afford only cloth shoes and without protective covering for the legs to develop bad ulceration of the limbs. Once a skin lesion occurs, the generally insanitary conditions contribute to its aggravation. By 1935, as a result of insistence by the Industrial Division, no known plating vat of the more than fifty shops engaged in this type of plating was without suitable exhaust to withdraw fumes, thus reducing the danger of pierced septa. Efforts were made also to insist that workers should wear rubber gloves and leg coverings.[14] The polishing of metal articles with carborundum powder on cloth wheels in the plating shops constituted a further health hazard, because of the workers' inhaling and swallowing metal dust. The installation of an adequate exhaust to remove the dust at the point of origin was both expensive and physically difficult in the crowded conditions of many under-sized premises.

751 There are specific health hazards in industry such as those which
466 have been mentioned—the use of chromium salts, the handling of lead in charging storage batteries, in typefounding and in printing
633 shops, in the use of cellulose spray paint and so on. But the gen-
744' eral insanitary conditions probably constituted a greater total health hazard for the whole body of workers, and the practice of giving food as a part of earnings was often responsible for widespread dietary deficiency diseases if the food lacked essential vitamins. The nutrition problem in factories is discussed in a later chapter. The Division accordingly felt the necessity of organising services to ensure that there was regular concern with the general sanitary conditions on the part of those employed by the industrial enterprises themselves. The occasional inspection visit of a factory inspector was quite insufficient to secure regular consistent supervision in such elementary matters as the provision and proper care of sanitary accommodation, the clearing away of accumulated rubbish, the daily cleaning of premises, or the washing of windows to permit the entrance of light to working places. Some factories, particularly the larger cotton mills, had for some time employed a doctor or a nurse or both. But these were seldom personnel of first class calibre, and they saw their task narrowly as being con-

[14] See also Chapter IV, pp. 66 and 67.

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cerned with sick employees only rather than concomitantly in insisting on healthful conditions of work. These doctors and nurses were gathered into conferences by the Division and under its influence their concepts of their tasks widened. Their authority in the plants grew, backed by the interest and authority of the medical officer in the Division.

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But there were many plants which could not afford the full-time services of a doctor and a nurse, and no measures of a health insurance nature made available a health service for the community. Facilities in outpatients' departments in hospitals were not sufficient in Shanghai to meet all the needs, and only in rare cases were they made use of for the dressing of wounds or for minor ills of industrial workers. Distances were too great; loss of wages in attending outpatients' clinics were deterrents to most workers. Yet many who continued to work were in need of help. Many women engaged in textile operations had large sores on the legs. Originally perhaps caused by the bite from an insect—bed bugs infest most houses—they had become infected, and the long standing at a spinning frame or at a loom aggravated the lesion and prevented healing. Where were women employed in the smaller textile plants to get attention? Where could the initial stages of beriberi be detected, and how could the management of a factory be warned to improve the diet of the workers?

The machinery which was evolved to give workers in smaller factories some clinical assistance, to arrange regular physical examination of workers and regular supervision of the sanitary conditions was the co-operative clinic. Three had been organised up to August 1942. Two were clinics with a fixed location, centrally placed in relation to some 25-30 factories employing 2500 to 3000 workers. There a doctor and nurses were in attendance and workers came for attention. The third was a mobile clinic; a nurse made the round every day of a group of related industries in a neighborhood. This clinic served six coal briquette factories, and so successfully that a seventh asked that the nurse's services be extended to that enterprise also.

The clinics were controlled and financed by the contributing member factories, with the Division's medical officer as adviser. The cost in August 1942 was CRB $1.50[15] per month per worker,

[15] See Chapter IV, note 2.

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751 with an entrance fee of CRB $3 per worker. The members of the committees which met regularly to consider matters in connection 466 with the clinics became by this very process more and more 633 informed and interested in the health of their employees. Con- 744 tributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 To a western observer a discussion of industrial conditions 633 must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission. 464 There are fewer children at work now than there were then. They 633 are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

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The depression into which industry fell following the outbreak of Pacific hostilities rendered even more difficult the task of obtaining any improvements. The cost of raw materials rose steeply. It was beyond the financial power of factories which could continue operations to buy sheet metal at greatly enhanced prices for machine guards. Even timber reached a price where its purchase was almost impossible. The smallest alteration to a building to render it more suitable cost considerable sums, for, in addition to an increased cost of materials, labour costs greatly increased. Certain commodities were quite unobtainable. To install an exhaust fan cost a large amount. To raise the height of a chimney would in some cases eat the profits of a month's operations. 466 722 435

Obviously progress in the physical betterment of industrial conditions must be measured in decades, not in years. It is dependent on a restoration of the political sovereignty of China; for only with this can there be a sufficient improvement of the economic situation to secure among the industrialists at large a conscious aim of providing more suitable premises, more adequate safety measures, better hygiene, shorter working hours, and all the other factors which contribute to the provision of a better life for workers. 000

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CHAPTER IV

ECONOMIC AND SOCIAL ASPECTS OF EMPLOYMENT

465 THE WAGE LEVELS IN modern industry in Shanghai during its early decades were influenced by those ruling in small-scale enterprises during the pre-industrial era and by the general level of earnings in the countryside. Since these were low, the earnings of a principal wage earner in large-scale industry have never been sufficient for the needs of his family. This situation can be traced partly to the existence of a superabundance of labour supply. Considering the comparatively small cost of maintaining the low standard of living of workers' families in pre-hostility days, it would seem not to have been essential that modern industry should thus have developed on wages in general too low for the family needs.

458 In view of the severe inflation which by 1942 had so greatly affected the lives of the Chinese people whether in occupied or free China, it is fortunate that a most comprehensive and basic study of the cost and standard of living of Shanghai workers exists which was based upon budgetary enquiries over the twelve months, April 1929 to March 1930, and was conducted by the Bureau of Social Affairs of the City Government of Greater Shanghai. The study made use of the daily recorded incomes and expenditures of 305 families whose heads were manual workers.[1]

162 The average size of the family was found to be 4.62 persons, the equivalent of 3.28 male adults. The average number of gainfully employed persons was 2.06 per family. The significance of this figure will be understood when the family income is analysed.

465 The average annual income of the families studied was $416.51.[2]
434 Of this amount, however, the study showed that the combined
511 earnings of all family members comprised only 87.3 per cent. The

[1] The study necessitated visits by investigators to families every day for a whole year, since many were unable to record expenditures. A sample re-study was undertaken is the last months of 1941 and the beginning of 1942.

[2] All dollar figures, except where otherwise stated, refer to Chinese National Currency. The Japanese-supported Nanking regime instituted Central Reserve Bank notes in 1941 which in 1942 were declared only legal tender in Shanghai, displacing Chinese National currency at the rate of CNC $2.00 to CRB $1.00.

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earnings of the principal wage earner provided only 53.3 per 434
cent, other members contributing 34 per cent. An amount of 12.7 465
per cent had to come from other sources. It is thus obvious that the 511
earnings of a principal wage earner were but a relatively small part of the family income, and that the earnings of a least a second member of the family were needed. In addition to the earnings of both of these, financial support from relatives and friends had [426]
to be sought, or borrowing from moneylenders was necessary; otherwise income had to be obtained from such activities as peddling or sub-letting rooms.

The average family expenditure was $454.38, leaving an average 511
annual deficit of $37.87. If income from wages earned by all family members only is considered, disregarding income from other sources, the average annual deficit was found to rise to $121.23. The excess of the family expenditure over the income of the principal wage earner was greater still. Working-class families, it goes without saying, spend extremely carefully; the majority of their expenditures are for basic needs.

It may be assumed that the 1929-30 standard of living remained virtually unchanged until the end of 1936, the last normal year before Sino-Japanese hostilities. The cost of living index (1926—100) was at 101.98 in 1929, 116.79 in 1930, and 105.04 in 1936. In other words, costs in 1936 were approximately what they had been in 1926, and below the 1930 level.

The outbreak of hostilities in August 1937 affected extensively 511
the livelihood of the workers. The 1926 base period of the index, 435
being remote in time, ceased to be significant, and in 1938 the 458
index was recalculated on a 1936 base. Changes in living costs were somewhat slow to appear since not until August 1939 did the index figures show the cost to be double what it had been in 1936. Thereafter, however, changes were rapid. Certain basic foods disappeared from the markets. By the beginning of 1940, *sien mee,* a popular native rice, was no longer procurable, and second-grade Saigon rice replaced it as the people's food. *Kan mee,* a non-glutinous Chinese rice, reached the Shanghai markets only in small quantities and at high prices. Finally, in February 1941, orders for Saigon rice could not be placed in Indo-China, and Saigon rice in turn was replaced as the workers' food in May 1941 by Rangoon rice imported via Hongkong by the Settlement

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511 435 458 authorities.[3] There were concurrent changes in the types of fuel in common use. Charcoal and firewood were replaced by coal briquettes. Accordingly very careful alterations in the basis of the index figures of the cost of living of Shanghai workers were made, disturbing the index as little as possible, but taking account of the changes in consumption. In July 1941 a Revised Index embodying these changes was first published.

511 458 Since price levels continued to rise, it became apparent that a sample re-study must be made of the consumption habits of the workers which change when money buys less. This re-study was in progress when the Pacific war broke out. Records of the daily expenditures of 101 families were obtained for the months of December 1941 and January 1942. With the facts thus obtained a New Index was calculated, based on the standard of living of the months mentioned with average prices in Chinese National Currency ruling in 1936 as 100. The annual New Index figures for the years since 1936 were: 1936—100, 1937—119.08, 1938—150.62, 1939—197.52, 1940—428.35, 1941—826.24. By May 1942, the figure had reached 2,663.21. In this month Chinese National Currency fell sharply in terms of the new currency introduced by the Nanking Chinese Government with the support of Japan. These new currency notes of the Central Reserve Bank, referred to as CRB notes, were declared the only legal tender in June 1942. In that month the value of the Chinese National Currency in terms of the new currency was further devaluated until two dollars CNC were equivalent to one dollar CRB at official rates. Unofficial rates were more disadvantageous. Despite efforts at price control by the Shanghai Municipal Council, the occasion of the currency changeover was taken by many shopkeepers to raise prices by converting CNC prices unchanged into CRB prices, thereby automatically doubling them. The June index figure derived from prices expressed in old currency reached 3,870.48. Expressed in new currency the figure for that month was 1,935.24 at the official rates ruling. The following table indicates the position in the index figures of cost of living of Chinese workers from March 1942, when Chinese National Currency and Central Reserve Bank Notes, previously circulating at par, began to diverge:

[3] See Chapter VIII, p. 96.

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NEW INDEX OF COST OF LIVING OF CHINESE WORKERS

	CNC	Purchasing Power of Dollar (cents)	CRB	Purchasing Power of Dollar (cents)
March	1781.60	5.61	1768.42	5.65
April	2211.67	4.52	1702.98	5.87
May	2663.21	3.75	1844.54	5.42
June	3870.48	2.58	1935.24	5.17
July	——		2163.51	4.62

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The re-study of the standard of living of Chinese workers indicated that a change had taken place in the distribution of sources of income. The principal wage earner was found to bring in 66.28 per cent of the family income as against 53.3 per cent in 1929-30. Earnings of other members of the family were proportionately less, being only 13.21 as against 34 per cent in 1929-30. The earnings of all family members were still insufficient: 20.51 per cent of the family income had to come from other sources as against 12.7 per cent in 1929-30. It is certain that much of this additional "income" had to be obtained from borrowing at high interest. A typical example of the external borrowing is given on pages 48, 49.

Once again the study showed, as had the original study of 1929-30, that the total family income from all sources, including borrowing, fell short of the total family expenditure. The number of family members was slightly larger than shown in the former study, 5.02 persons, or 4.41 consumption units as against 4.62 persons or 3.28 consumption units in 1929-30.

What in terms of actual cash did the rise in the cost of living mean to workers' families? This can perhaps be shown by costing out certain basic commodities and services whose price movements were followed month by month to produce the index figures quoted above. Into the New Index calculations there enter 54 items, the most important in the budgets of workers' families. These include 27 food items, nine in the housing group which embraces rent, fuel, etc., eleven clothing items, and six in the miscellaneous group. To buy these items in 1936 would have cost $27.71. The average family spent more than this each month. Expenses incurred through sickness, birth, death, marriage and for many other reasons must be met, but cannot be computed regularly to produce index figures.

To meet the $27.71 which the indexed commodities and services

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511 cost in 1936, the principal wage earner would have had to earn
458 53.3 per cent, or $14.76 per month. A second member would have
434 had to earn 34 per cent, or $9.42. Elsewhere $3.53 or 12.7 per cent would have to be found. These earnings were possible in 1936. Even unskilled male workers in textile plants, a low-paid industry, earned $16 a month. True, even then the gap between earnings and the total family income needed was wide and necessitated borrowing. But when costs rose, when the index figure of July 1942 was 2,163.51 with prices expressed in Central Reserve Bank Notes, income necessary for the maintenance of a family exceeded what most industries which continued to operate could pay. A principal wage earner would have had to earn CRB $325.32. A second wage earner, always assuming that work could be found, had to bring in CRB $65.31, and other income chiefly from borrowing and amounting to CRB $100.79, had to be found. Since few workers could in July 1942 muster this sum, though founded on standard of expenditure as recent as December 1941-January 1942, it was obvious that the standard of living even for those workers who continued to be employed was still declining. A careful calculation of the minimum needs of a family in July 1942 showed that CRB $426.54 was needed, with a principal wage earner producing $282.375. Since few workers would reach even this standard it follows that a considerable proportion of the community was living below subsistence standards.

In the months that have elapsed since the middle of 1942 the situation has, from all available evidence, still further deteriorated. Accurate figures are lacking. The misery was so great that it seemed it could not be worse. Yet an even greater cost has been exacted of a long-suffering people.

458 CONSIDERATION OF THE figures given above shows clearly that the
434 basis of remuneration of workers by which the principal wage
435 earner did not earn enough for the needs of his family so that
511 other income must be obtained through the efforts of other members of the family and from other sources was unsatisfactory.[4]

[4] The question will of course be asked, "How does the family live?" The answer
426 is, to use the words of a Chinese observer, "By moving the debts." Short-term loans at high interest successively added to by others are contracted. The following is the load position of one low-paid employee who borrowed eight times in three years:

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Discrepancies between earnings and costs tend to become aggravated when living costs rise. The difference between what a principal wage earner could earn and what it cost his family to live became so wide that a serious lowering of living standards inevitably resulted. 511 458 434 435

To help to check the inflationary tendencies which from 1938 onward appeared, wage levels should in theory not have been permitted to rise. Instead, price levels should have been fixed and spending sharply reduced. The currency of the Settlement was that of the Chinese government faced with fighting a long war. With the provinces near Shanghai in Japanese military control and there being, for a long time after the withdrawal of the Chungking authorities from Nanking virtually no government in the area, there was no possibility of such organised measures being put into effect. With rising living costs the only alternative, therefore, was to raise earnings standards, though admittedly this contributed to further price rises. Moreover, it is one thing to limit spending in a country where there is a margin which can be eliminated and another to do so at the risk of seriously reducing the standard of living. In Shanghai where workers must spend all of their earnings and more on basic necessities, to limit spending presented, to say the least, a difficulty.

Studies of wages and earnings in 1941 show that industry, both foreign-owned and Chinese-owned, attempted to bridge the gap between rising living costs and what the pay envelope contained. On a 1936 base of 100, the earnings index of Chinese-owned plants in 1941 stood at 457.65, an increase of almost 100 over the earnings index of 242.65 in 1940. In foreign-owned plants the earnings index was 465.54 in 1941. Though slightly below the earnings index of Chinese-owned plants, the money earnings in foreign- 511 458 434 465

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Creditor	*Amount of loan*	*Interest*	*Currency of loan at time of enquiry*
A Sikh	$20	$2 per month	30 months
A friend	50	5 "	24 "
A woman	30	2 "	24 "
A widow	25	1.50 "	12 "
		Principal and Interest	
A liftman	15	$6 per month	6 months
A fellow worker	15	6 "	5 "
A chauffeur	15	6 "	3 "
A chauffeur	20	8 "	2 "

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465 owned enterprises were considerably higher. Calculated upon the
434 July 1941 Revised Index of cost of living of Chinese workers, the
511 real wage index was 53.64 in 1941 and in foreign-owned plants
458 53.39. That the real wage position was not worse was due to the sincere efforts of industry to make as substantial adjustments as possible. The following table shows the real wage indices in Chinese-owned plants since 1930.

INDICES OF ACTUAL EARNINGS, COST OF LIVING (REVISED), AND REAL WAGES 1930-1940[5]

New Base: 1936=100

	1930	*1931*	*1932*	*1933*	*1934*	*1935*
Actual earnings	106.95	107.34	106.08	103.21	98.10	90.49
Cost of living (revised)	108.75	106.63	100.64	92.32	92.52	93.45
Real wages	98.34	100.67	105.41	111.80	106.03	96.83
	1936	*1937*	*1938*	*1939*	*1940*	*1941*
Actual earnings	100.00	84.83	92.38	119.09	242.47	467.65
Cost of living (revised)	100.00	119.09	155.28	202.99	430.61	871.89
Real wages	100.00	71.23	59.49	58.67	56.31	53.64

The index figures of cost of living of Shanghai workers, as earlier stated, were based upon the work of the former Shanghai Chinese City Government, whose continuance the Council assured after that Government's withdrawal following 1937 hostilities. It was not clearly seen, at the end of 1937, that these figures would assume importance in subsequent years when declining dollar values destroyed previous earnings standards. The regular monthly publication in the press and in the *Gazette,* official publication of the Council, of amounts in dollars which must be available to cover the family's living cost proved useful in helping in adjustments of earnings. The Division was consulted on many occasions by both Chinese and foreign employers and asked to make concrete recommendations as to the actual amounts which should be paid.

465 In addition, the work of mediation in industrial disputes which
633 was a regular activity of the Division was important in assisting wage adjustments. While some employers forestalled otherwise inevitable labour disputes, anticipating them through raising earnings when significant rises in living costs appeared, others, perhaps in some cases in less satisfactory financial situations, and unable

[5] Indices derived from the "New" Index based on December 1941-January 1942 studies, were not available in August 1942, the date of last contact with Shanghai.

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to take precautionary steps, found themselves confronted with demands by workers for wage adjustments. Though by no means the whole number of disputes which occurred in 1940, 111 cases were mediated by the Division in that year. 465 633

In 1941, 138 disputes were mediated, 57 strikes, 81 cases of unrest in which cessation of work was avoided. In 1940, 431 establishments and 35,000 workers were involved; in 1941, 245 establishments and 45,000 workers. Among the latter 176 establishments were under Chinese management, 45 British, 19 American, three Swiss and one each under German and Russian management. Sixty-five per cent of the cases involved earnings. In the majority of these, settlement was obtained through the granting by employers of increases, whether in the form of wage increases, percentage cost of living allowances, rice or commodity allowances, payment of rice in kind, bonuses, or other devices to achieve the desired end.[6]

Hence, although the authorities lacked legal power to enforce an announced minimum wage or to require submission of industrial disputes to the administration, the actual existence and publication of regular information on minimum living costs and the provision of facilities for independent mediation by the Industrial and Social Division proved useful in adjusting difficulties caused by the steep rise in living costs. Indeed, the power which accurate information can exert in its own right, and the influence which voluntary mediation can also exercise was amply shown in the difficult period in Shanghai since the outbreak of hostilities in 1937. While obviously there was no universally satisfactory adjustment, and while poorly organized, under-capitalized enterprises continued to employ workers at rates inadequate to make even the usual contribution to support their families, in a greater number of cases than might have been anticipated, the power of facts and of reason was demonstrated. In the absence of compulsory

[6] Rice allowances have long existed in Shanghai. In order to alleviate the distress of their workers, whose very existence depends on their ability to obtain rice, many employers even prior to hostilities paid a monthly allowance which represents at least a part of the difference between the prevailing cost of rice and a certain minimum wage previously agreed upon by employer and employee. This grant is a "rice allowance." Other forms of compensatory allowances may be granted. For example, many employers prefer to leave basic wages as before and to add to them percentage cost of living allowances on basic pay, commodity allowances in cash, and, in some cases, even rice and commodities in kind.

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465 powers, such services of advice, consultation, presentation of facts
633 and voluntary mediation are important functions of the administrative authorities. With the full powers that the Chinese authorities will exercise in future in re-occupied Shanghai it is hoped they will be able to build upon the foundations already laid.

439 Shanghai was a city of large trading interests before it attained
463 significance as a manufacturing centre. It was still, at the outbreak
465 of Pacific hostilities, an important commercial city with a large export trade despite the severance of the Yangtse Valley trade after 1937. It was, prior to December 1941, the banking centre of China. After 1937 it was an important educational centre to which universities and middle schools from provincial cities had come when Sino-Japanese hostilities caused their withdrawal. There was therefore a large professional class in the community—professors, teachers, doctors, lawyers. The question of what happened to their livelihood is as significant as is the fate of the workers' economy.

A study of the standard of living of Chinese salaried employees was made in October-December 1941. So excellent a response to the request for the keeping of detailed information was made that, out of 1038 families responding, 441 perfect records were available. Originally it was intended to limit records to families with incomes below CNC$1000, but those with incomes beyond this amount so readily supplied information that the limit was waived. The majority of incomes were between CNC$500 and $1500. A Provisional Cost of Living Index was developed by May 1942 from the records of 100 families to meet the immediate need for a criterion to judge the situation in which Chinese salaried employees found themselves.

162 The average salaried family was found to be larger than the worker's family—6.60 persons, 4.72 consumption units, as against 5.02 persons, 4.41 consumption units in a worker's family as studied in December 1941-January 1942.

434 The total income of the Chinese salaried family studied averaged
465 $688.38 per month. Earnings of the husband accounted for 84.96 per cent, those of other family members only 3.95 per cent. The
511 salaried family, as did the workers family, had to obtain other income; 11.09 per cent came from sub-letting rooms, interest and dividends, gifts and assistance, profits on speculation and gambling.

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Expenditure averaged $885.43 per month. With average earnings at $611.35 the family faced a deficit of $274.08 per month. The total earnings of all family members and other income were still insufficient: the deficit was $197.05. Besides the items of normal income and expenditure there appeared in the budgets of the families "other receipts" and "other disbursements" showing how the deficit was offset and a little cash surplus on hand was secured. Such receipts and disbursements were, in fact, not real income or expenditure, but a number of balancing items like bank withdrawals, borrowing, savings and lending. Other receipts averaged CNC$282.27 and other disbursements CNC$35.62 per family per month. The total family income plus other income plus other receipts totalled CNC$970.65: the aggregate disbursements, *i.e.* consumption expenditure plus non-consumption outgo plus other disbursements totalled CNC$921.05, leaving a cash surplus of CNC$49.60 per family. The records show that more was drawn from than was put into the bank: more was borrowed than refunded. Fifty families lived partly on bank drawings; 38 on loans recovered; 27 on sale of used articles; 46 on borrowings, 10 on receipts from pawned articles. It was stated in many records that earnings had been practically used up in the period since the outbreak of Sino-Japanese hostilities in 1937, and that borrowing had become more difficult in the recent period of stringency.

Belonging to the so-called "long gown" class, Chinese salaried employees occupy a difficult social position, particularly those in the lower income groups. It is obvious that the original base pay of pre-war days was too low, hence adjusted pay was insufficient. There were many children to support: among 92 families were 345 children. There was also the burden of other dependents—an average of 1.15 per family. There were necessary expenditures on social intercourse and on maintaining a social standard, usually in connection with the position held by the head of the household. There is evidence that employees worried over rising prices, securing daily necessities, using up of savings, uncertainty of employment, and were obsessed with other fears. There is certainly need for adjustment in the livelihood of salaried employees, adjustment which of course must be dependent on political developments.

By comparison the cost of living of Chinese salaried employees rose slightly less than did that of workers in the period from 1936

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511 to July 1942. On the basis of the standard of living in October-
565 December 1941, and with prices ruling in 1936, the general index figures were: 1936—100, October 1941—790.07, June 1942—2,879.10, with the purchasing power of the dollar at 5.17 cents in that month. These figures have reference to prices in Chinese National Currency. With prices in Central Reserve Bank Notes the figure for July 1942 was 1,625.87 with the purchasing power of the 1936 dollar at 6.15 cents. For the purpose of the index it had to be assumed that there existed a shadow of a CRB dollar in 1936. The two currencies existed at par side by side for several months until divergence began in March 1942. This assumption is, therefore, probably justified.

465 No analysis of the payrolls of commercial organizations or educational institutions has been made, as has been done for workers. Hence it is not possible to indicate the real wage position by an accurate figure. There is no doubt, however, that this group in the community, at the start often as inadequately remunerated as were manual workers, suffered greatly in the years of Sino-Japanese hostilities. It is probable that the real income index was even less favourable than that of workers.

466 PAYMENT BY EMPLOYERS of a sum of money to the relatives of workers killed in the performance of their duty has long been an established practice in Shanghai. The custom, in line with the principles underlying compensation laws in the western world, was crystallized into law in China by the promulgation of the Factory Act on December 30, 1929.[7] No case is known where a

[7] See Chapter IX, Articles 45-48 of the Factory Law. A translation of the more significant clauses follows:

The factory shall pay to the workers injured or killed in the performance of their duty allowance for medical treatment and compensation. The amount of allowance and compensation shall be based upon the following scale:

(1) For the worker temporarily incapacitated either through injury or sickness, the factory shall, besides bearing the medical expenses, pay him or her each day an allowance amounting to two thirds of his or her average wages for a period of six months; and upon the expiration of that period, if the worker has not yet recovered, an allowance amounting to one half of his or her average wages, but such payments shall only be made for a period of one year;

(2) For the worker permanently disabled either entirely or in part through injury or sickness, the factory shall pay a disability allowance in proportion to his or her loss of earning capacity. Such allowance shall, however, not exceed

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worker claimed his right through the Court; indeed, the fact that they had rights under the law was known to comparatively few. In consequence the families of many workers killed in industrial accidents accepted less than their legal due, and many temporarily or permanently incapacitated received none of the benefits which the law intended they should have. While in most countries claiming of compensation is left to the worker or his family, in others where the general educational level of workers is not high, it is part of the administrative function to see that compensation payments are made. It would appear that the Chinese Government, in outlining the duties of factory inspectors in the Factory Inspection Law promulgated February 10, 1931, excluded concern with compensation payments of the Factory Act from the duties of inspectors. A programme for the enforcement of factory inspection approved by the Ministry of Industries in April 1934 stated "the factory inspector shall limit himself to the investigation of the actual conditions in which a worker is injured, falls sick, or is killed in the performance of duty."

Commencing where the family loss is greatest, the Division for some years acquainted employers of workers killed in the line of duty with the standards of the Chinese Government Factory Act. Later cases involving workers seriously injured were also taken up. This law was not applicable to foreign employers who were citizens of countries with extra-territorial rights.[8] It was found that the

the average wages of three years, nor be less than the average wages of one year;

(3) For the worker killed in the course of his or her employment, the factory shall, besides giving fifty dollars for funeral expenses, pay to the legal heirs a compensation of three hundred dollars and two years' average wages.

The average wages mentioned above shall be calculated on the basis of the wages for the last three months of his or her employment in the factory.

Funeral expenses and compensation shall be paid all at once, while allowances for injury or sickness or disability may be paid by instalments.

[8] See pp. 8, 9 for cases involving United States companies and the viewpoint of the U.S. Court for China. In enunciating the principles underlying compensation the Court stated: "It has long been recognized that accidents to workmen in industries are bound to occur where no actionable negligence can be attributed to the employer under common law principles. The hardship and suffering entailed by inevitable accidents, the burden of litigation to poor workmen and their families, and the harassment of unfounded litigation to employers where there was no legal liability, are all factors which helped to bring about the compensation acts. However, the most compelling reason was the conviction that social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities regardless of who was or who was not negligent."

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466 633 471 law was an instrument in inducing payments somewhat more adequate, and standards improved year by year. Rising costs of living and falling dollar values made the actual dollar standards of the Act inapplicable. Employers showed a willingness to adjust to changing economic situations in amounts of compensation paid.

In 1940 amounts of compensation were known in 35 cases, 21 of which were Chinese-owned enterprises, nine Japanese, two each American and British, and one German. Amounts ranged from $500 to $2,000. One American enterprise regularly paid compensation based on the number of months of service together with cost of living percentage allowance in force at the time of death, and a sum of $15 per month payable till the eldest son was 14 years. Another, a Chinese enterprise, agreed to pay $30 per month during 12 years till the eldest son should earn.

In 1941 compensation for accidents resulting in deaths was known in 19 cases, and for serious injuries in 12 cases. Of the total of 31, 19 were in Chinese concerns, six in Japanese, three in British, two in American and one in a Swiss enterprise. Amounts ranged from $500 to $6,000 in cases where death occurred. Five months' wages were paid by a Chinese concern where a worker lost fingers; another Chinese plant paid a year's wages for loss of an arm. A silk weaving factory, Chinese owned, paid $500 to an apprentice who had lost an arm; a Swiss metal industry drew, from an insurance company, 1½ years' pay and allowances for a worker who had lost his leg.

466 633 A compensation arrangement such as probably never occurred elsewhere was made in the case involving the breaking of a leg of a young girl of eleven years of age. She had been employed as a substitute by a somewhat older girl to work in a stocking factory and had fallen over a horizontal shaft, causing the injury mentioned. The management claimed it had no responsibility for her presence in the factory—a view which it was not allowed to maintain. The Division finally induced the management to pay hospital expenses and to provide compensation in the form of one pound of soya bean milk per day delivered to her home for a period of six months. The Division saw the receipt for the account for the milk, which was paid in advance.

466 Looked at in the light of the relation between compensation payments in the case of death of a worker and the needs of a family

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deprived of its means of livelihood through the loss of its bread-winner, and taking into account the cost of living, it cannot be said that even the most generous payments were satisfactory. The majority of laws in western countries provide for a lump sum payment, though there are instances of compensation in annual payments, assuming thus that a family has continuing needs. When the minimum subsistence cost for a family in Shanghai was CRB $126 in July 1942, even the highest payment of 1941, $6,000, would last only about a year if the capital were to be lived on. It would be insufficient to produce an income even if the knowledge were possessed as to how to invest it. 466

Nevertheless there was developing a more modern viewpoint concerning payments arising out of death or serious injury of an employee. There was less talk of a "compassionate grant," and more recognition of the principle enunciated in a footnote earlier in this chapter, the view of the judge of the United States Court for China, that "social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities."

Low wages precluded the possibility of savings on which Chinese workers in Shanghai could draw in the event of a period of unemployment. In many western countries unemployment insurance is designed to prevent the level of life of those unable to find work from descending to a point which is against the interests of the worker, his family and the state. In Shanghai there is chronic unemployment, but unemployment insurance, a function of an advanced industrialised state, did not exist. Industry itself attempted to temper the incidence of loss of employment with the payment of an allowance on termination of work. 456 466

Amounts paid differed greatly and depended as a rule on the length of the discharged worker's employment. The Factory Act embodies the principle of payment on discharge, but the amounts specified are small.[9] In practice, allowances exceeded those of the 466

[9] *Article 27*: Unless a longer period of notice is provided for in the contract, the period of notice shall be as follows:—

(1) A worker who has worked in the factory consecutively for more than three months but less than one year shall be notified ten days in advance;

(2) A worker who has worked in the factory consecutively for more than one year but less than three years shall be notified twenty days in advance;

(3) A worker who has worked in the factory consecutively for more than three years shall be notified thirty days in advance.

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466 standard of the law. In 1941 one enterprise paid the equivalent of nine months' wages. In 1934 a case reached the Court which awarded only the dismissal allowance as provided by the law, but ordered payment of ten months' wages during strike—as the period during which workers refused to accept the conditions of discharge was called. The amount paid usually did not exceed two or three months' earnings. When this was exhausted there was no further fund on which to draw.

464 466 While in some cases workers clung to the opportunity to work by all possible means, refusing to accept discharge, in other cases there was an indifference to loss of employment which can only be explained by the fact that its conditions were such that its loss was not regretted. Many enterprises complained of a great labour turnover. This was particularly true in cotton textile mills where, though no accurate figures are available, the movement in and out constituted in some cases a traffic. A twelve hour day or night might well engender a feeling that loss of the opportunity to work so long was indeed little deprivation. Earnings, too, in many cases were not sufficient to be the cause of struggling to keep an employment which did not reward more completely. There was need of realization by employers that some of their troubles of labour turnover would have disappeared with more favourable, not to say more reasonable, conditions of work and rewards.

633 466 722 Following the outbreak of Pacific hostilities, many enterprises had to close. The question of discharge allowances was then one which affected simultaneously many workers and many factories. The Division exerted every effort to have a uniform and adequate basis of discharge allowance announced, and in a memorandum to the Japanese authorities pointed out the cost of living and the social significance of giving as generous a sum as possible in the absence of any unemployment insurance. Japanese financial authorities, however, refused to permit the announcement as a principle of more than one month's pay as discharge allowance, with a second month's if the worker left Shanghai, the amount to be payable at destination. Even this meagre amount the Japanese supervisors of some former foreign-owned plants would not permit: in some

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Article 29: Factories which terminate a contract in accordance with the provisions of Article 27 shall pay the workers, in addition to their regular wages, half of the wages due for the period of notification as stipulated in the said Article.

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cases a mere $50 was forced on workers and their protests were given no attention. Former foreign owners whose funds were frozen in banks were powerless to help, though in many cases anxious to do so. Many Chinese owners, on the other hand, having access to their funds, made pay-off allowances considerably in excess of the standard which the Japanese permitted to be announced. Some paid six months' earnings. Most of the disputes which the Division mediated in the first half of 1942 were associated with discharge allowances. 633 466 722

THE COMPLETE COLLAPSE of all former earnings standards which resulted from the Pacific war has brought untold suffering. At the time when currency stabilisation will again be effected after Japan has been defeated, it will be well to give some consideration to the relation between earnings and cost of living. New standards of industrial earnings could be set in the reorganised currency, earnings based on careful studies of what it costs to maintain a family on a nutritionally adequate diet. This is not impossible, as subsequent chapters dealing with food and nutrition will attempt to show. Without greatly increasing the cost to the people, and without basically changing the Chinese diet, it should be possible through administrative action to eliminate frank deficiency diseases and to secure freedom from less obvious but real malnutrition. If there is some additional cost, earnings should be adjusted to meet it. Earnings in Shanghai's industry should no longer be determined solely by the fact that earnings on the land nearby are low: indeed, it is hoped that farm earnings also will rise. The excellently equipped cotton mills in Shanghai which will be restored even if they are in part destroyed upon Japanese withdrawal should not be operated in world competition with workers paid less than a subsistence wage. The concept formerly held that wages of principal wage earners could remain low since a second member of a family worked as a rule should find no place as a basis for setting standards of earnings. If no other good can come from the great suffering of the Chinese people in their many years of war it is to be hoped that the shaking to the foundations of old and inadequate standards may, when stabilisation comes, bring with it some new attitudes to what is due to workers. In the industry and quality of her people China has inestimable 000

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riches. They should receive the treatment accorded all precious possessions.

And not in terms of remuneration only. To the extent to which it is possible provision should be made for adequate medical care. The policy of the National Health Administration is working toward tax-supported medical care for all citizens when medical personnel is available in sufficient numbers. In the western and south-western provinces several hundred health stations have been established even during the years of war. Since the raising of the standard of living depends to a considerable extent on the ability to industrialise, there is perhaps some excuse for urging priority in medical care for the small group of skilled workers on whom future industrialisation depends. Furthermore, health insurance for employed workers and particularly skilled workers, which it is understood has been under consideration by the Ministry of Social Affairs for some time, should be furthered. If adequate medical care services are available through health stations, then health insurance will find its principal usefulness in providing for cash benefits during illness. Whether employed persons should make a cash contribution to such an insurance plan should depend, it would seem, on whether the earnings of the workers are sufficient for their family needs. But in any event, it is certain that the Chinese Government is well aware of the value of China's working force and will do all that can be done to protect it. In this it is eminently right.

CHAPTER V

EMPLOYMENT RELATIONS

IN THE 1935 CENSUS the Shanghai Municipal Council made its first attempt to analyse the occupations of the Chinese population of the Settlement. Of a total Chinese population of 1,120,860, some 204,849 were stated to be employed in industrial occupations, while 207,455 were listed as occupied in trade, finance and transport. It was clear that Shanghai was not only an important commercial city, the entrepôt of the Yangtse Valley, but that its industry was of equal importance with other occupations in providing employment for and ensuring the livelihood of the Chinese population. 463

Surveying the industrial scene in 1934-35, the Industrial Division listed 3,421 factories and workshops employing 170,704 persons. This survey was a door-to-door study extending over sixteen months. The greatest number of workers—more than 75,000—was found employed in textile trades, including cotton spinning, weaving and dyeing, silk reeling and spinning, and wool and jute mills. Figures for 1936 are not available. The effects of the 1937 hostilities upon employment were serious, for at the end of 1937 only 21,500 were employed in industrial enterprises. By the end of 1938 it was estimated that 178,000 were back at work in Settlement and western extra-Settlement areas. In the early part of 1941 figures of employment reached 257,900, of whom 138,000 were employed in textile operations. Women workers predominated in the textile trades and, accordingly, represented a large proportion of the industrial workers in the Settlement. Textile industry was "light industry"; with the exception of a few plants, Shanghai had little "heavy industry."

IN MANY WESTERN COUNTRIES it is generally accepted that the relation between worker and employer should preserve the independence of the worker as much as possible. His earnings should be sufficient to permit him to live the life of a member of the 466

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community, using his leisure as he sees fit. His employer should have no control over him outside his working hours. His relations with his employer should be direct, and he should have no occasion to pay anyone for the favour of employment.

In the majority of cases employment relations in Shanghai followed this desirable pattern of direct employment with an independent life for workers outside working hours. But frequently they did not. Sometimes an intermediary between worker and employer was entitled to part of the worker's earnings. In some cases, in fact, intermediaries were entitled to all wages during a contract period. In some plants workers received part payment in food and lodging instead of handling the cash equivalent of their earnings. In short, many employment relations existed which were by western standards undesirable, and which should alter before industry in Shanghai can function on a modern basis.

Workers frequently paid sums to a middleman, usually a foreman or forewoman responsible for hiring or discharging labour. A part of the first month's wages may traditionally have been given as a "gift," and a percentage of the monthly earnings thereafter might find its way into the foreman's pocket. Although in modern plants the responsibility for labour recruiting was assigned to staff managers directly in the employ of the enterprises, there was no final guarantee that such a labour manager or those under him might not in turn be the recipients of gifts, and nothing but the watchfulness of employers had prevented abuse of an office. If the number of persons authorised to give employment was reduced, the possibility of control increased.

Even where it appeared that a more modern arrangement existed, where there was a personnel department with an employment manager directly in the employ of the company, the management was not always a completely free agent in the handling of its affairs. A "gang" might have influenced the relations between the employer and his workers. There was often in the district a gang leader, a *lao t'ou tse,* (literally "old head") with considerable authority. If there were a difference between the management and the workers, the management had often to accept the mediation of the *lao t'ou tse*, who might even be responsible for having fostered the dispute. Moreover the management might have to employ workers whom the *lao t'ou tse* saw fit to recommend. The *lao t'ou*

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tse might be powerful within a trade instead of a district. The real 466
employment manager of several large textile mills in the Settlement was prior to December 1941 one *lao t'ou tse*; the personnel managers and even the management of these enterprises appeared to bow to the influence of this powerful "boss."

INDIRECT EMPLOYMENT through contractors was an unsatis- 466
factory state of affairs. In a few instances the efforts of the Indus- 633
trial and Social Division were successful in inspiring or assisting 465
its elimination. In some textile mills contractors were formerly paid on the basis of the amounts of yarn produced. The system dated from earlier years. The contractors employed the workers and distributed their earnings to them. The management had no means of knowing whether the total earnings due the workers actually reached them or whether, as was probably the case, a considerable percentage was retained by the contractors. The closing down of these mills at the outbreak of hostilities in 1937 gave an opportunity to a management which had long desired to do so to rid itself of this incubus.

During an industrial dispute in an oil mill in which the services of the Division were sought, it was found that workers were both employed and paid by contractors. Base monthly wages paid by the management to the contractors were at a certain rate, but the amounts actually reaching the employees were less, part being retained by the contractor. The settlement of the dispute provided an opportunity to persuade all parties to abandon the contract method of operation, the contractors becoming actual employees at a remuneration sufficient to indemnify them. The new plan was outlined in a collective agreement to which a Division Mediation Officer was a party, and the several hundred workers, in a mass meeting, were informed by the Officer that in the future they would be entitled to the whole of their earnings.

But the old system remained in many spheres of industry. Trans- 466
portation workers, workers in flour mills, in some textile mills 465
and other undertakings were employees, not of the enterprises themselves, but of contractors engaged by the management. One industrial dispute showed that the *kung t'ou*, or work head, was paying the workers on a unit basis less than he reported to the management, and that the management meanwhile was under

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465 the impression that the men's monthly earnings were greater than those they actually received.

466 In addition to the practice whereby contractors employed labour and carried out work on behalf of the owners of industrial enterprises, there was one in which intermediaries only supplied labour. Contractors entered into agreements with the parents or guardians of adolescent girls, usually of country origin, by which, in return for a cash payment and an undertaking to provide food and lodging during a contract period, usually three years, they became entitled to the total earnings of the girls until the expiration of the contract. The system bordered on one of slavery. Girl workers, completely in the control of hard taskmasters, were forced to work the long 11-12 hour day or night shift which was the rule in cotton textile operations, and in return were miserably housed and fed. For the term of the contract their earnings passed out of their hands. Only when the contract was worked out to its limit, when all days lost through sickness and unemployment had been made up, were workers free to enjoy their own earnings. In the eyes of some employers who suffered from a rapid labour turnover, this disciplined supply of labour was advantageous. In recent years, however, several Chinese cotton textile mills abandoned this method of labour recruiting, and though it still persisted in a few Chinese companies the trend was toward direct employment of labour. It did not exist in some foreign mills, but many employees of Japanese mills were under contract. It was not in point of fact always possible for employers to tell whether their workers were free or under contract. Some employers declared that they paid wages directly to those who earned them, and that their responsibility ended there. But in some cases they were aware that girls were under contract and condoned the fact. They knew that though their wages were paid directly, the workers had to surrender them to their masters or mistresses.

466 In some textile mills where the use of workers supplied through contractors was passing, there arose a system of housing workers in dormitories supplied by the factories. In this case the workers were frequently recruited from the country directly by the mill, whose representative brought them to the city. From the point of view of the management, this measure ensured a more

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stable working force. Absenteeism was lessened by having workers in a dormitory on the factory compound under supervision, where the familiar excuse of illness might be checked. The managements did not act on the idea, if indeed it occurred to them, that a fundamental cause of absenteeism of those free to stay away and of rapid labour turnover might be the excessively long hours of work in vogue in the cotton mills. When business conditions warranted it, mills operated 24 hours daily and workers worked an 11-12 hour day and, alternatively by weekly changes, an 11-12 hour night shift. Sheer fatigue and weariness might well be the cause of staying away from work, or resigning from employment, if a stage were reached when the human body refused to face the next interminable shift. 466

In 1933 one large Chinese cotton mill built an extensive new compound and included within it a dormitory for women workers, despite the pleas of the Industrial Division that this system, well known in Japan, should not be introduced to Shanghai. Since then the number of dormitories has steadily increased. Twenty-two large dormitories for women and seven for men were known, and many more plants provided housing accommodations for lesser numbers. The Division believed that less good housing outside factory precincts was preferable, since it held that the control of industrial management over the leisure as well as the working time of employees was not to be encouraged.[1]

The living of workers at their places of employment existed in China long before the coming of modern industry. Still today in many small workshops employees sleep on the premises—usually in the very room where they have worked during the day. They merely unroll their bedding on the floor or on some other flat surface. They also eat food supplied by the management. This acceptance of food and lodging as part payment of earnings resembles the system regarded as an evil in the western world where it is known as "truck." Until workers receive wages sufficient to provide for their own food and the needs of their families, they cannot be considered independent. There must be a new concept of what is due to workers in return for their labour before such practices as payment of wages in kind rather than in money will disappear.

[1] See the discussion on Industrial Housing, Chapter VII.

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IN THE CASE OF APPRENTICES, food and lodging were virtually their entire remuneration. Many enterprises operated almost wholly upon so-called apprentice labour. Since in many instances little skill was learned, but repetitive machine processes alone were involved, a young worker learned all there was to learn within a few weeks of entering an enterprise. Yet, for two or three years, he had no earnings other than his food and a place to sleep, and a very small sum for such needs as a monthly haircut. Much of the small-scale industry of the Settlement was built on the work of overworked and unpaid young people.

A study of the health of workers in the chromium plating and polishing trades made in 1936[2] showed something of the situation obtaining among young workers. The report stated:

> The use of young boys in workshops in Shanghai is a common feature. Gear's study of printing works found 63 per cent below 20 years of age: in the plating and polishing trade the percentage was 70. Workers came from no fewer than 28 places in neighbouring provinces; only six belonged originally to Shanghai. Fifty-five per cent have been less than four years in Shanghai: 62.5 per cent have been less than four years in the trade . . . The mode of working hours of the 200 workers examined is 11: that is to say, the greatest number of workers work 11 hours per day . . . the mode of rest days is two per month, but 35 per cent have less than this number.
>
> The apprenticeship system in China, of which this is an example, has often been described, but perhaps nowhere do its evils demonstrate themselves more clearly than in the trade now studied. There is a generally accepted view that the owner of a factory or workshop frequently takes into his service young lads who come from his own town of origin and are known to him, and that on this account he exercises a paternal interest in their whole well-being, even if they have to work very hard. The present study has revealed that while this may be true to some extent, a situation far otherwise exists concurrently. An entrepreneur, who may have paid a visit to the country, may bring back a small boy promising his parents that he will have him taught a trade. He goes from workshop to workshop till he finds a master who is in need of another unpaid assistant. He hands the boy over. The new master may not know his name or any facts concerning him. . . .
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> An enquiry was made as to whether, in the workshops studied, there had been any formality in the drawing up of an apprenticeship contract. Nothing of the kind was found, however. While in older crafts

[2] Under the direction of Drs. Bernard Read and Lee Wei Yung of the Henry Lester Institute of Medical Research, and others, and published in the Special Report Series of the Chinese Medical Association.

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this practice may be more general, it is certain that in the newer occupation here represented this safeguard is absent. The Chinese Government Factory Act, apparently recognizing that in the apprenticeship system the exploitation here described is widespread, requires that all apprentices shall have a contract which shall lay down the terms of employment. Masters are required by the law to provide teaching in the trade, and to provide board, lodging and an allowance. The law places the lower limit on the age of commencement of the apprenticeship at 13 years, and restricts the processes in which they may be employed, eliminating those dangerous to health or likely to subject the young workers to undue hazards. Specifically they must not be employed in places where they are exposed to dust or poisonous gases. Finally the number of apprentices who may be taken may be limited by the authorities. It is obvious that these protective measures should be enforced at as early a date as possible. . . .[3]

This description of the exploitation of young workers under the so-called apprenticeship system needs no comment. From the point of view of the authorities, attainment of the legal standards could make little progress during years of war and economic stress. But the need for improvement remains.

Considering all the controls enumerated above, workers would seem to have enjoyed little freedom either in obtaining employment or afterward. Yet there was self-respect among Chinese workers. Many lived freely outside the precincts of their places of employment, were fathers of families and living with them, happy in their relations with their fellow-men despite earnings which were for the most part insufficient for the full needs of their families. This individual character of workers, which no amount of dependence on others removes, augurs well for the final emergence of a more independent labour force in China.

How can the authorities aid in future in removing some of the evils in employment relations?

As yet, except for the influence which has been exerted in a few instances toward the elimination of employment through contractors, little has been done directly. One administrative instrument which would help to remove some of the more blatant evils,

[3] In Chapter IX, dealing with the education of young workers, will be found reference to efforts to raise standards of employment and training for trade apprentices who are apprentices in the western sense. Chinese apprentices are called *t'u ti*, "young learners"; those learning a skilled trade are *i t'u*, "skilled learners."

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464 such as payment of intermediaries for assistance in obtaining employment, would be the establishment of public employment exchanges. It is impossible to provide work for the great unemployed population, largely unskilled in industrial employment, and far too numerous for industry to absorb. Prior to the Sino-Japanese hostilities, with an accompanying flight of refugees from nearby provincial areas to Shanghai, the hope of securing employment had induced many thousands to come to the city, leaving areas where famine, flood, civil war and banditry had deprived them of their means of livelihood. The constant superabundance of labour in the Settlement reduced standards of employment and at the same time discouraged the establishment of machinery to improve the methods of obtaining employment.

Nevertheless, alongside the mass of unskilled labour, there are skilled operatives whose continued employment should be encouraged in their own interests and in those of industry. Though for the most part no figures are available, there was in the past a consistent labour turnover. Especially in the textile trades, women workers who had acquired a skill left employment on slight pretexts, and there must therefore exist in the community a considerable body of workers possessing manual dexterity in certain processes which it would be in the interests of employers to be able to find when in need of additional employees. Many large textile mills found it necessary to operate schools of instruction, indicating that they have had difficulty in obtaining enough experienced workers for their needs.

There appears, therefore, to be a definitely useful social function to be undertaken by the authorities in the establishment of public employment exchanges even if, for the time being, this activity were restricted to the placement of skilled workers only. The Industrial Division in the past frequently possessed information concerning trends in certain industries. For example, during 1940 there was a diminution of activity among silk filatures, as a result of a shortage of cocoons in Shanghai, and concurrently six new worsted spinning and weaving enterprises opened. While the skills are not interchangeable, persons skilled in the handling of one fibre are likely to learn more easily the handling of a second. There were also opposing tendencies among cotton textile mills. One large group was forced to restrict operations while another

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was expanding its sales. To have brought the latter group into contact with workers from the former would have constituted a distinct contribution to the welfare of both the employees and the employers. Such mass employment placement opportunities will occur again in future in interrelated trades, and there is a need for an employment agency which could act in this sphere. 464

In July 1942 some employers in the leather shoe trade, during the course of mediation of a dispute with employees, asked the Division whether it could assist in controlling the movement of workers from manufacturer to manufacturer during the busy season, when some employers, unable to find sufficient skilled workers, paid high prices to induce them to come into their employ. These employers sought to prevent freedom of action on the part of workers. But they were instead induced to sign a collective agreement in which discharge allowances were included, workers of longer standing getting substantially higher allowances, thus creating inducement to remain in original employment. The Division undertook to make a register of the skilled workers in the trade and to commence an experimental operation of a public employment exchange for this trade only. 464 633

As earlier indicated industry in Shanghai will be controlled during the period of its occupation by Japanese. The process had already begun by the middle of 1942. When it has progressed further it is likely that—if shipping is sufficient, for example, to bring rubber from Malaya and vegetable oils from the Netherlands Indies presently under Japanese control; if iron deposits in the vicinity of Nanking and Wuhu are developed; if the Chinese cotton crop is not entirely pre-empted by Japan—there will be some improvement in the employment situation. Hence in August 1942 recommendations were made that initial investigations and studies preparatory to the operation of public employment exchanges should be immediately begun. It is likely that progress may have been made even during the period of occupation.

Early in 1942, following the closure of many machine shops in Shanghai and the consequent throwing out of employment of mechanics and fitters, recruiting agents from Manchuria arrived in Shanghai. They came from steel rolling mills, from airplane plants, motor plants, mines, transportation enterprises. In view of the military occupation of Shanghai it was not possible to pre-

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464 633 vent the recruitment, but the Division exerted its influence to see that as far as possible workers who accepted service would do so willingly, that they knew to what they were going. Efforts were made with recruiters to have them given contracts in which was written a fixed period of service. Workers were to be told by the Division that if they lost contact with their families they could inform the Division. The object was to prevent employment at a distance from becoming a cause of broken families. As events turned out, recruiters met with little success. The Division refused to become a promoting agency, taking the stand that its function was to safeguard the interests of recruited workers. Chinese skilled workers refused to enlist. Some attempts later by Japanese military to requisition Chinese residents of the Settlement for forced labour with Japanese forces were checked upon representation of the Division and the active cooperation of the Japanese Chairman of the Council.

466 A DIFFICULTY IN obtaining employment which applies to both adult and young workers is the requirement by most industrial enterprises of a guarantee prior to employment. The would-be worker must find some one who is willing to guarantee that in the event of his proving unsatisfactory in employment the employer will be in some measure indemnified by a cash payment. In China there exists a "shop guarantee," where, in return for a fee, a business enterprise guarantees the good behavior of a worker. A guarantee is, of course, known in western employment relations, but for the most part it is required only of those in positions of high trust where the handling of funds is involved, when such employees are bonded by regular insurance companies in return for a payment.

The widespread use of the guarantee may form a difficulty in the path of a public employment service, but not necessarily an insuperable one. The existence of nepotism is more likely to prove an obstruction in getting the services of an employment office accepted. The desire of someone already employed to obtain work for a relative or neighbor has led to some occupations becoming the preserves of certain groups. Employers, too, feeling hesitant about employing those entirely unknown to them, like to take as new employees those recommended by their own work-

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ers. Since public employment facilities, if they existed, and older methods of employment must function side by side, and since for a time at least these facilities would confine their attention to the placement of skilled workers, no conflict incapable of being resolved should emerge. As time goes on, the possession of a skill which the worker has to sell and which the employer needs to buy should become the basis of new employment relations. 466

It will be skill which will contribute to freer employment relations where personal favour or the possession of a guarantee will be less important. The Division, in its experimental beginnings in technical training, had this fact in mind.[4]

[4] See Chapter IX.

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CHAPTER VI

LABOUR ORGANISATION

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COHESION OF INDUSTRIAL labour came late to China—not, in fact, until the 1920's. In 1925 in Shanghai, Hongkong and Canton, workers participated in protracted strikes which had a political, then anti-foreign, character. In 1927, when the Kuomintang armies approached Shanghai from the south, and one month before they entered the city, widespread strikes occurred, an intimation that the organisation of workers had preceded the armies. During the Kuomintang regime in the Shanghai City Government Administration (1927-37) the organisation of labour by the party was steadily pursued.

On October 21, 1929, a Labour Union Law was promulgated by the National Government of China. A careful perusal of the Law indicates that a free development of the labour movement was not contemplated. Granting that labour in China, inexperienced in organisation as it is, cannot easily reach the maturity of western labour movements within a short time, the fact nevertheless remains that the official supervision for which the Law provides suggests that a labour movement developed under its aegis would be carefully controlled. The Law declares that "the Competent Authority of a union shall be the provincial government, or the municipal government . . ." To organise a union "an application in duplicate for registration . . . shall be submitted to the Competent Authority," which "shall give decision within two weeks." "Upon obtaining official sanction for registration, the labour union shall submit to the Competent Authority . . . names, addresses and antecedents of the officers elected." After outlining the permitted functions of a union, the Law states: "If a labour union has not carried out any of the activities of mutual aid . . . the Competent Authority may . . . send a person to assist the labour union in organising such activities."[1] Membership lists must be

[1] Translation by Koo Ping Yuen, in *China's Labor Laws*, Second edition, Commercial Press, Shanghai, 1935.

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submitted to the Authorities twice annually, and a union may be dissolved by the Competent Authority in certain circumstances. 467 C68

Between 1927 and 1937, when the Kuomintang Government ruled in Nanking, and the Shanghai Chinese City Government was active in the organisation of labour under the Labour Union Law, leftist unions were vigorously suppressed. Hence it appeared that in organising a labour movement, the parties responsible had been concerned at least in part with forging a political instrument.

DURING THE THREE and a half years following the outbreak of Sino-Japanese hostilities in 1937, the organisation of labour saw four distinct phases. The influence of the Kuomintang labour organisation persisted until early in 1940. There were few strikes during the first two years, a period of destruction and recovery, and the Kuomintang organisation had little to do with labour disputes. Early in 1939 an organisation appeared with headquarters outside the Settlement and known as the "Chinese Republic Workers' League," which was associated with disputes in two foreign-owned enterprises in the eastern district in the late summer of 1939. It was dissolved shortly after, and was replaced by the "Chinese Workers' Welfare Association," with an eastern district branch. This organisation was very active, and caused strikes in several undertakings of western ownership. The organisation collected fees from many workers, but after October 1939 ceased to function actively in disputes. These organisations were in fact inspired by Japanese. Every possible means was used to embarrass British and American enterprises.

After June 1939 the influence of labour organisations under several names grew steadily. In November 1939 there arose the "China Labour Movement Association," which for a time confined its activities largely to enterprises in the western district Extra-Settlement area. The first significant dispute with which the Association was involved at this period was a strike among mechanics, conductors and chauffeurs of the China General Omnibus Company, one of the public transportation companies in the Settlement. Its success made it more influential. In June 1939 a first reorganisation took place, after which the "Shanghai General Labour Union" emerged, frankly under the direction of the

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467 668 Shanghai Branch of the Social Movement Direction Committee of the Ministry of Social Affairs of the Nanking authorities. Under this master union, the organisation of unions in various trades proceeded. In December 1940 this General Labour Union, together with a body with headquarters in another part of the city and a Workers' Welfare Association, merged in the Shanghai Municipality Labour Movement Adjustment Committee, directed by the Social Movement Direction Committee of the Nanking Ministry of Social Affairs. During the first half of 1941 this Adjustment Committee busied itself with the organisation of labour unions in various industries. These organisations were stimulated by the Nanking Chinese authorities with the dual purpose of increasing their own power and troubling the peace.

It is interesting to note that the new Nanking authorities pursued a course not unlike that of the Kuomintang Government a decade earlier. Labour was regarded by the new regime as a factor in the political movement. Once organised it had to act if the organisation were to retain the interest of the workers. Hence newly formed groups were encouraged by their organisers to initiate a positive programme, in short to present demands. If increased earnings were secured through such united action, the workers would then be bound in gratitude to the group which organised the struggle. The political hold of the responsible party increased over that section of the community which the workers represented.

Thus twice in the space of fourteen years, labour in Shanghai was wooed by a political party. There is no denying the existence of generally unsatisfactory working conditions and inadequate earnings. From this point of view labour should in any case press for improved conditions. Yet the interest of a political party in the welfare of the working classes has had in part a political, not wholly a humanitarian inspiration. A spontaneous self-directed labour movement like that in many western countries did not exist in Shanghai.

The diminution of industrial activity following the outbreak of Pacific hostilities lessened also labour union activity, but it was not eliminated. The Social Movement Direction Committee of the Nanking authorities continued its work and stimulated workers in such trades as continued to flourish, as for example in the leather shoe trade. Here a strong union representation of workers

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was able to obtain through the Division's mediation in August 1942, a collective agreement embodying a minimum monthly pay of CRB$200 whether employees worked or not during slack months when otherwise they would not be able to earn this amount. Unions, too, were active in claiming on behalf of their members adequate discharge allowances. 467 668

It can thus be seen that labour was by no means inarticulate, nor did it necessarily await the stimulation of political groups to lend it cohesion and the power to act in concert. When impelled by a sense of economic needs, workers formulated demands which they pressed upon employers. Leaders emerged to conduct negotiations, often with considerable astuteness, and though in many cases they were almost illiterate, they were often keenly intelligent.

How was the division apprised of imminent industrial unrest? Without compulsory powers to require the submission of a dispute to mediation, it nevertheless arrived at the place where few serious disputes occurred which were not brought to it for settlement. There was a gradual building up of confidence in its fair handling of matters in dispute and one group of satisfied workers passed word to another that application to the Division for mediation would have useful results. Disputes could of course be referred by either party; but as a matter of technique the Division mediated most successfully when workers, not management, presented the request. The reason is obvious: workers may distrust a mediator whose help has been sought by an employer. The Division sometimes waited days after a case was referred by management, in the meanwhile trying through other workers whose confidence had been won, to have the workers involved in the dispute request mediation. 468 633

An obvious principle for the Division in mediation was not to break the strength of the workers. If their bargaining power were weakened, the process became not one of mediation between parties of equal strength, but a dictation of its views on the part of a stronger management. This view of the Division did not always correspond with that held by the Municipal police, who also were associated with the settlement of some disputes, usually those where violence or threat of violence had occurred. The police, whose function was primarily to preserve peace and order, 468 633 625

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[625] 468 633 tended towards the simple formula of taking the line of least resistance by requiring that workers return to work before mediation was undertaken. But workers who, having struck, went back to work, were workers weakened in their struggle. It must not be thought from this that there was any truckling to workers. The mediation officers did not hesitate to state when, in their view, the demands of labour were unreasonable. Equally the viewpoint of management was taken into account. Where it was reasonable it was supported; where it was thought there should be concessions the management was frankly told so. No pressure, however, was brought either to induce workers to resume before they were satisfied that they had obtained the best possible adjustment of their claims, or to induce management to make a settlement which it would regret.

The work of the Industrial Relations Section of the Division became partly mediating, and, as time went on, increasingly consultative. Both workers and management frequently sought advice on their situations before an open break occurred,, and a final breach was more frequently avoided than not. But workers were not restrained by the Division from striking, if without the exercise of this instrument they could not obtain a just hearing for their demands. Nor was management, if workers proved unreasonable, over-persuaded not to use the weapon of lockout.

468 625 579 VIOLENCE SOMETIMES accompanied labour disputes. When workers refused to leave the plant, "sat down," or even locked up the management, then the police had to be called in. Every effort was made to avoid clashes with workers, but there were occasions when the police officer in charge believed it necessary to clear the plant. Workers then might seize any handy missile, from iron bars to bricks or garbage, with which they attempted to resist the police. In one strike early in 1941 the management permitted the men to enter the plant each morning for three days and to leave it each evening, without having done any work, in an effort to avoid the necessity for calling in the police. Meantime negotiations were attempted. When on the morning of the fourth day workers tried to enter the compound armed with iron rods, they were prevented from doing so, and the police were informed. In an ensuing melée many workers and policemen were injured, some workers fatally.

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On the whole, however, workers exhibited a capacity to think 468
logically about their problems, and a willingness to negotiate rather than to resort to violence. Indeed, violence was rare, while orderly negotiation was very common.

Resort to strike-breaking by management was infrequent, but not unknown. In two disputes in 1940 Jewish refugees newly arrived from Europe were called in. However, their lack of the specific skills involved as compared with that of the Chinese workers, and the higher remuneration which they demanded made their employment beyond the emergency period uneconomic for management. In a few instances as in some public utility enterprises, Russian workers were employed on a permanent basis in order to have labour available in the event of a dispute with Chinese workers which would result in the paralysis of an important industry. One German-owned bakery in 1942 asked the Division if it could supply bakers to replace those intending to strike, on the ground that the public interest in the supply of bread was at stake. The management was informed that the Division did not break but mediated strikes, and through mediation the Division averted the threatened stoppage of work to the satisfaction of all concerned. It can be seen that certain employers entertained primitive ideas of employment relations and of the function of authority in the settlement of disputes.

There was little uniformity in the attitude of employers toward 468
the activities of labour. Some western foreign-owned enterprises 467
permitted actual union organisation, and entered into negotiations 471
with duly elected representatives. Others allowed no formal organisation, though they tacitly admitted the right of their employees to collective action by negotiating with them, either with or without an independent mediator. Yet others again permitted no group activity, and many instances were known where workers who led their fellows were dismissed from their employment. Until workers may express themselves without fear of loss of employment, full freedom of workers to act collectively cannot be said to exist. Dismissal for those associated with group activities occurred in plants of Chinese ownership, although the Chinese Government's labour Union Law gives protection to those who organise.[2] This law was

[2] Article 31 states: "An employer or his representative shall not refuse to employ workers or dismiss workers or accord other unfavourable treatment to them because

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468 not applicable to owners of factories with extra-territorial privileges,
467 to American, British, or Japanese owners.
471 The attitude of the Shanghai Municipal Council toward labour organisation was not specifically formulated. While a procedure of
467 registration of organisations with the Special Branch of the
633 Municipal Police as a means of crime prevention was instituted as an emergency measure after the 1937 hostilities, the registration of workers' groups was not encouraged.[3]

468 As stated elsewhere, industry in the past did not pay adequate
633 wages, many workers being employed at remuneration insufficient to meet the needs of a family.[4] There was no effective legal instrument for enforcement of minimum wage standards, but mediation procedure frequently was useful in achieving earnings adjustments. When a dispute occurred a first step was to request from the management the wage sheet of the preceding month, together, if possible, with the wage sheet of the corresponding month in 1936. It was then possible to find the actual earnings indices, and to compute real wage indices, so that the spending power of earnings became apparent. These earnings were further compared with the minimum subsistence costs regularly published monthly by the Division. By these two procedures the parties became aware of the actual wage situation, and efforts were exerted to have adjustments made so as to meet as nearly as possible the published figures.

468 An important instrument to further betterment of conditions
633 was the signing of a collective agreement to which factory manage-
675 ments, workers' representatives, and the Division, were parties. A written agreement is better than verbal promises. Moreover, being an agreement to which the parties had voluntarily agreed, it had the moral force of a contract.

The agreements covered a wide range of conditions of employment including wage increases, allowances of various kinds, provision of annual bonus and profit sharing, provision of hospital

467 of their affiliation with the labour union . . . shall not make it a condition of employment that the worker shall not take charge of any business of the union or that he shall not enter a union or that he shall withdraw from the union." Translation by Koo Ping Yuen, *Chinese Labor Laws*, second edition, Commercial Press, Shanghai, 1935.

[3] See Chapter II.

[4] See Chapter III.

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and medical attention and payment of wages to those injured in the course of duty, limitation of hours of work, provision of direct employment by the management and elimination of employment through contractors. Two clauses frequently inserted gave a continuing influence: provision for mediation by the Division in the event of dispute, undertaking of workers not to declare a strike and of the management not to declare a lockout until mediation had been attempted; and provision that a report be first submitted to the Division in the event of necessity for suspension of work and dismissal of workers due to lack of raw materials, trade depression, or other causes. 633 468 675

The aim of the Division was not merely the settlement of an individual dispute, but to use the contact established between workers and management at the time of mediation to permit the exerting of a continuing influence on the employer-employee relations in the firm or trade involved. Most larger enterprises had factory rules to govern these relations. In as many cases as possible, parties to a dispute were asked to submit the existing rules to the Division. Many changes were subsequently agreed upon which contributed to better conditions of work and sounder employment relations. In the absence of a universally applicable law to control conditions of work, wages, hours of work and other matters in employment relations, such piecemeal handling, factory by factory, trade by trade, proved a useful procedure. 633 468

It can be said that, though there was no official encouragement of labour organisation on the part of the Shanghai Municipal Council, and indeed though police discouraged organisation through disallowing registration, there was nevertheless a recognition that workers' group action could not be opposed. The mediation services were undertaken without specific instruction and without specific powers to require that any dispute be submitted to mediation, yet they were in fact a tacit admission on the part of the authorities of the right of group action. In the future when the Settlement comes under the control of the Chinese Government, it is to be presumed that its Labour Union Law will prevail. Under this the right of group action is specifically recognised, though it is hoped that administrative controls over organisation as

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633 given in the earlier part of this chapter may not mean some lack of
468 freedom of action on the part of unions.

One important result of the years of mediation in Shanghai is the education which many workers underwent in the process. Though there was little formal organisation or union activity, groups of representatives of workers in individual plants learned what group action meant during negotiations. It is not too much to hope that some of those workers who represented their fellows in negotiations, whose right to be heard was so patiently upheld—sometimes through interminable arguments—had an experience which may make of them the labour leaders of the future. This, at any rate, was a conscious aim of those mediating. In the conviction of individual workers that group organisation would serve the interests of the general body of workers lies the germ understanding of what a labour movement means. Perhaps a useful contribution has been made.

CHAPTER VII

HOUSING

OFFICIALS OF THE Shanghai Municipal Council gave much thought to the question of housing congestion in the Settlement. The Commissioner of Public Works, writing of the situation in 1935, stated: 362 511

"The poorest people of this country, through age-long poverty and hardship, have become inured to a condition of living which, in some other countries, would be thought insupportable. Overcrowding, however, is not confined to the poorest classes, nor to habitation . . . and is a vast social and economic problem which can only be solved gradually by the Chinese people. As far as Shanghai is concerned, serious overcrowding is a permanent and widespread condition from Hongkew Park to the Southern Station, and from Lay Road to Avenue Haig. Political disturbances in the past (first in 1861) have often led to an influx of refugees. It is inevitable that at such times new standards of overcrowding are established more or less permanently, and from general observation it would appear that overcrowding had increased in the past decade. Actually it is overcrowding in the first instance that makes high rents possible, and it is because of overcrowding, and the consequent high rents which have been possible with but a trivial addition to the cost of the buildings, that capitalization of the increased net rentals goes on to the land and creates a high land value that it is difficult to break down."[1]

How true these words were was to be tragically demonstrated in 1937, two years later, when the influx of refugees fleeing from hostilities was to produce worse overcrowding and higher rentals than Shanghai had ever experienced before.

According to the 1935 census figures, there were in that year 1,120,860 Chinese residents in the International Settlement or more than 99½ per cent of the total population. A count of heads for food supply purposes in February 1942 put the figure at 1,800,000, a number considerably less than generally believed. At the turn of the century, when the first count of Chinese population in the Settlement was made, their number had been 345,276. In 162

[1] Quoted in the *Report of the Housing Committee*, Shanghai Municipal Council, 1937.

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162 1935 there were 38,915 foreign residents, of more than fifty nationalities. In 1870 at the time of the first census of the foreign population, foreign residents had numbered 1,666, and 6,774 in 1900.

Normally 1940 should have seen the taking of the quinquennial
579 census which had been carried out regularly since the initial years mentioned above. The Council, however, decided to dispense with
625 census-taking in that year. Police, with whose assistance the distribution and collection of census papers were accomplished, were preoccupied in combating serious armed terroristic activities. Moreover, Chinese members of the Shanghai Municipal Police had not completely resumed their former duties in the area of the Settlement north of Soochow Creek, in which Japanese military authorities continued to exercise military functions, and without
362 police help census-taking was not possible. Great congestion per-
162 sisted in the area south of Soochow Creek, but as a result of the destruction of many dwellings in 1937 during the fighting north of the Creek, the congestion per unit area there was less than formerly. The 1942 count of heads provided none of the usual additional information sought by a Settlement census. Hence it is necessary to rely on 1935 figures.

What was the population density in 1935? The basis of computation was the number of persons per unit area—in this case the number per acre. In the most densely populated police district, the figure was 547 per acre; a figure of more than 300 per acre obtained in nineteen police districts. A non-scientific, but for the average person a revealing, method would be to state the average numbers of persons and families per house, even though the size of the houses might vary.[2] Actually there is a certain uniformity in

[2] COMPARISONS OF CHINESE POPULATION AND HOUSE OCCUPANCY
(at five-yearly periods)

		Chinese Houses	
Year	*Chinese Population*	*Occupied*	*Unoccupied*
1935	1,120,860	74,952	6,967
1930	971,397	72,686	1,509
1925	810,279	65,474	2,357
1920	759,839	60,472	517
1915	620,401	54,083	1,856
1910	488,005	47,703	4,305
1905	452,716	44,316	1,012
1900	345,276	36,902	6,021
1895	240,995	29,851	800
1890	168,129	21,976	1,508
1885	115,170	18,513	3,064
1880	99,198	16,283	1,158

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the type of houses in which Chinese families live in the Shanghai foreign areas so that the "house" unit has some meaning. Of 41,160 houses in which 113,286 families lived in the most congested areas, the modal figure, that holding for the greatest number of families, namely 22,764, was four families to a house. The median figure was 4.6 families. Expressed in terms of persons, the mode was 24 inhabitants per house. 362 162

In the summer of 1938, a year after the outbreak of Sino-Japanese hostilities, the manager of a large textile mill requested a study of the living conditions of workers employed in the factory, the majority of whom lived in the usual type of house. It was found that the modal number of families in 60 houses studied was 7.22; the median was 5.81.

Housing developments where the bulk of the Chinese population lives consist of row after row of two-storied houses,[3] the rows separated by alleyways. The so-called "Chinese house" represents a recognised type of building construction in which the frame is made of native Foochow poles or of imported Oregon pine. If Foochow poles are used, the height is limited by the length of the poles, which in general permit two-storey buildings, each floor ten to twelve feet in height. The width of the house is usually eleven to twelve feet, and the depth varies from twenty-four to forty feet. The house itself originally contains a single front room downstairs, and a kitchen behind, with two rooms above. By the construction of horizontal and perpendicular partitions, however, spaces are provided for additional families. A principal tenant rents the house from a landlord, and by sub-divisions produces what Chinese call *pai ke hsiang*—a dovecote, with cubby-holes in each of which a family lives. 342 362

The typical Shanghai "Chinese house" is entered from the small courtyard in the front. One steps into the main downstairs room which is often the residence of the principal tenant, who may cut off a narrow passageway to provide the other tenants with access to their own quarters, or may permit his own room to be the passageway. As a rule, he builds a vertical partition toward the back of the room, thus making a second room which lacks a window. This room in turn may have a horizontal partition, creating an upper space, access to which can be obtained half-way up the

[3] In later years three-storied houses have become common.

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342 stairway. This dark loft may be the only home that many a family
362 knows. The kitchen, at the rear of the house, may or may not be used for its original purpose; more likely it is the residence of yet another family, while portable coal-briquette stoves are placed anywhere for cooking purposes. In the same way the upper front room may have both vertical and horizontal partitions, making spaces for other families; and the room above the kitchen will house yet another household. The area for each family is obviously minimal.

511 The alteration of buildings without permit was illegal. Applica-
362 tion should be made to the Building Surveyor of the Public Works Department for permission to carry out any building alterations. In practice, however, it was very difficult to detect interior alterations while they were being made. While theoretically the removal of unauthorized structures might be required, and while the Building Surveyor waged a vigilant struggle against such structures, there were certain difficulties in the way of complete enforcement. Not the least of these difficulties was the fact that the earnings of the majority of the Chinese population were insufficient to permit them to rent larger living quarters than they actually occupied. The basic cause of housing congestion was economic. As we have seen, the earnings of a principal wage earner were in general insufficient for the needs of his family, nor did the average total wages earned by all family members meet these needs. Under these circumstances it is obvious that a family will pay as little as possible for rent, and will occupy an unbelievably small space in order to reduce rental expenditure.

633 THE SETTLEMENT WAS by no means complacent in the matter of
362 its bad housing conditions. At the annual meeting of ratepayers in 1936, a British resident proposed the following resolution:

"Whereas the constant growth in the population of this Foreign Settlement has been accompanied by a rapid development of industrialism and many changes in the living conditions of the people: and

"Whereas serious public concern has been manifested over the resultant housing congestion and other unfavourable conditions associated therewith: and

"Whereas no definite steps have been taken toward the examination of the problem with a view to possible measures for preventing its further aggravation,

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"The Shanghai Municipal Council is now requested to appoint a Commission, with wide terms of reference, to investigate the housing situation and to publish a report thereon with such recommendations as the Commission may see fit to make." 633 362

With slight amendment the resolution was adopted.

The Committee, when appointed, set about the examination of the housing question over a wide field. Apart from the general survey, one sub-committee concentrated on the question of the Council's administrative powers and on its building rules, while a second examined the obviously basic economic aspects of the situation.

In its findings the Committee recommended many technical methods which might control building alterations, encourage the erection of new types of dwellings in which a single room designed for the purpose would accommodate a single family, encourage the erection of small buildings to be used solely for industrial purposes, and discourage the future occupation of domestic premises for industrial uses. Specifically it recommended that no further "lofts" be permitted, in this way attempting to reduce the numbers of families which a house could contain. On the economic side, it was suggested that the Council should appoint a committee to consider means for the reduction of rent, and for the improvement of hygiene. Study was requested of such measures as public subsidy of housing schemes, reduced assessment of cheap house property, co-operation with extra-Settlement authorities in housing, improved cheap transportation, and increased wages. One recommendation was made which, in the light of what occurred upon the outbreak of war less than four months after the presentation of the report, seems particularly ironic—"discouragement of excessive population influx."

This report was considered by a special committee of the Council, modified somewhat, and finally adopted by the Council in June 1937. The general banning of lofts was not approved; it was thought preferable that poor families should continue to occupy crowded lofts than that they should be forced onto the street. A recommendation was adopted which set up a standing committee including the Commissioners of Public Works and Health and the Chief of the Industrial Division, to study and report on the eco-

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362 nomic and social recommendations. The early onset of hostilities
633 precluded action.

On August 13 fighting broke out, and the city entered a most difficult period from which, down to August 1942, it had not emerged. If a housing problem existed prior to hostilities, it was more serious later. If difficulties were experienced in finding remedies then, they were rendered almost insuperable by the influx of a refugee population which largely remained in the city.

342 IT HAS BEEN POINTED out that the provision of housing by owners
362 of large industrial enterprises was frequent.[4] This may take the form of factory dormitories, accommodating single men or women within the factory compound. Or it may be that the management constructs houses of the usual type which are let to workers, often at rates below the rate ruling in the city generally. The Division's view was that dormitories were not desirable, for workers housed in them were in the position of being virtually under the direction of employers both during their working and their leisure hours. Admittedly the physical conditions in some dormitories were better than those within the ability of low-paid workers to obtain in the community; but the freedom which the right to leave the factory at the close of the day represents may not be dearly bought by accepting less good housing outside. Employers took the view that they were conferring a benefit in the provision of housing at cheap rents, but such payment in kind is close to the old evil of "truck." Adequate wages for workers to obtain their own housing are desirable.[5]

633 Controls over dormitory development were exercised in the first
342 instance through the Building Surveyor, who carefully calculated the per capita air space for the number of beds which it was pro-
362 posed to install. Through the Industrial and Social Division, progress was made in obtaining the installation of bathroom and laundry accommodations, and more recently of ventilation systems, in

[4] See the discussion of Employment Relations, Chapter V.

[5] In June 1941, one enterprise which housed 330 men in a dormitory on a mill compound and intended to erect a second building to house 300 women workers reversed its policy. It added $10 per month to the wages of all employees, men and women, to help them to find housing elsewhere. It continues to supply hot baths, and provide laundry facilities, activities in the best "welfare" tradition of western countries. A second millowner who had not thought of dormitories in the light of limitation of freedom abandoned extension programmes.

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new dormitories. Provision for rooms for drying workers' clothes by steam, instead of having them hanging damp, depressing and unhygienic in already crowded bedrooms, represented further betterment. Standards were rising. The happiness of workers in dormitories is conditioned also by psychological factors. In an effort to enlist dormitory matrons in the campaign for better conditions of dormitory life, a course of discussions over six weeks was held. Thirty-six women from twenty-six factories came, their interest increasing as the course proceeded. Hygiene in the dormitory, food, provision of recreation and education, and some talks aimed to interest the matrons in achieving harmony and more ordered living were among the subjects discussed. Individual visits were paid to the matrons and they were encouraged to come to the office of the Division for consultation and refreshment in their task.

633 342 362

REFERENCE HAS BEEN made to the high rents which the overcrowding resulting from hostilities produced. Rents in 1942 were almost five times what they had been in 1936. To some actual property owners this figure seemed fantastic. By rulings of the First Special District Chinese Court, rentals of those lessees amenable to the Court were not permitted to be raised by more than twenty per cent, which means that the property owner did not receive more than twenty per cent above his 1936 rate. His costs meantime increased greatly. Charges for water consumed in many cases equalled the rent received. For the purpose of the cost of living index figures, actual "retail" rentals paid by sub-tenants who rent a portion of a house from the principal tenant were considered. The principal tenant, taking advantage of the enormous demand for housing produced by the hostilities, raised the rentals of his sub-tenants on every pretext.

511 427

To discover the extent to which principal tenants were exploiting the housing shortage and squeezing the last cent possible from their sub-tenants, a study of the problem was made by Council officials in 1940. A typical situation was found to be as follows. The principal tenant paid his landlord an annual rental of only $960, although investigation of investment, water costs, which the landlord met, and other charges demonstrated that he should, instead, have paid $1,398. In rentals from his sub-tenants, however, he took in $2,004, in addition to the value of the space which he

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511 occupied, worth another $550 to him—or $2,554 in all. Admitting
427 that he was entitled to a certain return on his investment and for services, and putting this at the generous figure of twenty-five per cent, his excess profit after all charges was $453, approximately fifty per cent of his initial rental.

In face of sufficient houses for the increased population the find-
511 ing of any basic solution to the situation proved difficult. During
427 1940 Council officials and committees sought means to relieve the obviously exploited sub-tenant and to give the actual owners of
633 houses a return on their property more in keeping with their increased liabilities. Every conceivable method was considered. The proposal was made to property owners, for example, that they might let directly to sub-tenants, eliminating the functions of principal tenants, but many legal difficulties appeared. Tenants on monthly leases had a virtually perpetual lease, as interpreted by the Chinese courts. A suggestion was made in 1940 that controls might be exercised through licensing sub-lessors. Legal advice then held that it was not within the Councils competence to license sub-let premises. Competent Chinese advisers warned against instituting a procedure which might create difficult relations between the principal tenant and his sub-tenants. In the housing shortage, they stated, no sub-tenant would dare to take advantage of a provision aimed to reduce his rentals. Without a new dwelling to which to go, he would rather pay his present rent than create a strained situation finally forcing him to move.

But emergencies frequently shake authorities from their purely legalistic interpretations, sometimes with social betterment in consequence. After the outbreak of Pacific hostilities in December 1941, it was apparent that unemployment consequent on this development would make it impossible for many, even those formerly well placed, to pay ruling rents. Accordingly the Council issued a notification forbidding landlords to evict tenants during a period of three months, and instructed landlords and tenants to reach mutually satisfactory rental relations without recourse to the Courts. A Conciliation Board was established to mediate rental disputes between landlords and tenants. Sanction of the Consular Body was obtained for a new Byelaw to require a licence to sub-let and to make the acceptance of key money illegal. Through the licence the rentals of sub-let premises could be controlled. From

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the point of view of the people's livelihood, this measure involving control of rentals of 250,000 families was potentially an important social instrument. By the conditions of licence, the licensee had to post in a conspicuous place the exact rental paid by him to the landlord, together with his outpayments for municipal rate, licence fee, water and light charges if the licensee supplied light to the sub-tenants. Upon the basis of these total charges the sub-lessor might make a profit of not more than 20 per cent or a similar profit proportionately for any portion of the house sub-let. An important provision stated that no addition might be made to a sub-tenant's rental to compensate the licensee in respect of any money paid for alterations made to the premises. The significance of the key-money provision will be discussed later.

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In the first quarter, 42,000 licences were taken out. An inspection staff paid 19,000 visits in this quarter, first instructing as to the necessity for obtaining a licence, then as to the method of computation of the rentals of various locations. To reinforce the efforts of the inspection staff 65 cases were instituted in the First Special District Court. Fines up to $250 and in five cases imprisonment, in one case up to six days, were inflicted. By the end of the first three months it was calculated that the rentals in 30 per cent of the sub-let premises had been adjusted in accordance with the provisions of the licence. By the licence conditions also, sub-let premises further sub-let could not earn any further profit. Since this practice had been very common the provision was a further factor in keeping down the people's rent.

Key money is a lump sum payment demanded by a landlord before he will give tenancy of a house: or by a tenant in the transfer of a lease: or by a tenant wishing to sub-let. It is not recoverable. When housing shortage is acute, key money for accommodation may be many times the monthly rental and can run into thousands of dollars for a house whose monthly rental is one or two hundred. The Byelaw forbade the demanding or taking of key money, or the taking of money in excess of the market value of furniture or fixtures for any premises let. Cases of key money came easily to light, through newspaper advertisements on the part of those not yet cognisant of the new ruling, or through information obtained by inspectors on their rounds. The support of the Court was obtained in applying the penalty of detention upon proper legal

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511 basis but contrary to usual practice in cases involving infraction of
633 a Byelaw. A judgment of three months' imprisonment was handed
down in one case where the accused was charged with taking $20,-
427 000 key money. When the sale of furniture and fixtures was involved, valuation by the Court's valuers was obtained, on the basis of which a case was instituted if it was found that the sum asked in the transfer of premises was greatly in excess of the value of these items. It will take a considerable period before key money will become recognised as being illegal, and there will always be cases where payments are made secretly. There will always be those ready to pay illegally for what they cannot obtain otherwise. Nevertheless a beginning was made in destroying the value which accrues to the tenant from the mere holding of a tenancy. Related to the question of key money was the provision in the licence to sub-let that not more than one month's rent could be collected in advance. Without such a provision a lump sum payment could be passed off as rental in advance, though monthly rentals would, in fact, also be collected.

362 The licence to sub-let aimed also at improving actual housing
633 conditions. It required that the kitchen in a house might not be sub-let for residential purposes. It provided that passages must be kept free and rear and front entrances available for use at any time. If conditions become such that housing shortage becomes less acute, the instrument of licence could be used further to require improvement in housing conditions. Use of lofts as living accommodation, for example, might ultimately be forbidden.

There exists another instrument which might be invoked. A
744 proposal by the Council to prevent overcrowding was approved
362 in the form of a Byelaw by the Ratepayers' Meeting in April 1941. For years its necessity had been admitted, but difficulties in obtaining a quorum of ratepayers had prevented this and other needed reform measures from securing formal approval. It was understood that the Commissioner of Public Health would apply the Byelaw with discretion, at first only in the most flagrant cases, because of the housing shortage.[6] Nevertheless its existence provided an instru-

[6] *Byelaw against overcrowding*: "Every building or any part thereof found to be inhabited in excess of a proportion of one person for every thirty square feet of habitable floor space, or superficial area, and four hundred cubic feet of clean and unobstructed internal air space shall be deemed to be overcrowding, and the householder shall be liable to penalty or fine not exceeding twenty-five dollars."

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ment in urgent cases, and it brought the Settlement into line with municipal administrations elsewhere in that provision existed under which action could be taken. 362 744

It is obvious that an overcrowding such as has been described cannot mean adequate life for those who must submit to it. Tuberculosis incidence rose sharply in Shanghai in the years following 1937 when congestion was so great. Many virulent diseases such as smallpox, cholera, and in recent years typhus, are endemic and their spread, despite the prophylactic efforts of public health authorities in encouraging vaccination and inoculation, was obviously assisted by crowded conditions. Moreover, the chapter on food and nutrition will show a corollary of housing congestion, when even the kitchen in houses which are inhabited by many families is often sub-let, is that there are no proper facilities for cooking. Food therefore cooked in small foodshops or by itinerant vendors forms the basis of the meals of many families. Proper nutrition is impossible under such circumstances. Again, most alleyway houses have been built without sanitary accommodation. Every family must then have its wooden bucket in the room which is its only living room. Public toilets are insufficient for the people's needs and there is consequently frequent befouling of the alleyways. The wonder is that under such housing there exists in Shanghai a self-respecting fine population, maintaining a personal cleanliness almost incredible to believe in the ruling circumstances. For them surely a better housing opportunity must be presented after hostilities have ended. 166 744 362

THE SHANGHAI OF THE future will not be the divided authority it has been in the past. The two former foreign-administered areas will presumably come under the general authority of the Chinese City Government following the retrocession of the Settlement to Chinese administration by Great Britain and the United States. The development of proper transportation systems connecting the Settlement and Concession with the surrounding areas previously under the City Government must be an early consideration. They will open up areas for residence unavailable till the present because of their inaccessibility by cheap means of transport. The Shanghai of the future will, too, it is hoped, be planned on modern lines, where adequate authority will permit proper controls over 000

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000 the location of industries. It is not too much to urge that there could be housing, however simple, which is not invaded by industrial processes and the noise of machinery, and that something more than the bare subsistence housing which has been described should be considered to be the lot of the people. Indeed, if from the destruction which has taken place and may yet take place there can ultimately arise a better planned city, perhaps some of the great cost to the present generation will prove to have been of advantage to the next. In the Shanghai to come it is certain that enlightened Chinese authority will do all in its power to see that the terrible conditions of the past give way to a better future.

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CHAPTER VIII

FOOD AND NUTRITION

AT A TIME WHEN Shanghai is militarily occupied following the outbreak of Pacific hostilities, and its food supplies subject to willingness of the Japanese military to provide them, one is apt to think of the problem of food entirely in terms of whether or not there will be any at all. From the moment of the commencement of hostilities in August 1937, the question of food supply held the concern of the Settlement authorities. Two days after the first shot was fired in the Shanghai area, the Supplies Committee of the Shanghai Municipal Council met and through the intervening years dealt with the problem actively and continuously. 262 722

The problem at first was what the city would do when it was cut off from its hinterland, the rice-producing area; when fighting moved back into the provinces and destroyed the autumn rice crop; when rice boats would no longer bring rice to the city. In 1932, when there had been five weeks of fighting in the Shanghai area, rice boats had feared to come into the city, and trucks had been sent out to meet them beyond the fighting zone, to bring in needed food. Rice, which then usually sold at $10 to $12 per *shih* (172 pounds), rose to the high price of $17 to $18 because of fear of shortage, and fell with what at that time seemed a dramatic drop when the supplies were brought in and the feared shortage did not eventuate. Those who had planned the small adjustment needed in 1932 found that more drastic measures were necessary in 1937 and later. 262 438 727 [435]

The provinces nearest to Shanghai are rich rice-producing areas. Through part of Kiangsu province winds Soochow Creek, and from Chekiang province into Kiangsu flows the Whangpoo River, to meet in Shanghai. Down both of these waterways in normal times came a succession of large rice boats, and from Wuhu above Nanking on the Yangtse River larger steamers laden with grain. In general it was a simple trade. Rice was sent on consignment to rice merchants in Shanghai, and payment was later made to the interior

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438 chiefly in the form of the city's cotton textiles, soap, cigarettes,
262 matches, and rubber shoes. In addition, through importing firms,
722 a certain amount of foreign rice arrived, usually from Indo-China; but Saigon rice was considered inferior, and Chinese rice was preferred when it was available.

It was obvious that when the city was surrounded by Japanese troops, its waterways could no longer be used for the transportation of rice. Immediately after the outbreak of hostilities the Shanghai Municipal Council placed orders in Saigon for 7,000 tons of rice, and chartered ships to bring it to the city. But because fighting was taking place across the Whangpoo River, the ships would not enter it, and it was necessary to send steel lighters by tug out into the Yangtse mouth to off-load the rice. This rice, stored in godowns all over the area south of Soochow Creek, was available when in November 1937, the expected severance of supplies from the interior occurred.

It was then hoped, as time went on and hostilities were removed further from the neighbouring provinces, that normal trade relations with the hinterland might be restored. For a time rice did come into the city in fair quantities. But increasing controls exercised by the Japanese military, who gave Japanese firms the privilege of collecting rice with reservation for military use, and increasing difficulties of obtaining rice in the growing districts due to various factors, by 1940 compelled Shanghai to rely almost en-
511 tirely on rice imported from Saigon. The steep rise in cost of living
439 in Shanghai dates from the commencement of dependence on for-
722 eign sources. It was tragic that Shanghai should be tied to foreign exchange in order to feed its population at a time when the exchange value of the Chinese national currency was falling.

Other factors soon intruded. Freight rates and insurance charges rose month by month following the outbreak of the European war and added their share to the increasing cost of imported rice. But the situation was to become even worse. During the autumn of 1940 Japan was engaged in gaining control of northern Indo-China, with the result that after early February 1941, no orders for rice would be accepted in Saigon until the Japanese demand for 700,000 tons had been met.

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262 WHERE, THEN, WAS Shanghai to get rice? Renewed efforts to obtain
438 rice from Chinese provinces near Shanghai failed. Prior to the sign-

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ing of the treaty with Nanking on November 30, 1940, it was announced that high Japanese military authorities in Nanking had agreed that, subject to meeting the needs of the army and with certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai. 262 438 722

There were ample stocks of rice in Burma, but there were no ships to bring it to Shanghai. This was well known, not only to rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*. 435 262

It can readily be understood that with such difficulties in feeding the Settlement, major emphasis had to be placed on ensuring supplies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937. 262 579

The distressing effects of high prices were illustrated by the practice of "rice sweeping" (and, indeed, the snatching of other commodities such as raw cotton) which became a frequent sight in the city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled. 685 262 435

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council had intervened to bring rice to Shanghai, it had no desire to interfere with the normal trade in rice unless forced by circumstances to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under 633 438 262

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633 the chairmanship of one of its own members to deal with the
438 matter.

But it proved impossible to secure the desired ships, and the out-
262 look for Shanghai appeared dark. The authorities were therefore much relieved when in April the Government of Hongkong requested the Shanghai Municipal Council to act as its agent in disposing of stocks of Rangoon rice which had been held in Hongkong as a reserve but could not be kept indefinitely without deteriorating. An arrangement was concluded whereby the Council agreed to receive enough for the Settlement's needs at a price which would enable the Hongkong Government to replenish its stocks through imports from Rangoon.

262 On April 26, 1941, when second-grade Saigon rice was quoted
435 at $126 per *shih* in the Shanghai rice shops, the Council announced its intention to import Burmese rice from Hongkong. Speculators
438 who had been hoarding rice made last-minute efforts to sell at high
633 levels. Prices rose steadily until May 3, when $145 was quoted for second-grade Saigon rice, but during the next fortnight they dropped, until May 17, when Council rice at $110 per *shih* was placed on sale in the retail shops. The "racket" for the moment was broken.

435 Ever since 1937, the Council's Supplies Committee had wrestled
633 with the question of price control. The rice trade appointed a "Shanghai Rice Price-Fixing Committee" whose decisions could,
262 according to Chinese Law, be enforced in the First Special District Court. During 1939 it fixed a price endorsed by the Council, of $40 per *shih*, which, however, was soon exceeded; and a "black market" developed where deals were consummated at prices considerably beyond this price. During 1940 the question of price-fixing generally was again exhaustively examined by a special sub-committee of the Supplies Committee. One result of its work was the adoption by the Council of measures requiring clear marking of the prices of daily necessities sold in the Settlement. The aim of this was to induce competitive selling on the part of vendors, and to permit the buying public to discover where goods were most reasonably priced. The Council, together with the French Concession administration, published regular price lists of necessities, also with the idea of informing the public where goods could be most reasonably purchased. In June 1940 the Council established

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a Price Investigation Office within the Public Health Department in an effort to curb profiteering and to check abuses in connection with food supplies. After six months' intensive work, this Office recommended that price-fixing should not go beyond voluntary measures.[1] The report listed the following arguments against the introduction of compulsory price-fixing of basic commodities at that time:

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1. The magnitude of the problem and the lack of means on the part of the Council successfully to enforce compulsory price fixing in the International Settlement, where so many different national laws apply.[2]
2. The present abnormally high cost of nearly all staple commodities, due primarily to the military occupations of the areas surrounding Shanghai resulting in various forms of interference with the normal influx of such commodities. Whether the interferences are due to military necessity is beside the point, because, in any case, no fundamental solution of the problem can be accomplished without the assistance and good will of the Imperial Japanese Forces.
3. The question of the value of the local currency. Its effect, directly on imported goods and indirectly on domestic products, is beyond any control measures the Council might wish to enforce.
4. The fact that the Council would be unable to fix reasonable profits for importers and wholesale dealers. Control of retail prices alone will always be of a petty nature as long as no shortage of supply exists. Business competition and ordinary common sense amongst the purchasing public should tend to render retail profiteering relatively insignificant.
5. Should it be decided to fix maximum prices both for markets and shops, two or perhaps three different prices would have to be fixed for identical products in accordance with the location, class and overhead expenses of the various shops.

THERE WERE SEVERAL efforts to make staple foods available to poorer sections of the community at less than ruling prices during the period prior to the outbreak of Pacific hostilities in 1941. The "Shanghai Rice Cheap Sales Committee," composed of senior

[1] There was some basis for such a recommendation, even though the situation was such that control was necessary. In Shanghai where many nationals had extra-territorial rights, the means to secure compliance through national consular courts were difficult to find. The Council was of course quite unable to control the purchasing power of the Chinese currency.

[2] In October 1941 the Provisional Council, acting under new powers conferred on it by the Ratepayers in April 1941, passed a Byelaw aimed to control profiteering and hoarding. A Municipal Byelaw is enforceable against nationals of all countries, and overcomes the difficulty of differences in national laws.

3: Hinder G-5 (1938-1942) 1944 AF15 East China AF15

435 members of the Chinese community, purchased broken rice and
262 sold it through rice shops to the needy through eight periods of
633 several weeks each. A total of 223,200 bags was distributed, the organisation making a contribution of more than two million dollars, the difference between the cost of the rice and the returns through sales at lower prices. In a similar effort to supply food to the poor, from February 1940 onward, the larger Chinese flour mills made available several thousand bags of flour daily at considerably less than the market price, to be sold in small quantities, also through shops regularly selling flour. More than two and a half million bags of flour were thus provided. Several importing firms also played their part in handing over ten per cent of all incoming flour consignments, totalling 185,000 bags, to reliable dealers for sale to actual consumers. Important as these efforts were they could not ease to any great extent the difficult situation.

741 The very substantial arrivals of rice and wheat from the Amer-
262 ican Red Cross for relief purposes also played their part. This
146 grain was distributed to organisations caring for numbers of needy people. Many refugee camps, hospitals, and institutions caring for children were the recipients of this food. The form in which the wheat came proved to be particularly suitable. It was "cracked wheat," wheat submitted to the first processes of milling only, consisting of the whole grain merely cracked. In consequence the precious germ of the wheat was still present, containing within it the important vitamin B complex which is significant in nutrition and in the prevention of such recognised dietary deficiency diseases as beriberi. The nutritional results for those fortunate enough to receive it were dramatic. Instead of gross signs of deficiency and the less dangerous but serious malnutrition which were everywhere prevalent, by comparison a glowing health appeared in institutions using the cracked wheat, though it could not provide all the needed protective foods.

435 In August 1941, the Chinese Government ruled that foreign
633 exchange would be obtainable only through its Stabilisation Board.
439 It then appeared that an instrument might become available which
262 would give the Council actual power to control prices of imported staple products other than rice which was already controlled through the agreement with the Hongkong authorities. The Board was sympathetic to the view that exchange for essential commodities

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should be granted only through the Council; and the Council in turn would allot it only to those merchants who would sell to retailers at a price fixed from time to time by the Council. As a means to control the final sale to the people, the Council sought and obtained from the Consular Body approval of a Byelaw empowering it to control prices at retail. On November 9, 1941, a Proclamation fixed the retail price of all imported rice at $130 per *shih*. The registration of all stocks of rice and flour was called for, and all movement of these commodities without a permit was forbidden as a means to keep them under control.

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THIS WAS THE FOOD situation when Pacific hostilities supervened on December 8, 1941. It was fortunate that controls over essential commodities had begun, for there was thus in being the nucleus of what was, within six months, to become an extensive organisation controlling the issue and price of rice, flour, and other commodities. The Council had even, before December 8, examined in some detail what would be involved in rationing.

633 262 435 439 434 722

Soon after the opening of 1942, the Council issued a notification requiring holders of stocks of imported rice and of flour to deliver them against delivery orders issued by the Council, thus requisitioning at a fixed and fair price the stocks which the city held. It proved fortunate that in the early months of 1941 the hope of gain had induced many merchants to import large stocks of rice, for these proved sufficient to meet the needs of the Settlement and Concession at the reduced consumption rate required by the Japanese authorities during the first five months of the year. Indeed, in this outcome lay some justification for the lack of earlier rigid price controls which might have acted as a deterrent to importers. Stocks of native rice were not taken into consideration since, as has been shown above, the Japanese military had controlled the collection of native rice for the previous two years, using it for their own purposes and allowing virtually none to reach Shanghai.

The methods used in the spring of 1942 for the husbanding of precious stocks of imported rice were: reduction in the number of shops licensed to sell rice, fixing the number of days on which rice could be bought at three each week, limiting the selling hours on these days and reducing the amount of each sale to one *shun* (1.72 pounds) to any one person. There were in consequence long rice

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633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the
439 efforts of the police to control the lines. Because of this situation,
434 "rice rustlers" stood in the queues, securing the amount permitted
722 to be bought, which they then sold at more than the official price. It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures
511 undertaken to secure essential commodities. Before Pacific hostili-
722 ties developed, through an Association of Importers and Manufacturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

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a matter of regret that control of vegetable oils, so important in the cooking of a Chinese family, could not be exercised by the Council. The Japanese regarded these commodities as materials of war. But stocks found their way uncontrolled into the market. In the case of sugar also, the Council was not permitted by the Japanese authorities to exercise controls. 435 633 262 511 722

The cost of living continued to rise despite the efforts of the Council to control the prices of the most significant items as indicated in the preceding paragraphs. The rise was particularly evident when, toward the end of May, Chinese National Currency depreciated day by day till two national currency notes were equal to one Central Reserve Bank note issued by the Nanking Chinese authorities. Prices then naturally rose in terms of Chinese National Currency. When, in June, it was announced by the financial authorities that Central Reserve Bank notes would henceforward be the only legal currency, most shopkeepers merely altered the enhanced National Currency prices unchanged into prices expressed in Central Reserve Bank notes, automatically doubling them. The Council attempted to halt this process by issuing a notification that prices should not exceed those of the last week in May, but with little success. Shopkeepers claimed that replacement costs would exceed the prices of the end of May.

It became apparent therefore that extensive machinery to examine the fair selling prices of a wide range of commodities must be set up. Prices for many food items, including milk, were carefully examined: the selling prices for woollen, silk and cotton cloth of standard grades, and of shoes, were studied: and many other items and services came under close scrutiny. 435 434 633

To enforce selling at official prices, the selling of permitted quantities, to penalise those who refused to sell, who did not display price tags, who moved goods without a permit or without a valid permit, or who did not comply with other emergency regulations, some enforcement machinery had to be set up. For a time after December 8, 1940, the Court, formerly staffed by Chungking-appointed judges, did not function. Later it was taken over by Nanking authorities. But enforcement of emergency requirements could not await the re-opening of the Court, nor, it was felt, could the already overworked Court handle the many cases of infraction of new regulations. Accordingly an enforcement machinery was

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435 established within the Council's administration. Those found in-
434 fringing the regulations were given opportunity to show cause why
633 they should not be penalised and thereafter, if found guilty, were given an option of having their licences withdrawn, their premises closed, or making a money payment. Most chose the last-named course.

The machinery worked well and justly, but was an instrument of enforcement only. If initial policies were not well based, failure to control could not be laid at the door of the enforcement office. The weakness of the whole of the Council's efforts at price control was that in practice the Council could attempt the enforcement of prices at retail only. It had actually obtained an alteration to Bye-law 51 to permit it to control wholesale prices, but in fact control of prices of all commodities in wholesale quantities was in the hands of the Japanese authorities, chiefly the Asia Development Board, the economic organ of the army. Without ability to control wholesale prices, control at retail was ineffective to influence sufficiently the cost of the people's living.

434 When rationing was instituted, the average ration of rice was
633 1½ *shun* per person per week. For workers in municipal and pub-
252 lic utility enterprises a total ration of 4½ *shun* per week was allowed, and for those in other industrial enterprises, 1½ *shun* per worker in addition to the ordinary civilian ration. The normal civilian consumption of rice was thus cut by about three-fifths, according to figures of consumption obtained in standard of living studies. As a compensation a flour ration considerably larger than the usual flour consumption was given. The people did not, however, take up this large flour ration. Flour is a product which requires the possession of cooking facilities to deal with it. Few simple Chinese households have anything more to cook with than a stove some eight inches in diameter, of earthenware usually, in which an open coal briquette fire can be built. Rice can be boiled on this, but flour cannot easily be cooked on it. Noodles, a flour product bought as such can be boiled on it, but free flour takes a basin and board, and other cooking facilities, before the flour can be used. The Division was able to urge with some success that the rice ration should more nearly comply with the known standards of consumption.

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THE PUBLIC HEALTH DEPARTMENT of the Shanghai Municipal Council exercised constant and vigorous supervision over the food supplies of the Settlement. Both incoming livestock and meat supplies were carefully inspected, the erection of a modern abattoir by the Council in the last decade having materially contributed to a sound meat supply. Dairies increased in number, and, through the efforts of the authorities, improved in quality. The sale of milk was under strict control. Positive measures were taken to induce dairies to use modern procedures. Market produce was inspected daily, both on its way into the city from outlying farms and after it had been placed on sale; food vendors on the streets and all food shops and stalls were subjected to licence and supervised. Bakeries also came in for close attention. In short, all that could be done to reduce food contamination, and hence to limit the incidence of germ-borne disease, was done by the authorities. 744

IN THE LAST DECADE interest has been growing in China in the study of nutrition. Much useful scientific knowledge has been accumulated, particularly through the work of scientific investigators associated with the Henry Lester Institute of Medical Research, the Peking Union Medical College, and Yenching University. The existence in Shanghai of large camps of destitute refugees after the outbreak of hostilities in 1937 gave scientists a sad but useful opportunity to study the results of various minimal diets. Little of the available knowledge had received popular attention in the city. 654 816

Reference has been made to the fact that workers in many industrial undertakings, and indeed in many commercial enterprises, were housed and provided with food where they worked.[3] In larger plants food might be bought, cooked and served by the factory. In smaller ones the supply of food to workers was undertaken by a *pao fan-ti*, who delivered to factories food cooked elsewhere. Remuneration has been, then, for many workers partly in food. Under these circumstances it is important that a knowledge of nutrition, and of the effect of malnutrition on the health of employees, should be general. There has been a general acceptance of the obvious fact that if workers are not properly fed—and improper feeding is commonly associated only with insufficient food 146 164

[3] See Chapter IV.

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146 —they will not work well. What has been too little understood is
that the wrong food as well as insufficient food can produce inefficiency and disease. Even before the 1937 refugee influx, beriberi
164 was prevalent, especially among young workers newly arrived from the country and as yet ill adapted to the polished-rice diet of the city. On humid summer days it was not uncommon to have the Council's ambulance service report that a young worker had been taken to the hospital in a state of collapse, and that collapse was sometimes fatal. The cause of death often proved to be acute beriberi, an acute diet-deficiency disease which is induced by the absence from the diet of certain vitamins. This particular problem has been recognised by the authorities, and prior to the hostilities some beginning toward its solution had been made.

146 In 1937, the year of the outbreak of hostilities, an interesting
164 dietary experiment was in progress in the eastern district of the International Settlement. Under the joint auspices of the Henry
654 Lester Institute of Medical Research and the Industrial Division of the Council, some 75 young workers were fed in a "kitchen" established for the purpose. The scientific planning of the work was directed by Dr. B. S. Platt of the Institute. The boys were employed in the manufacture of flashlight bulbs, and while they worked were seated at benches, crouching over gas flames blowing glass and fixing filaments in glass rods. In the moist Shanghai summer the atmosphere of these workshops, which are usually in residences converted to industrial use, crowded and unsuitable, becomes almost unbearable. In the summer preceding the experiment, literally dozens of young workers had shown beriberi symptoms whose onset appeared to have been aggravated by the heat and humidity.

Leaving as controls certain of these flashlight factories to pursue their usual policy of food supply, the authorities induced the owners of three others to send their young workers to the kitchen for their meals three times daily. The owners paid an amount slightly less than they would have paid to other food suppliers—$4.60 per month per worker instead of $4.80.[4] The experiment began in February 1937, and was suspended when street fighting raged in the vicinity of the kitchen in the middle of August, six months later. During that half-year and through two and a half months of humid summer weather there was no evidence of any

[4] At pre-war dollar purchasing power.

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dietary-deficiency disease among the 75 workers fed in the kitchen, while many young workers in neighbouring factories acting as the scientific controls, were suffering from disease. 146 164 654

The country habit of storing rice in the husk, and dehusking only that portion which is necessary for the food of the family during the day, no longer holds for city life. Rice is dehusked in the country and transported husked and milled to the city to save transportation costs, and because highly milled rice keeps well. After long storing, however, residual fats present become rancid, and in order to make the rice palatable, it must be washed. First with the milling and later with the washing disappear the essential vitamin contents which prevent dietary-deficiency disease. The experiment was designed to prove that, if rice were stored in the husk, and only milled immediately prior to use, it was unnecessary to wash it, and the vitamin content, therefore, remained to check the onslaught of deficiency disease. No other change from normal food eaten in factories was made in the diet. No additional vegetables or fruits were given. Reliance was placed only on prevention of loss of vitamins in the rice. 146 164 654 256

The intention had been to make the kitchen the nucleus of a district food service which would apply the results of the study on a wider scale as a demonstration. It was ironic that war should have interrupted the experiment, and that it should not only have become impossible to make any application of the important facts demonstrated in the experiment, but that stocks of Chinese rice, milled or unhusked, should virtually disappear from the Shanghai market, and that the city should have to depend for the ensuing five years on imported rice, all husked, and very high in price. 146 164 654 435 262

It might be thought that, with the price of rice soaring out of all bounds, factory owners who supply food to their workers would reduce the quantity of rice supplied, mix it with other cereals, or vary it with beans. But both management and workers have a mistaken idea that, if at all possible, the usual number of bowls of rice must be provided, whatever happens to the "side dishes" of bean curd, vegetables, fish or, rarely, meat. In consequence, expensive imported polished de-vitaminised rice continued to be eaten in former quantities. If the "side dishes" were reduced, as they were in size and variety in order to decrease costs, this last source of nutrients also disappeared. It is small wonder, then, that by 1941, and 146 164 435 262

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146 before the even worse situation following Pacific hostilities, signs of
164 deficiency disease were apparent even among workers fortunate
435 enough to have full-time employment in factories.

262 There is much work for the Shanghai authorities of the future to do in the matter of food. The Public Health Department's long history of supervision of the city's food supply, its war against flies
744 and fly-borne diseases, has represented one phase of the food issue.
146 The Supply Committee's efforts to obtain actual supplies represents a second. Instruction, particularly of employers, in the nutrition aspects of food supplied to workers is a third necessity. The food intake of workers in certain factories where workers are both housed and fed has been analysed in the past and found to be woefully lacking. The attention of certain managements was called to this situation, and some improvement resulted.

The managements of 16 factories where doctors or nurses are employed were induced to keep records of food supplied with a view to seeing how near it came to nutrition standards. In 37 other plants also records were kept. Through these means there should in future be a decrease in dietary-deficiency diseases. Though the provision of food as part of earnings is to be deprecated, it is possible by this means to control for his good the worker's food much more easily than if individual housewives have to be taught what to do. On the other hand, unless the group feeding is right feeding, a whole working force can develop deficiency diseases. In the sense that workers had no option in many cases but to accept the food which the employers provide, it can be said that where deficiency disease resulted therefrom their wage was in fact disease.

THE NECESSITY FOR the education of management, workers, and the public generally in the foods which should be eaten to ensure health and prevent frank deficiency diseases was recognised by the Division. A film was in the making when Pacific hostilities caused suspension of the effort. Two western industrial enterprises and one Chinese had agreed to provide the $10,000 necessary for the film production. A food exhibit had been planned in co-operation with the Chinese Medical Association to take place in the industrial district. It was designed to demonstrate through graphic means the results of wrong feeding. The public would well be able to recognise in pictures the gross deficiency diseases which they

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could see around them every day—the swollen legs of beriberi, the serious eye affections sometimes producing blindness; what they had to be told by poster methods was that these were the results of vitamin deficiencies, and what should be eaten to avoid them.

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This attempt at visual education, cut off by the war, may well be pursued in future. It would be one of the activities of a Nutrition Division of the Department of Public Health. It is certain that if the United Nations plans in the food realm mature, every country including China will have administrative nutrition programmes to safeguard the nation's health. These programmes will be planned nationally and will come into a distinctly active phase at the city level. A Nutrition Division in the future will surely refuse to permit deficiency diseases to hold sway, will insist that whatever methods of control are necessary will be taken to ensure that rice fresh enough to prevent beri-beri is available to people in the city. The opportunities, given peace and restoration of Chinese sovereignty in Occupied China, are endless.

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CHAPTER IX

TRAINING OF SKILLED WORKERS

874 COUNCIL OFFICIALS believed that the improvement of working conditions in industrial enterprises depends as much upon the acquisition of an understanding of the fundamental principles of mechanical operation by as many Chinese managers and workers as possible as upon the exercise of administrative controls. Study in engineering schools in Chinese universities of which the most important has been the Chiaotung University of the Ministry of Communications in Shanghai, and post-graduate study in European and American institutions have produced Chinese engineers able to undertake the technical direction of industrial enterprises. Since 1933, the Henry Lester Institute of Technical Education in Shanghai has played an important part in post-secondary school technical education; and in 1940 it was recognised as an institution of university standing in association with the University of London. But for the rank and file of workers in machine shops and factories there has been little opportunity for technical education.

Educational opportunities generally have been the prerogative of the more privileged Chinese families in the Settlement. Those who have completed a primary school course of six years have until recently been unusual among workers in industrial enterprises. There has been little development of more specialised technical instruction, which must be based upon several years of instruction in elementary school subjects.

Yet, mechanics and fitters are able to handle machine tools with skill, and install complicated machinery, although they lack a knowledge of the basic scientific principles upon which the operation of such machinery rests. From the point of view of an educationist, the teaching of these men presents a most interesting problem. In western countries a young man enters a machine trade after having completed his primary and perhaps early secondary school years. While working by day during the next four or five years, he attends a technical school at night, acquiring

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theoretical information for the intelligent handling of his tools. His manual skill comes gradually with practice during his adolescent years; his theoretical understanding increases concurrently. When he emerges from his apprenticeship, he not only can use machines but knows why they work as they do. Chinese mechanics, on the other hand, while possessing skill in handling machinery, have little understanding of the science of mechanics. It is to such men, keen, alert, and with practical experience, that a theoretical knowledge has to be brought. No teacher of elementary theory ever had pupils more developed in practice. 874

THE INDUSTRIAL AND Social Division recognised the necessity of instructing workers of various types. From 1937 onwards short-term classes were organised. These were experimental in many respects and were designed to discover what range of ideas could be absorbed, what methods of teaching would have to be employed, on what exact degree of preliminary education the instruction would have to be based, and what steadiness in attendance at night classes could be relied upon. By the end of 1940 the answers to most of these questions were known. 874 633

Four distinct groups of men had been enrolled in short-term classes during the four-year experimental period. Ten classes were held for boiler firemen, involving 528 men in all. These men operated boilers in industrial enterprises, apartment houses, and office buildings. Almost all of them were illiterate and poorly paid. They worked an extremely long day, almost invariably at least twelve hours, often longer. Their work was always tiring and, in the humid summer weather, often exhausting. Few had any conception of the immense pressure in the boilers they tended with so little concern. Some were known to believe that when the pressure gauge showed 70 pounds, this represented the total pressure in the vessel. The concept of pounds per square inch was unknown to them. Coal, once easily obtainable and cheap, rose to very high prices during the period when classes were arranged. No longer able to ignore waste in the operation of steam plants, the more alert factory managers recognised the need to plan for the use of expensive coal to the greatest advantage. Yet, so far as could be learned, little was done by the majority of enterprises to see that a better-educated man took charge of the firing of boilers. The

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Division did what it could under the circumstances. It took existing firemen and, in courses each of six weeks' duration and a total of twenty-four hours' instruction, gave them a rudimentary knowledge of the proper operation of boilers. The lecturers were boiler surveyors approved by the Council and regularly engaged in the inspection of steam plant installations. Visual methods of education had to be developed: slides were used at every lecture. To the sceptic who said, "but these men are illiterate, they cannot be taught anything," the obvious reply was, "but they mind boilers." Until factory management was prepared to pay for competent operators of steam plants, the Division instructed those who actually tended boilers. Several employers who needed new firemen sought those who had attended the training course.

A second group for whom two series of lectures were planned were those known as *lao kwei*—literally "old devils".[1] *Lao kwei*, relics of a simpler industrial scene in Shanghai, were still in many factories in charge of machine apparatus, including the steam plant. They often were not qualified engineers, for they belonged to a period when Shanghai had just embarked on machine-manufacturing processes and trained engineers were scarce. With the aid of mechanics skilled enough in practice but, as we have seen, without knowledge of such elementary matters as how accurately to calculate the size of a pulley and belt to obtain a given speed, *lao kwei* have installed complete plant machinery. The fact that during operation plants frequently have been shockingly mistreated and that there has been enormous waste has concerned neither the *lao kwei* nor their employers. There have been loss and waste in operation, and heavy replacements and repair charges, the elimination of which would in many instances have permitted occupation in more suitable premises and the payment of better wages. Some one hundred *lao kwei* and their assistants received instruction in courses lasting seventeen weeks.

A third group gathered into classes proved the most responsive of all, and indicated the direction of later policy. This group comprised the younger mechanics, machinists and fitters in machine shops, operating machine tools. There had been a distinct increase

[1] Use of this slang workshop term is widespread. The charge hand is called the "old devil," the next in charge is the "second devil," a foreigner a "foreign devil," a young worker a "small devil," and a spiral drill a "twisted fried-roll devil."

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in the variety and improvement in quality of locally manufactured machinery. Among units being manufactured in Chinese-owned plants were machine tools, power presses, air compressors, steam engines, screw- and nail-making machines, printing machinery, paper-making machinery, machinery for use in textile cigarette chemical, rubber and seasoning powder plants, in flour mills and steam silk filatures. Of the thousands of machinists and operating mechanics involved, few were found to have had any instruction in basic mechanical principles. Up to the end of 1940 experimental short-term classes of seventeen weeks, sixty-eight hours in all, had been held for two hundred of these men.

A fourth group consisted of the owners and foremen of plants using power presses in manufacturing. The range of hardware being produced in Shanghai was increasing as was also the manufacture of containers like tin cans and thermos flasks. Power presses were thus used extensively. There was, however, little knowledge of diemaking, of the heat treatment of steel, or of the measures which should be taken to reduce accidents on power presses. Some one hundred and fifty men engaged in the operation of power presses had six-week courses with twenty-four hours of teaching.

Commencing in the autumn of 1940, a first class of 52 men was admitted from among those mechanics and fitters who had already attended experimental classes and could pass entrance tests. They proved to be the advance guard of the regular three-year course which later developed. In the autumn of 1941, two evening technical schools for adult workers were opened, one in the eastern,, one in the western industrial district, with 250 first-year students admitted. Despite the unemployment which descended on industry in December 1941, and in succeeding months, unemployment which early affected machine shops from which the majority of the students came and most of which were deprived of their sources of raw material, the schools withstood the shock, and 85 first- and second-year students completed the year's work in June 1942. The autumn of 1942 was to see also the beginning of classes for electricians, for in this field also complicated installations were operated by workmen without fundamental knowledge of the principles on which their work rests. It was hoped, year by year, to add some course of training, until the schools might merit the name of technical schools. A Shanghai which had constructed

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24-storey buildings should surely have courses of instruction in the building trades. These were next on the list to be provided.

To enter the Technical Schools, students must have completed their three years' apprenticeship in a machine shop in the case of mechanics, or in a factory manufacturing electrical equipment or with an electrical installation contractor in the case of electricians. They must then have passed an entrance examination which is approximately at a standard of completion of primary school.

The schools were financed from grants-in-aid funds of the Education Department of the Council. In addition to the primary and secondary schools which the Council provided for Chinese and foreign children, the Council each year distributed substantial sums as grants-in-aid, a mechanism used to induce in the schools which applied for them better standards of building and equipment and of teaching. The Grants-in-Aid Committee considered that the Division's schools warranted an expenditure of five per cent of all grants. The sum involved for 1942-43 was CRB $31,000.

The Educational Department of the Council, which had operated night primary schools for several years, modified the rules governing these schools so that they might become feeders for technical schools in the future. Older apprentices from machine shops were recruited to attend these night primary schools which thus became pre-technical schools.

Nowhere in the world is it a simple matter to operate night classes and to obtain completely regular attendance. When the ordinary crises in human affairs such as sickness and family difficulties do not intervene, overtime work often does. And in Shanghai in 1941 overtime work meant money which the family badly needed in days of high living costs. If men succumbed to the temptation to earn a little more, and were thus absent from classes, they could hardly be censured. If Shanghai is to build up an informed stratum of qualified mechanics, workers' earnings must reach a standard sufficient for family needs. The group for which technical education in western countries is usually designed is adolescent; it is generally free from the heavier responsibilities of family life. In Shanghai, however, classes for mechanics and fitters were for adult workers who had families to support.

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THERE WAS IN THE larger foreign enterprises a group of young workers who correspond more to the apprentices in western countries. They were generally known as trade apprentices (*i t'u*) and were found in such enterprises as public utilities and dockyards. Their apprenticeship was of fixed length, and regular teaching was available for them during this period. In an attempt to raise the standard of trade apprenticeship generally, the Engineering Society of China in 1940 recommended to the Shanghai Municipal Council the adoption of regulations governing the registration of such apprentices by the authorities. By the early part of 1941 one hundred applications from public utility enterprises had been received. For registration purposes, apprentices must have completed a junior middle school course prior to employment. It was hoped that the issue of a certificate by the Council at the close of the apprenticeship period would induce other enterprises to bring their regulations for apprenticeship into line with the new standards, thus making a contribution to better technical training. By 1942 it was apparent that the certificate was already becoming a desired credential. 876 633

The curriculum in the Technical Schools took account of the fact that students had a considerable practical experience. There was no need to set up laboratory experiments to demonstrate a principle which could well be illustrated by referring to the actual work in the workshop. Lecturers were Chinese engineers who in most cases had had university training, but who also had moved among workers so that they could speak their tongue. It was essential that they be taught in the workshop colloquial as well as the dialect form they understood. 874

The first-year courses included physics, mathematics,—termed "workshop calculations",—and some technical terminology, through which some engineering principles were enunciated and machine parts taught. The colloquial Chinese workshop term was taught in relation to the correct Chinese engineering term and its English equivalent. In subsequent years, courses in machine shop practice, in strength of materials, in machinery installation and that of power plants were given.

Thus, by the paths indicated—by the path of the primary school, apprenticeship and evening technical schools leading to a graduation certificate, and by junior middle school with appren-

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874 ticeship in a large engineering plant which provided special instruction for its trade apprentices, leading to the certificate of the Division and of the Engineering Society of China—beginnings were made toward the production of the efficient and informed foreman. The technical training officers of the Division had the hope that they might play a part in creating modern technical education for China as a whole, an end toward which this experimental work would contribute.

These beginnings contained the seeds of large futures. They represented a recognition by the Settlement authorities of the necessity for technical training and education, and of the fact that something was owed to the worker on whom in the last analysis industry depends. The experience of industry transplanted to Free China has shown the correctness of this view; its success was largely dependent on the small force of skilled workers. There is a complete understanding by the Chinese Government, as it is making its post-war plans, of the necessity for worker training, looking to the period of re-occupation of the larger plants of the coastal areas when Japan will have been driven out. Loyal skilled workers in Shanghai who in 1942 resisted Japanese efforts to recruit them for Manchuria war industries, will be part of the industrial force of the future.

The scale of worker technical training in the future must be conceived in large terms. The experience which Western countries or countries like India have had in training within a short time large numbers of workers for wartime industries can be drawn upon with good effect. In Chinese machine shops, in-plant training with job sub-division could make workers rapidly expert in a few processes; and proper provision for graded experience could soon produce a worker with machine-operating skills. Instruction during employer time in fundamental mechanical principles should accompany plant training. There are heavy industries in Manchuria which must be manned by Chinese engineers, foremen and workers when this area is recovered. The industries of Tientsin, Tsingtao, Shanghai, Wusih, Hankow will all need skilled workers. The training of these in large numbers should be planned well in advance.

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CHAPTER X

CHILD PROTECTION

ANY ADEQUATE PROGRAMME for the protection of children by the authorities in Shanghai seemed in the past to present almost insuperable problems. The evolution of policy in the general field of child welfare involved difficulties of finance and other obstacles sufficient to deter the stoutest heart. The high birth rate and the size of the population even in normal times meant that the city had a child population as large as that of some small countries. Housing congestion and unhygienic living quarters, together with inadequate nutrition, traceable in part to the low earnings of workers, caused literally thousands of children to live under conditions that contributed to a high death rate. If they survived they suffered in many cases chronic ill-health. If conditions were hard for the children of wage earners, they were harder still for those in families where there was unemployment, and for those who had no one to care for them.

The type of child welfare programme familiar abroad, where governments are aware of the necessity of caring for the citizens of the future and ready to appropriate large funds for that purpose, was not in the past considered possible in the International Settlement of Shanghai. The sources of the Council's income, ultimately dependent on the capacity of the people to pay, were strictly limited. The Council took the general view that "poor relief" was not feasible, since it had no control over entrance to the Settlement.[1] In practice, however, certain forms of relief were undertaken from Council funds. The Council for years made limited contributions as grants-in-aid to institutions which cared for children coming into the hands of the police—children who were lost, abandoned, abducted, exploited, ill-treated or otherwise victims of circumstance. Indeed, for long the police in Shanghai were the social workers of the Settlement. Police stations saw many a human drama in which children were concerned. Police rescued

[1] See Chapter XI.

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633 those who were ill-treated, took in the lost or abandoned, settled
736 many family matters involving children.

From the early part of 1937 the Council embarked on a somewhat more concrete plan of child protection. For the programme which developed, the wider term of child welfare cannot be used, for it did not concern itself with instruction to mothers in the care of children, or provision of monetary assistance to families with children, development of kindergarten schools, or nurseries, or playgrounds—any of the "welfare" features so well understood elsewhere. Because of the special problems of Shanghai, emphasis was placed first on the field of "protection."

633 THE ORIGIN OF THE Council's recent concern with child protec-
736 tion is traceable to requests of the Slavery Committee of the
597 League of Nations that it give attention to the problem of *mui tsai* or *pei nu,* so-called girl slaves. Through past centuries and
567 down to the present, the prevailing poverty of China caused poor
357 families in certain areas of the country to give their daughters to richer families better able to support them. During childhood and adolescence they are employed in domestic service, and then are married to husbands who have been found for them by their employers. It is obvious that this system provides possibilities of exploitation. Separated from their own relatives and in the control of others, these *mui tsai* can be worked very hard, even mistreated. In the view of the League of Nations Committee, there were elements in the situation suggestive of slavery. On the other hand, many instances were known of girls being well cared for in the homes to which they went. The League Committee, examining as it did many customs in different parts of the world where lack of freedom and of control over their own destinies characterised the lives of various groups, had urged on the governments in control of the regions in question the adoption of measures to alleviate the lot of the groups concerned. In the Far East, the League's views regarding *mui tsai* had been impressed on the governments of China, Hongkong and Malaya.

Accordingly, early in 1937 the Shanghai Municipal Council placed some responsibility on the Industrial and Social Division. The Chief of the Division was named "Protector of *mui tsai.*" The Division believed, however, that the task had been too narrowly

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conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them." 633 736 597 567

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow: 357

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor. 633 736 597 567

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen. 548

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

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633 view was expressed in the 1937 Report on *pei nu* forwarded by the
736 Council to the League of Nations Slavery Committee and was found by
597 the Slavery Committee to coincide with a similar conception expressed to it from other sources.

567 "The Chinese Government delegate to the Sixth Committee of the
548 League of Nations Assembly in 1937 (who is Chief of the Chinese Government delegation and its representative on the Advisory Committee on Social Questions) stated that the problem of *pei nu* can best be considered as part of the larger problem of child protection. The United Kingdom Government in its official communication to the Slavery Committee also indicated that work of the protection of women and children is intermingled with the problems arising out of the *mui tsai* or *pei nu* system. The Malayan Government has accepted in principle the minority report of the Commission on *mui tsai* in Hongkong and Malaya published in 1937. This recommended repeal of existing *mui tsai* legislation, the abolition of the legal status of *mui tsai* and the introduction of entirely new legislation for child protection."

736 Even as the Shanghai study was being made and the report pre-
597 sented, it was obvious that the 1937 war had left stranded an army of young people whose parents had been killed, or who were
633 separated from their families during head-long flight from danger.
567 Some of these children were in refugee camps; others were on the streets, begging, stealing, those still surviving managing to live in some manner. By contrast, *mui tsai*, young girls in domestic employment had at least a roof over their heads, and presumably food to eat. While in no way condoning the system, Council officials believed that the first concern of a Child Protection Service should be the homeless. No special registration of *mui tsai* was recommended. The programme which was developed and details of which follow was designed to care for these children in so far as an administrative procedure may do so.

Child protection work was begun with the young people who came into the hands of the police and were in need of help. Before 1939 it was the custom for police to take to court for disposition all lost, abandoned, abducted, ill-treated and otherwise exploited children for disposition by the judge of the court. To deal constructively with the needs of these young people something more than a purely legal process appeared to be desirable. In theory the disposition of the person of any citizen, child or otherwise, should be by the legal process. But in the situation ruling in Shanghai, where the need was essentially a social one, it was felt

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that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary-General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

The Chinese court held that the natural parents of a child in every case have a right to the child, whether exploited or otherwise. Instances occurred where a judge handed back to the care of parents girls who had been sold. The court view is based upon the relevant portion of the Civil Code. There is room for a reconsideration either of the law or of its interpretation by the court.

For the majority of those who either had no immediate relatives or were being exploited by relatives other than their parents, placement in an institution frequently represented the only possible adjustment. Every effort was made at once to find relatives or friends of a young person coming into the hands of the Service. If time was allowed to elapse, the chances of finding that link which would perhaps save the child from being alone and adrift forever might be lost. By newspapers, and by using local Chinese methods of advertising near the place where a child had strayed, the vital link was frequently established.

In 1940, for the first time, a complete picture was obtained of the extent of lawbreaking by young people under 18 years of age. In all, 981 appeared in court on criminal charges—899 boys, 82 girls. Of this number 70 per cent were unemployed; 87 per cent were involved in some form of thieving. Twenty-one per cent had previous convictions. 633 738 674

There was no special procedure in the First Special District Court governing the treatment of juvenile offenders. Regulations for a special procedure of the Ministry of Judicial Administration of the Chinese Government exist, but were not in use in Shanghai, or elsewhere in China, so far as is known.[2] In response to the 633 738 736

[2] In Instruction No. 2237, dated May 9, 1936, the Ministry of Judicial Administration of the Chinese Government instructed the courts to temper justice with mercy and understanding in dealing with juvenile delinquents. The articles of instruction [696]

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633 suggestion, twice brought forward by the Division, that a special
738 procedure should be instituted, the Court expressed its readiness
to co-operate, but the police stated they were unable to undertake
736 the necessary segregation of juvenile offenders. The Division believed that in the meantime the increasing knowledge of juvenile delinquency in Shanghai, which its specialists in child protection work had gained, would be of value whenever they would be called on to play a larger part in the disposition of such cases if a special procedure could later be developed.

In 1940 a qualified social worker with special training in the psychological handling of difficult children began to make frequent visits to the municipal reformatory where she interviewed all young delinquents twice, first after their arrival in the reformatory and again just before their release. Of the 334 persons (293 boys and 41 girls) whom she interviewed in 1940, 91 per cent had been convicted of thieving in some form, and 52 per cent were orphans or had only one parent.

Boys who before or after release from the reformatory had no plans were invited to call on the social worker. Of the 201 boys seen in 1940 before their release, 53 sought help. Twenty-three—for the most part younger boys—were placed in institutions. Sixteen were sent to a vocational training school. But many older boys refused to enter institutions. Since it proved unwise to employ these boys in factories immediately upon their release from the reformatory without any rehabilitation period intervening, they were given some little financial assistance with which to start a simple business like peddling or shoemaking. If these boys showed persistence and good will, they were introduced to regular employment.

THE REMOVAL OF YOUNG PEOPLE from institutions[3] and their placement in employment served two purposes. It relieved institu-

[696] in this memorandum show a sympathetic understanding of the necessity for rehabilitation rather than punishment in the treatment of young offenders.

Article 14 reads in part as follows: "When assigning judges to try juvenile cases, the Presidents of the various Courts may not follow the rules regarding the distribution of duties for a Judicial Year, but they may assign a judge to try them from among the judges or procurators of the respective courts who has sufficient experience and mild temper as well as a profound study of the sciences of criminology, psychology, sociology and education."

[3] Standards of work in children's agencies depend on the calibre of their staffs.

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tions of the expense of caring for them, and it provided the 633
youths with an opportunity to become useful members of society. 738
Unfortunately there were difficulties both in discovering suitable 736
jobs and in keeping the young people at their jobs once these had been found. Containing, as the Division did, both an Industrial Section which sought to improve standards of employment for young people, and a Child Protection Service which tried to place them, the Division would place only where conditions of employment were satisfactory. Most factories where higher types of skills could be learned were beginning to require that apprentices have the equivalent of a primary school standard. Few children from institutions reached this goal. Where employers agreed to take them, their records were not wholly successful. Out of 206 placed in employment to the end of 1940, 110 made good. Boys asked why they should work long hours in factories—"eat the bitterness," as the saying is—when they could return to an institution where they need not work. Yet 50 per cent of them persisted and showed increasing signs of stability. On the whole, therefore, the results of the experiment were till the outbreak of Pacific hostilities encouraging, and it was hoped that the Division's other efforts to extend opportunities to underprivileged boys would have even more satisfactory results.[4] A general unemployment after December 1941 cut off this means of assistance to young people.

A POSITIVE APPROACH to the problem of *mui tsai* was begun 633
through the development of a procedure for the adoption of young 736
people. This was felt to be important even though no express 597
power lay with the Settlement authorities to institute a procedure. The initial report on *mui tsai* pointed out that so-called adoption is often claimed to be the basis under which a young person may be in the control of others who are not near relatives: "In Chinese life it is almost impossible to differentiate between cases of *mui tsai,* adoption, quasi-adoption, prospective daughters-in-law and

In an effort to stimulate better understanding, an initial conference was held in 1941 when such basic subjects as nutrition, recreation, and techniques in handling children were discussed. Short lecture courses in child personality and similar subjects were also given.

[4] In 1940 the Division launched an experiment in conditioning boys in a welfare camp before finding them employment. A vocational and academic programme for 80 boys over 13 years of age was put in charge of a special teacher, with the purpose of preparing these youths for permanent employment.

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other gradations." Very certainly in the majority of cases the adoption has not been carried out in accordance with the provisions of the Fifth Book of the Civil Code of the Government of China.[5]

These provisions do not require that adoption shall be carried out with the consent of the courts or of administrative authorities. In any event, in the absence of express powers in the hands of the Council, it was realised that any procedure which might be worked out administratively by the Child Protection Service could only be on a voluntary basis.

From the beginning of 1940 an arrangement was made with one institution which from time to time placed children in adoptive homes, that such cases would be referred to the Child Protection Service for a final approval. Follow-up visits were paid to the homes in which children had already been placed, and the results showed that in only some forty per cent of the cases were the adoptions satisfactory. It became apparent that more extensive periodical visiting was necessary, and a special social worker in the Service commenced regular visits. In the year April 1941 to March 1942, 116 homes were regularly visited. In these the situations of more than 90 children could be called thoroughly satisfactory.

Study of the satisfactory cases showed that children placed in good homes, even though often of very limited means, where they were cared for in a family atmosphere, were much better off than those remaining in institutions. No public funds for promotion

[5] Under these provisions:

The adopter must be at least twenty years older than the person to be adopted. (Art. 1073)

The relation between an adopted child and his adoptive parents is the same as that between a legitimate child and his parents, unless it is otherwise provided for by law. (Art. 1077)

An adopted child assumes the surname of the adopter. (Art. 1078)

Adoption must be effected in writing, unless the person to be adopted has been brought up as a child of the adopter since infancy. (Art. 1079)

The relation between an adopted child and his adoptive parents may be terminated by mutual agreement of the parties . . . in writing. (Art. 1080)

Where either the adoptive parent or the adopted child is found in one of the following conditions, the Court may, at the instance of the other party, terminate their adoptive relationship: (1) Where one party has ill-treated or grossly insulted the other; (2) Where one party has deserted the other in bad faith; (3) Where the adopted child has been sentenced to not less than two years' imprisonment; (4) Where the adopted child has spent money wastefully; (5) Where it has been uncertain for three years whether the adopted child is alive or dead; (6) Where other grave reasons exist. (Art. 1081)

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of a foster home programme were available. In this situation it was felt that a stimulation of the practice of adoption would be beneficial, and this policy was embarked upon. 633 736 597

In every case of adoption arranged or recommended by the Child Protection Service, documents of approval were given to the adoptive parents. These papers were granted only after all preliminary steps (including a medical examination and a subsequent six-month trial period) had been observed. The purpose of this procedure was to formalise adoptive relationships by official approval. It was hoped thereby eventually to create the conception that adoption in accordance with Chinese law should be encouraged.

There are other phases of the care of children which, it was felt, might rightly be termed the concern of the administration even in the peculiar situation in which the Settlement found itself. What is well known as family case work, the effort to assist a family to make adjustments and to solve its problems, was scarcely known in Shanghai, at least in any formal way. Many cases were known where children were delinquent, or begging, the root cause of which lay in the economic situation of the family. Often a child might well have been saved from a future life of crime if the family situation could have been solved. In general, the view was taken that, with the numbers of homeless children as great as they are, children with homes should not be cared for in institutions. Only the children in institutions had the attention of the authorities. The attention of certain social agencies, notably the Pullers' Mutual Aid Association, and some socially minded Chinese leaders, was turned in the direction of family case work as a means of serving the city's needy children.

THERE WAS AN ALMOST complete lack of recreational facilities for even the children of well-to-do parents, a consequence of the congestion in the city. There were some children's parks where younger children went, usually in care of *amahs* as nurses, and to which some more privileged older children also resorted. It was hoped that some beginning might be made with the provision in these of organised play under trained recreation leaders. A revival of a plan formerly instituted by the Joint Committee of Shanghai Women's Organisations could have obtained the use of open spaces 529 [857] 741

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529 for playgrounds whenever through building demolition or some
741 other chance an area might be temporarily cleared.

The financing of children's institutions in a time of rapidly
262 rising costs proved difficult. Some were stimulated at times to
741 make efforts to improve the diet. "An egg a child a week," "some oil each day" have been aims which in some instances have been met, only to find that the cost of eggs has doubled, and that of oil trebled, so that the former ration again became the rule. There was felt to be a need for the organisation in Shanghai of a Children's Community Chest, when the citizens would be challenged to give largely and generously to its children, and all organisations caring for children might benefit. Leadership in the community to better the situation of its children was not lacking, as the extensive services for homeless children show.

736 THE WORSENING OF the economic situation in the city following
633 the outbreak of Pacific hostilities was followed, inevitably, by the abandonment of many children on the streets by those unable to
735 care for them. Institutions which down through the years had
748 been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

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to find employment as a means of assisting the family, but a friend or relative could frequently be found who, if challenged to do so by a skilled social worker, was ready to help out. There were no public funds to draw upon as is normal family casework in western countries; but there was being developed family case work on the China pattern, an attempt to use the close family bonds between relatives to induce help of the unfortunate. This kind of friendly help of course goes on day after day without stimulus from without; the difference was that the Division tried to harness it for the help of children in the emergency. The second phase of home finding sought to apply more widely the experimental beginnings in adoption approved by the authorities, the plan referred to earlier in this chapter. With more social workers on the task and with a gradually growing sense of responsibility on the part of the community for its children, as many as fourteen applications by adoptive parents were made on one day in June 1942 to adopt children. 736 633 735 748

This much more extensive programme than formerly attempted —a programme induced only by the emergency which in eight months left hundreds of children for whom adjustment had to be found in the hands of police—proved the value of early experimental beginnings. It cannot of course be claimed that even this enlarged staff would be able to handle the situation. Hundreds of children would continue to be destitute and begging, hundreds dying on the streets.

THE REMARKABLE WORK which has been done by the Chinese Government and voluntary organisations in caring for the thousands of children deprived of parental care during large-scale hostilities in China from 1937 to the present time has certainly within it the germ of an adequate child care programme in the future. It is work which has been carried on through immense difficulties of finance in a period of inflation. In Free China, as in Shanghai, there is growing a recognition of the necessity for adequately trained social workers in child care. Many students prevented from returning to China by world hostilities and for the time being remaining in the United States and elsewhere are using the time to prepare themselves as specialists in this field. In West China a special course in training for child care work has been organised 736 748 874

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736 to commence at Ginling College in Chengtu in 1943, a co-operative effort of several educational institutions. Plans for the training
748 of workers at present employed in children's institutions, whose
874 initial educational standards usually are at a level such that a university course will not be possible for them, are in process of being worked out. In Shanghai special summer schools for these employed workers, men and women who have given devotedly of themselves to the children under their care, have proved useful and stimulating. From the great catastrophe which has befallen China and its children may well arise administrative and voluntary efforts which will mean a richer life for them.

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CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable. 464

Recent studies of Shanghai dwell at length on the refugee problem following the outbreak of hostilities in 1937.[1] After five years, a hard core of refugees remained, despite consistent efforts in the spring months of 1939 and 1940 to disperse aggregations of those in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable. 727 166 464 747

In addition to those cared for in camps, hundreds of destitute persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic. 737

Toward the end of 1940 the Shanghai Municipal Council, the Salvation Army and the Shanghai Rotary Club attempted to deal 735 747

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

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735 constructively with the problem by establishing a special camp for
747 beggars. The police removed from the streets those found begging, men, women and children, and handed them over to the Salvation Army for care. Huts were erected on land made available by the Council, and the scheme was inaugurated in January 1941. To defray expenses of building the camp, the Council allocated funds from the voluntary entertainment levy which had been collected during the post-hostility period and handed over in part to the Shanghai Refugee Relief Association for disbursement among organisations caring for refugees.

735 IN GENERAL, as mentioned before, the Council took the view that
747 it was not able to provide "poor relief." Its revenues from taxation
633 were limited because its powers of taxation were restricted. No poor law rate could be levied. It was argued that in a city to which
166 (because of the comparatively safe areas and the lure of possible employment) thousands had drifted in past decades from nearby densely populated provinces, to have embarked on poor relief would have been to encourage the arrival of many more destitute persons. In general, relief was left to private charitable organisations, both Chinese and foreign.

Nevertheless, the Council contributed to relief by presenting grants-in-aid to hospitals and institutions caring for the destitute. In particular, as we have seen, it made contributions to child welfare institutions to care for the young people whom police removed from the streets and otherwise found in need, and who very often were without relatives or friends.

766 Much is made in certain studies of Shanghai of the "exposed corpse" situation. Figures of unwanted corpses picked up on the streets did not, however, represent necessarily deaths from starvation and exposure only.[2] There were indeed many such cases, but there were also many others where the family of the deceased lacked funds for a coffin and other funeral expenses. Then it was to a Chinese benevolent burial society that the family looked. In such cases the corpse was placed where it would be collected and

[2] Barnett, *op. cit.*, p. 46, reports that in the International Settlement alone over 100,000 exposed corpses were disposed of in 1938. In 1939 the figure was 72,000. The numbers in 1942 must have been very high. There were certain places in the city where those dying of disease and starvation dragged themselves, to die with their fellows.

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disposed of by the benevolent society or a public agency. The issue is at base that laboured sufficiently in preceding pages—low earnings of employed workers. 766

THERE IS A GROUP OF workers in Shanghai whose conditions of employment were such that the public called for special investigation of them. These are the pullers of public rickshas, one of the many groups of workers engaged in transportation—an industry which in China even prior to December 1941[3] depended more on human labour than on mechanized vehicles. The pullers of hand-carts, and those who use a pole on their shoulders for carrying loads, are also transportation workers, but there was little public interest in the latter groups, even though their work is in some respects as arduous as that of the ricksha pullers. 494 466 471

In 1933, at the suggestion of the Rotary Club, the Council undertook an enquiry into the working conditions of public ricksha pullers. This group of pullers does not own rickshas but hires them on a twelve-hour shift. The conviction of the community was that the pullers were being exploited by the owners of the rickshas or by their agents, sub-contractors through whom the rickshas were leased. The committee of enquiry examined the advisability of centralising the public ricksha industry in a utility company, and did in fact finally recommend that a beginning be made by the organisation of one company to operate a fleet of two thousand vehicles. The committee felt that little could be hoped for in the way of better care of vehicles and better conditions of operation for the pullers as long as the rickshas were owned by more than a thousand individuals.

It transpired that since the number of public rickshas was limited to about ten thousand, the Council's ricksha licence to operate a ricksha had acquired a fictitious value of several hundred dollars. Owners sought to recover as rent an investment return, not on the price of the ricksha and the cost of a licence, but rather on the money paid by them to the holder of a licence based on the enhanced value of the licence itself. Hence pullers were paying a rental out of all proportion to their earning capacity.

[3] After this date no further importations of gasoline took place and motor traffic disappeared largely from the streets except for vehicles on public service. Some were converted to be used with substitute fuels.

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466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
427 per cent of his earnings for the rent of his vehicle. The large number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
745 the rental should be fixed by the Council, and that, in order to form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.

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believed impossible. Based on 1934 standards, which of course 434
represented an inadequate livelihood, his real earnings index 511
was 93.48 in 1939; and in 1940, when three separate studies were 594
made, it was between 93.59 and 108.93. The tendency persisted.

It is doubtful whether the authorities succeeded in ameliorating the puller's lot to any material extent. His standard of living was low in 1934 and apparently did not improve. What remained a puzzle is why he was ready to pull for so small a return. His monthly earnings failed by a considerable margin to meet the minimum needs of a worker's family.

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CHAPTER XII

THE PAST DECADE AND THE SOCIAL FUTURE

466 THIS STUDY HAS sketched briefly the history of efforts to lay the foundation of better conditions of employment and livelihood for workers, particularly industrial workers, in the International Settlement in Shanghai. The problem has been partly political, partly administrative, and largely economic. The survey covers in time nine and a half years of endeavor. At the middle point of this period, Sino-Japanese hostilities broke out, disrupting industrial and economic life and sweeping away some signs of achievement. There followed years, first of reconstruction and recovery, and later of recession into which world-wide forces have largely entered. Then after nine years came Pacific hostilities, confronting the city with extensive unemployment, many problems of food supply and control, and of price control.

What was accomplished in almost a decade of effort? The informed observer who assessed the general physical conditions of work in the International Settlement in 1941 would have found many modern plants where he would regard physical conditions as satisfactory. They were spacious, well lighted, airy. Machinery was guarded, boilers were regularly inspected, welfare features such as factory clinics and factory dining rooms were in evidence. He would have been less satisfied with a working day far too long. Against these more modern plants he would have to set the hundreds, the thousands of enterprises on premises not originally intended for industrial use where conditions of employment were appalling. In what ways, the observer would ask, has the influence of the administration exerted itself in these? The answer would be that the task of achieving better standards is one of large dimensions for which time and a large staff are essential. For these enterprises the measuring rod is not whether three decades of uncontrolled industrialisation can be reformed in a fourth decade, but whether fundamental attitudes toward life finding expression in conditions of workers' employment, and attitudes with ancient

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roots social and economic conditions, can easily be changed. 466
China has had a long civilisation. The leisure to enjoy it, and its expression in manners, literature and the arts have been bought for the more fortunate in China, as elsewhere, by the work of others. Low economic standards of the masses have compelled them to serve others, often in return for a meagre reward. Hence it is not surprising that, with the coming of urban industry, the leisured owner of capital has had few compunctions about working employees indefinitely long hours with very few holidays, for a remuneration often inadequate to meet their families' needs, and under completely unsatisfactory physical conditions. Non-Chinese manufacturers, introducing into this country the factory system and machine industry, did not always bring with them the best standards of the west, and it is not surprising therefore that Chinese industrialists who followed them proceeded on unsatisfactory lines. Japanese industrialists also erected modern plants and installed the most modern machinery, but Chinese workers were to them a means of profit. Under these basic circumstances it is not strange that progress was slow.

Yet the picture was not entirely black. Far from being conservative and without adventure, more and more modern Chinese industrialists welcomed new social ideas as well as mechanical concepts. They often desired, once their interest was aroused, to be in the forefront in accepting new principles and in putting them into operation. Possessing the excellent qualities of their race, heirs of the philosophical content of their country's history, they were essentially governed by reason, and in particular frequently showed sympathetic understanding of the modern concepts of employment conditions and relations.

As had been laboured sufficiently in the foregoing chapters, 466
however, the fact was that the normal functions of an administration interested in improving working conditions were beyond 633
reach. Clearly expressed laws and regulations, to which all enterprises must adhere or else be haled into court, are the usual instruments of administration. Until political conditions give the authorities power to exercise control in this way, the most that could be done was to lay foundations for the future, meanwhile achieving whatever improvement might be. The prerequisite for the efficient execution of any administrative programme is a trained staff. This

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466 633 was built up. Competent officers were in charge of Sections. A foreign engineer in the Industrial Section, with foreign and Chinese inspection staff, added daily to their knowledge of industrial processes and did what could be done to improve working conditions. Chinese mediation officers in the Industrial Relations Section built up a technique and relationships with both workers and employers. A Chinese statistician, with a staff of assistants, calculated the cost of living indices month by month, and forged instruments to gauge the relative economic position of workers from time to time. And a Chinese woman welfare officer developed, with trained Chinese social workers, programmes in industrial and social welfare including child protection.

Many fundamental issues were not faced by the authorities. Largely this was perhaps because the Council was unduly obsessed by a sense of its lack of constitutional powers. But in imagination it lagged behind the Division—its administrative arm—in making resort to procedures of education and persuasion where force was lacking. Perhaps it was thought politic to leave to the pragmatism of departmental practice—by trial and error—what seemed precluded from enunciation in terms of policy. There was never a Council decision, for example, as to what should be the length of the working day, or how many rest days workers should have each month. No Council committee debated what minimum standards should be recommended to industrial enterprises. Latterly, because of the great rise in living costs, the Council paid close attention to the basis of the people's livelihood; but it did not consider whether any other influence than the publication of facts about the cost of living should be exerted to obtain more adequate wages for workers.

If low standards of employment were in part the result of insufficient capital, this fact should have been recognised. It was not beyond the capacity of Shanghai to supply capital for co-operative enterprise with better conditions of work. A procedure for mediating in disputes existed but its functions were not discussed by the authorities. The attitude of the Council toward labour organisation was not defined, although labour's group activity and power were extensive, even if inchoate. Much more remained to be done in Shanghai.

722 AT THE TIME OF writing almost complete silence rules as to the situation in Shanghai as in other parts of Japanese-occupied China

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and East Asia. What the social situation is, is unknown. In Free China, which has been deprived of its contact with the outside world by the usual transport means and is dependent only on an air service over a difficult route from India, there is great social distress. A serious inflation has gravely reduced the former modest standard of living, and the time of deliverance seems far in the future. Yet throughout, the Chinese Government has referred to the war against Japan as the dual one of "resistance and reconstruction." There can be little doubt that when the period of resistance ends, the plan of reconstruction holds within it the aim of restoration to the people of that standard of living and its improvement as the years go on. 722

The renunciation of special rights in China by the United States and Great Britain has meant for these powers that they have given up the share they possessed in the administration in Shanghai. Other powers may be expected to follow suit, and for those that do not the issue will not be one within their power to influence. Thus when the invader shall have been driven out, the Shanghai of the future will be in the hands of the Government of China. None will rejoice in this development more than those who have in the past had part in the administration of the Settlement and who have looked forward to the time when the work being done would gear into the plans of the government of the country. If the ten-year experiment which is herein described has within it any germ of a social programme for the city of the future, those who took part in it will have been fully repaid. They have already had their rewards in the comradeship of the joint endeavour, the working together with able Chinese colleagues and the close co-operation which was achieved with both Chinese employers and workers. 648 633

In sum and in retrospect, despite the large task still unfinished, cut short by the necessity to dissociate from a Council which had become Japanese-controlled following December 1941, certain fundamentals have emerged from the decade of work. The opportunity to pursue an administrative social programme, despite the lack of specific power, for so long a continuous period as ten years, is something which has importance in itself. The Chinese Government which in the decade 1927-37 laid its foundations and had, particularly in the last five years of this time, made such real progress, was unable to remain at its peace-time task and had to 633 722

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633 embark on a desperate war of resistance, involving withdrawal to the interior. The steps which it has taken to organise its resistance
722 are, it is true, parts of its total future plan in many respects, but events have not permitted its Ministry of Social Affairs to give continuous and uninterrupted attention to administrative steps designed to achieve social betterment.

000 WHAT ARE THE FUNDAMENTALS which have emerged from the Shanghai experience? Are there any results which are important for the future? Is the organisational pattern which was evolved year by year a useful one from an administrative point of view? What should be modified? What services should be added? In the last resort, on what does successful social effort on the part of the authorities rest? What should be the relation between workers' organisations and the administration? How can the administration assist in the bringing in of suitable employment patterns which will assist in the development of free workers? What is the responsibility of the administration in aiming at more adequate housing? in securing better nutrition? in providing medical care? in caring for its children?

The answers to these questions, to the extent that answers may be ventured based on a decade of experience, have, it is hoped, been indicated in the preceding chapters. They can perhaps be summarised here.

The organisational pattern which was worked out was useful for a city administration of the time and circumstances of the Shanghai of the decade 1933-42. But a Department of Social Affairs in a City Government in the future will, of course, have a direct relation to the relevant Ministry in the National Government. Its policies and programmes must be those of the National Government, enforcing the laws and regulations of the Government, existing and to come. Though complete information is not available of the plans of the Ministry of Social Affairs for the future, some knowledge of its wartime policies and programmes indicates some of the directions which a future city government must travel. There is a considerable body of labour law waiting to be enforced. A Labour Bureau will need to be established which should have sections dealing with factory inspection and industrial welfare; with industrial relations—contact with employers' and

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workers' organisations, mediation of disputes and their arbitration, for both of which existing legislation provides; with technical training, providing opportunities for creating large numbers of skilled workers; for employment exchanges—possibly in the first instance only for placement of skilled workers. A Bureau of Social Statistics will certainly be established. The importance of these has been amply shown in this study, and the foresight of the Chinese authorities in Shanghai in making investigations of the standard of living in 1929-30 was fully justified by events. The Bureau would concern itself with population and industrial census, with the social aspects of health statistics, with cost of living indices, with earnings, real wages and hours of work, with strikes and lockouts.

There should be a Bureau of Social Welfare which would have many tasks. Its general concern should be with matters related to the people's livelihood. It should assume control to the extent necessary to ensure that essential commodities reach the people at a cost and in a condition such that their needs can be properly met. Control of rents may be necessary. The Bureau must be concerned with wage policies. Part of the adjustment which it is hoped will come with currency stabilisation which is looked for after the war should be fixing of the earnings of the people. Wages of principal wage earners should surely in future not be at a level insufficient for the family needs. While men work they should receive earnings adequate for the proper nutrition of their families. The Bureau of Social Welfare must also be concerned with problems of nutrition, in close collaboration with a Health Department. In some part of a city administration must lie responsibility for seeing that basic foods such as rice reach the people in a condition which will provide essential vitamins. The organisation of the food transport which is at the base of this question might well be the concern of the Bureau of Social Welfare. Then, when workers fall sick, they are entitled to proper care. Again in collaboration with the Health Department, health insurance schemes must be administered which will probably be based on a national programme for at least the regularly employed section of the community; and adequate medical care must be planned for as many as possible. Shanghai has in the past left its problems of relief largely to private enterprise. The relief centres which have been

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organised in Free China under the Ministry of Social Affairs may have within them the germ of the relief pattern of the future. In any event, the matter is one for the concern of a Department of Social Affairs in a city, and provision for a Bureau of Relief should be made.

There should be a Bureau of Child Welfare. It will have wide functions. The question of where responsibility lies for children in need must be established and means to meet their need be provided. This may involve the supervision of children's institutions under voluntary operation; it may involve other methods. A policy will have to be determined and worked upon. Responsibility for making the best adjustment in individual cases of children lost, abandoned and abducted, ill-treated or exploited, must be taken. There will, it is hoped, be a special Bureau of the Public Health Department devoted to Child Health. The Bureau of Child Welfare would have close relation with this programme, particularly in its work of nutrition. It is to be hoped that the Chinese Government's regulations regarding a juvenile court procedure would be put into early effect, and that there could be close relation between the Bureau of Child Welfare and the Court. Its social workers might be probation officers for the Court and otherwise serve the Court. Special institutions to which delinquent children may be sent should be organised. They should not be, as now in Shanghai, in any way associated with the gaol premises. Their operation should be the responsibility of the Bureau of Child Welfare of the Department of Social Affairs.

ANY PROGRAMME OF social welfare administration will require trained staff, and the numbers available in the past will be inadequate to the task. Though not usually considered a function of a Department of Social Affairs, the training of social workers generally should have its close attention. This will involve collaboration with universities in stimulating and developing courses for all needed types of social workers. It will involve also collaboration with the Public Health Department in developing training of public health nurses, training of child care nurses, of nurses in industrial clinics and in other specialised fields. Thus a Bureau of Social Training will be necessary.

One can be somewhat more specific upon some of these issues.

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Legislation passed in 1942 provided, in a time of war, for compulsory membership on the part of all citizens in some organisation. For workers the membership would logically be in a workers' organisation or labour union. The Labour Union Law which has been on the statute book for a decade gives workers the right of association. It provides for supervision on the part of the authorities to a point where freedom in organisation is perhaps lessened. It is to be hoped that in future there can be, through an organ of the city administration designated for the purpose, contact with workers' organisations which will contribute to their free development. It is believed that the Shanghai experience assisted some workers to understand group action. The basic principle enunciated when mediation work was undertaken in Shanghai, "never to do anything which would break the strength of the workers," should prove an important instrument in assisting in the development of the sound organisation which is to be desired. On many occasions workers, greatly satisfied with the adjustment which they had secured through proper mediation procedures, desired to perpetuate in organisational form the coherence of workers for the *ad hoc* purpose of the dispute. It is certain that men who had had this concrete experience would have gone out to create a genuine union, had they been able to do so. Some unions which did exist were strengthened by their education in mediation proceedings. When the same representatives of workers came back year after year on behalf of their fellows, it was obvious that there was a steadiness upon which could be built a satisfactory union structure. Men will themselves be the first to dismiss the demagogues among them and to refuse to have anything to do with those trying to use organisation and strife for their own ends if the chance for free development of their organisation comes to them.

THE SUCCESSFUL ORGANISATION of a city Department of Social Welfare will depend largely on experienced personnel of high calibre and social devotion. They can be found. There is a great urge for social betterment in China, and with it a great capacity for organising and working toward it. Almost all the phases of work which were developed in Shanghai were to a large extent the product of the ideas and the plans and the execution of qualified Chinese

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000 staff members. Some of them exhibited great imagination in conceiving methods of procedure and carrying them out. To work with them was an inspiration. Though in the service of an international administration, they were never anything but ardent Chinese patriots devoted to their country and to their people. Indeed, not once but many times was the hope expressed that the laboratory work upon which they were engaged might mean that they could more adequately be of use in the future of their beloved country. When the time comes that they may do so, they will be well-equipped to render high service.

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PREFACE

122 This is one of five monographs prepared by the staff of the China Project at Stanford University in fulfillment of a twelve-month subcontract with the Human Relations Area Files, Incorporated, New Haven, Connecticut.

121 The main purpose of this monograph is to present insofar as possible a concise account of the social, economic, and political conditions and problems of the East China Region, which is comprised of the provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien. Although primary emphasis is placed on developments since the Chinese Communists assumed the reins of government in the latter part of 1949, whenever necessary the region's past is touched upon.

127 It may be helpful to point out to readers unfamiliar with the Chinese source material used for the preparation of this monograph that, generally, official publications published before 1949 in Nanking or Chungking were of Nationalist origin, whereas those dated from 1949, unless their place of publication is Taipei, Hong Kong, or some other non-Communist area, are Communist sources. Moreover, two sources, the

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121 The regional approach embodied in this monograph represents an attempt to conform with the suggestion of our Prime Contractor. Although certain topics which cannot be properly treated on a regional basis have been discussed in more general terms, the bulk of this monograph is comprised of regional information. Since Communist China is undergoing many rapid changes, the studies contained in this monograph should be brought up to date at frequent intervals.

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AUTHOR'S PREFACE TO THE SHANGHAI EDITION

000 The role of authorities in the control of factors influencing the life and livelihood of any community has become more significant with each passing decade since the commencement of the Industrial Revolution. Periods of national emergency or wars place on governing bodies greater responsibilities for evolving methods of control which will offer safeguards to, and preserve as far as possible, the livelihood of a nation. The restoration of peace may not lessen, but may even enhance the necessity for official concern with these questions.

Whatever the future of Shanghai, it will always have a large industrial population for whose well-being the authorities must have concern. Some analysis, therefore, brief though it may be, of the industrial and social situation in the International Settlement in Shanghai, and the efforts of authorities to meet the problems presented, should be of some advantage in evolving a programme for the future welfare of its industrial population.

The question is sometimes asked whether progress in improving industrial conditions in the Shanghai areas under foreign administration has significance for China as a whole. It has been my experience that ideas spread rapidly among factory owners, and that they are willing to try new procedures. If, therefore, in Shanghai, educational or administrative means can produce improvement in the working conditions, and particularly if it becomes apparent that these better conditions "pay," it is certain that their influence will spread. In one respect Shanghai's significance for the rest of China lies in the long start which it has had industrially over other parts of the country. It is a treasure trove of skilled workmen. These, to be sure, are not qualified technicians in the sense familiar in Western countries, since there has been a lack of technical training facilities. Yet there are thousands of men who are skilled in the operation of machinery, and this skill requires both time and the opportunity of working in machine shops to acquire it. For the China of the future, for the real industrial China which must emerge, they constitute a national resource which should be developed.

121 633 This monograph has been written at the request of the Institute of Pacific Relations from the experience of creating for the Shanghai Municipal Council an administrative instrument which has functioned in the industrial and social field since 1933. The Council has lacked

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specific powers to evolve a comprehensive legislative instrument to regulate industrial conditions, enforce minimum wages, require compulsory mediation and arbitration in industrial disputes and deal with many other social issues. This limitation has not prevented the creation of a trained staff which collects accurate information for use in wage adjustments, mediates industrial disputes when requested, provides general advisory and consulting services as well as trained personnel to inspect industrial enterprises, and tries to obtain better physical conditions of work.

121

The present monograph, after a brief survey of the jurisdictional issues, indicates the existing problems and describes the plans which have evolved within the limitations of constitutional power and financial support to improve industrial conditions in the International Settlement of Shanghai. This study is essentially a record of material, much of it published for the first time, summarising administrative policy, giving background for the efforts and outlining unsolved problems. Though official in the sense that it describes official action, it is not an official document; it is personal in that it has been my privilege to attempt to find the solution to these problems. For facts and opinions expressed herein, I, as the author, am solely responsible.

ELEANOR M. HINDER

Shanghai
October 1, 1941.

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Author's Note

The great range of published materials bearing on the problems treated here has made for the usual difficulties which confront the student of China. In a narrower sense, neither scholars nor events have stood still since this book was first written. For example, S. F. Wright's *Hart and the Chinese Customs* might have been drawn on much more fully had it not come into my hands during that limbo between the supposed completion of a book and its actual publication. Recent works such as this are noted here wherever possible, but many of them could not be thoroughly used.

Having chosen a subject as dynamic as Shanghai, in a setting of violent and revolutionary change like modern China, I suppose that complaints about problems of obsolescence are clearly out of order. Realizing this in a more general way, I have tried to write about Shanghai and modern China in their geographic setting in a manner which will be meaningful and instructive regardless of changes which may occur, and are now occurring.

I am happy to record my indebtedness to the Social Science Research Council for a grant during 1948–50 which made it possible for me to do most of the research and the original writing of this book. My indebtedness to those at Harvard University and to others who have offered valuable criticism is so great, in kind and amount, that I can make only this gesture of thanks.

R. M.

Seattle, Washington
December 1952

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11. Distribution of Rice Production in China 141

GRAPHS

1. Population of Shanghai, 1840–1936

There are no complete records of the population of Shanghai at any period. This graph has been compiled from a variety of estimates: Fortune (1846), Medhurst (1850 and 1864), Schmidt (1874), Macleilan (1889), Feetham (1931), *Shang-hai shih nien-chien* (1936), *et al.* The influx of Chinese refugees between 1852 and 1865 was an important matter for the foreigners, and most works covering the period give yearly estimates of the population of the foreign settlements. For the remainder of the period before 1928 the only consistently available estimates are decennial. Both sets of figures are approximations only, but those for the total urban area are especially imprecise. 22

2. Foreign Population of Shanghai, 1843–1936

Figures for the foreign population are reasonably accurate since each group of foreign nationals was the responsibility of a consul and since most of the foreigners lived within the settlements. Sources as for graph 1. 23

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TEN

The Geography of Shanghai Manufacturing

Shanghai is not only the primary industrial center of China proper, but has a virtual monopoly of large-scale manufacturing enterprises in nearly every field. Two factors are principally responsible for this concentration. First, Shanghai and its trading area represent by far the largest market in China; and second, despite the local absence of most industrial raw materials, cheap transportation makes it possible for Shanghai industry to produce competitively. 361

Evaluation of Data

More statistical work has been done on Shanghai manufacturing than on almost any other economic problem in China. It is therefore perhaps a commentary on statistical work in China that what has been done on Shanghai falls so short of reliability as measured by any criteria. A further difficulty is that no large-scale work has been published on the problem since 1936; this limits the use of statistics here almost entirely to the pre-war period. The standard study of Liu Ta-chün (1936) draws on the findings of six different surveys made during the late 1920's and early 1930's by the municipal governments of both the foreign and Chinese settlements and by private groups. The combined data of these six surveys do not cover more than two-thirds of Shanghai manufacturing, by workers or by industries. Where two or more surveys cover the same material, their data are almost invariably contradictory. In most of the surveys, and in Liu's compilation, totals are wrongly added, figures misplaced, columns transposed, and statistical paradoxes abound. 128

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128 659 471 These faults are apart from the inherent difficulties of the problem. Until 1945 no one municipal authority had jurisdiction over the entire city, and it was impossible for any one survey to collect complete data, especially on matters such as wages, costs, and capital investment. A much greater difficulty was presented by the fact that something like 80 per cent of the manufacturing establishments in Shanghai employed fewer than 30 workers (and were therefore not liable to regulation or inspection under the National Factory Act of 1929) and operated in private houses. What statistics are used here must be read with the foregoing in mind, realizing that they are in nearly all cases approximations of limited reliability.[1]

471 While perhaps four-fifths of the total number of "factories" in Shanghai employed fewer than 30 workers, probably about two-thirds of the total industrial workers in the city were employed in factories with a labor force of over 30, and perhaps three-quarters of the total industrial production, by value, of the entire city was accounted for by these larger factories.[2] Most of the figures which will be cited here are based on investigations of these larger factories, and while they are to that extent incomplete, they do at least deal with the most important segment of Shanghai manufacturing in terms of labor force and of value of production.

The Pattern of Manufacturing

471 178 Estimates of the degree to which China's industry was concentrated in Shanghai before 1937 differ, but it is clear that Shanghai accounted for about half of the country's large-scale Western-type industrial production. Liu's figures[3] show in 1932–33 136 modern cotton mills in China, of which 64 were in Shanghai, 60 modern tobacco factories, of which 46 were in Shanghai, 83 modern flour mills, of which 41 were in Shanghai, and 2435 modern factories of all kinds in China, of which 1200 were in Shanghai. He estimated that 43 per cent of China's industrial workers in modern manufacturing were employed in Shanghai, and that the city accounted for 51 per cent of the value of China's industrial production.*

* Liu does not define "modern." According to his analysis of "modern" factories elsewhere in his work, the term means factories employing 30 or more persons and using power-driven machinery. However, on this basis his figure of 2435 "modern" factories for the whole of China in 1932–33 would seem too low.

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AUTHOR'S PREFACE TO THE PRESENT EDITION

On the morning of October 10, 1942, a ship steamed up the Mersey River carrying British and other European repatriates from the Far East recently exchanged for Japanese from the British Empire. For more than three weeks since the ship had left Capetown no radio broadcast had been received aboard. Suddenly down the passages and companionways the voice of the British Broadcasting Corporation was heard. It announced the relinquishment by Great Britain and the United States of the extra-territorial rights held by these countries in China. For everyone on the ship the moment was symbolic. The 18,000-mile repatriation journey's end, at the end of a residence in China, coincided with the end of an era. To those who considered that the special privileges were overdue for abrogation the news was welcome. 000

Final page proofs of the first edition of this book which had covered the situations it describes down to the middle of 1941, were ready in Shanghai when Pacific hostilities broke out on December 8, 1941. The British printing plant in which it was being published was closed by Japanese orders and remained so until May 1942. Thereafter its operations under Japanese supervision were permitted providing nothing was published without the approval of the Japanese Press Bureau. Consent to the appearance of the first edition was finally given on condition that all references to foreign countries were excised. The final chapter had originally made mention of recent progressive moves in industrially backward countries on the part of Great Britain. These were removed without in any way compromising the thesis of the book. All references to the Institute of Pacific Relations under whose auspices the book was to appear were also eliminated. The publication appeared at the beginning of August 1942, as a document of the Shanghai Municipal Council, but the Japanese Press Bureau would not permit its sale. 128 722

For the first eight months after the outbreak of hostilities the Shanghai Municipal Council's Industrial and Social Division went on under my direction. Indeed, some unusual opportunities presented themselves for progressive social developments, arising from the need for emergency measures aimed to control the factors affecting the people's livelihood. I resigned my post to return home, leaving Shanghai on August 17, 1942. For me thus ended a period which had begun in January 1933, during which I had the privilege of building up a 114

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114 Division aiming to serve the people. The work was relinquished with great regret and only because changed administrative controls made it necessary to do so.

128 This second edition of the monograph has been prepared at the request of the Institute of Pacific Relations. It speaks now in the past tense. It aims at viewing in perspective the ten-year experiment in creating an administrative social instrument in one of China's major cities and in assessing its usefulness as a pattern. The kind of industrial and social services that a Chinese city will need to meet the problems that will persist into the future is suggested in the body of the text and in a new final chapter. In the re-writing there has been kept in mind the possible value which the record may also have for those who, of whatever nationality, will take part in post-war rehabilitation and reconstruction measures in which the understanding of social situations will be important.

ELEANOR M. HINDER

Montreal, Canada.
September 1943.

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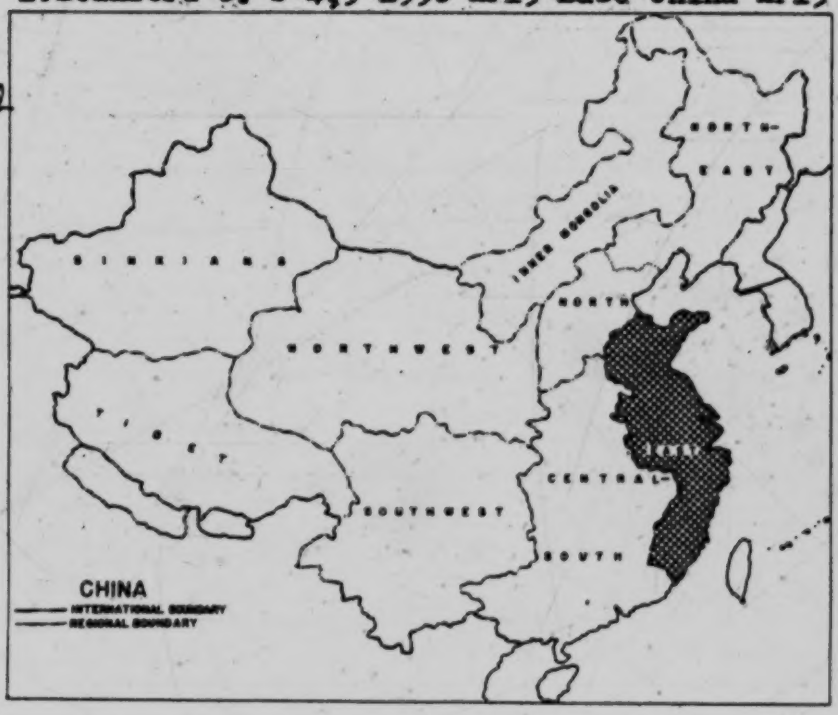

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Annex "A," Subparagraph 1a,
Sociological Background
GEOGRAPHICAL SETTING

131 162 East China[1] lies between 27-28° North latitude and 115-23° East longitude. It is composed of the provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien. The region covers 607,000 square kilometers (230,000 sq. mi.), or about six per cent of China's total territory, and supports 162,500,000 people, well over one-fourth of China's population. This amounts to an average of 269 persons per square kilometer (705 per sq. mi.).[2]

TOPOGRAPHY

133 The region of East China is higher on the southwestern side, and most of the mountains cluster in the southern portion. The northern and central sections are mainly alluvial plains intersected by a network of rivers. Many of the major rivers flow through lakes and lie across the land like strings of pearls. In fact, there is such a large number of waterways flowing through the region that the sampan is the most common means of transportation.

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1. See chapter on "Government Structure" for political subdivisions.

2. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [The Geography of New China], Shanghai, Ta Chung-kuo t'u-shu-chü, 1953, p. 40.

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Map 1. East Asia, showing provinces and major cities and rivers of China. Dates refer to the opening to foreign trade as treaty ports of the cities so indicated.

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133 of the river bed indicate an average of about one foot added overall to the elevation of the bed at the river's mouth in each twenty-year period, or about one mile added to the coastline in each sixty-year period.[1]

131 On this basis, the site of Shanghai would have been on the seacoast about 500 B.C., an empirical estimate which agrees with the record of Chinese history. All cities in the delta area east of the line of Sungchiang (map 5) for which there are adeqaute records were founded after the third century A.D.[2] Records of the Eastern Han dynasty (25 A.D. to 220 A.D.) speak of Kunshan, now 80 miles from the sea, as the seaport of Soochow in the second century A.D., but Shanghai has served as Soochow's port since about the fifth century A.D. Tsungming Island in the Yangtze estuary, according to the official gazetteer of the island, first emerged as a habitable sand spit in the tenth century A.D. By the thirteenth century it was sufficiently densely populated to be made a separate *hsien* (county), and at present measures approximately 43 by 8 miles.[3]

Building and Drainage

134 The material on which Shanghai rests is thus totally unconsolidated and presents serious problems for building. An average vertical section shows silt from the surface to about 20 feet, sand to 300 feet, and gravel mixed with sand and silt to about 1000 feet, where some 133 consolidated conglomerate is reached. The water table lies between [503] five and eight feet below the surface of the ground.[4] It may be assumed that before the draining and filling done by the foreigners since 1843, the water table was considerably higher, and that even before 1843 the canals dug by the Chinese provided enough drainage to keep the water table lower than it would otherwise have been considering the soil and elevation of the site.

499 Foreigners were discouraged to find in 1875 when a bridge was 133 built across the mouth of Soochow Creek* that one blow from the 34 small pile driver employed buried the pilings out of sight in the

* "Soochow Creek" is the name given by foreign residents to the Woosung Chiang, originally a much larger stream, which drains into the Whangpoo at Shanghai and connects the city with Soochow, some sixty miles inland. In the interests of clarity and consistency it will hereinafter be referred to as Soochow Creek, the name by which it has most generally been known in Shanghai itself.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

FOUR

Location

Shanghai's Hinterland

"The first and most natural root of a great city is the labour and populousness of the adjacent country, which supplies the materials of subsistence, of manufactures, and of foreign trade."[1] Shanghai is a great city primarily because it stands at the apex of the most fertile and populous area of comparable size anywhere in the world, the lower Yangtze basin.

The Yangtze watershed totals 750,000,000 square miles, or half of China proper, and has a population of approximately 200,000,000. The section of the river's basin which we may call the fertile triangle, bounded by Chinkiang, Hangchow, and Shanghai, an area of about 20,000,000 square miles, has an estimated population of 40,000,000, or an overall average of about 2,000 inhabitants per square mile. Nearly 80 per cent of the total land area is cultivated (map 10), and this region stands out as one of the three most widely cultivated in China (the Red Basin of Szechuan and the north China plain being the other two). Nodes of commerce are thickly scattered over the fertile triangle, which contains three cities of over half a million population (Hangchow, Soochow, and Shanghai — map 5). The Yangtze delta supports by far the densest single concentration of population in China for an area of similar size (map 7). The river's course is marked by successive clusters of settlement, terminating westward in the densely peopled Red Basin of Szechuan.

Of the other major cities of the lower Yangtze basin, Hangchow, Soochow, and Nanking were all at one time imperial capitals, and all have remained important commercial and industrial centers. Hangchow and Soochow are still among the three or four leading cities in China in silk reeling and weaving, and both act as central places for the surrounding rice and silk areas of the delta. Nanking

1: Stanford U. S-4, 5 1956 AF15 East China AF15

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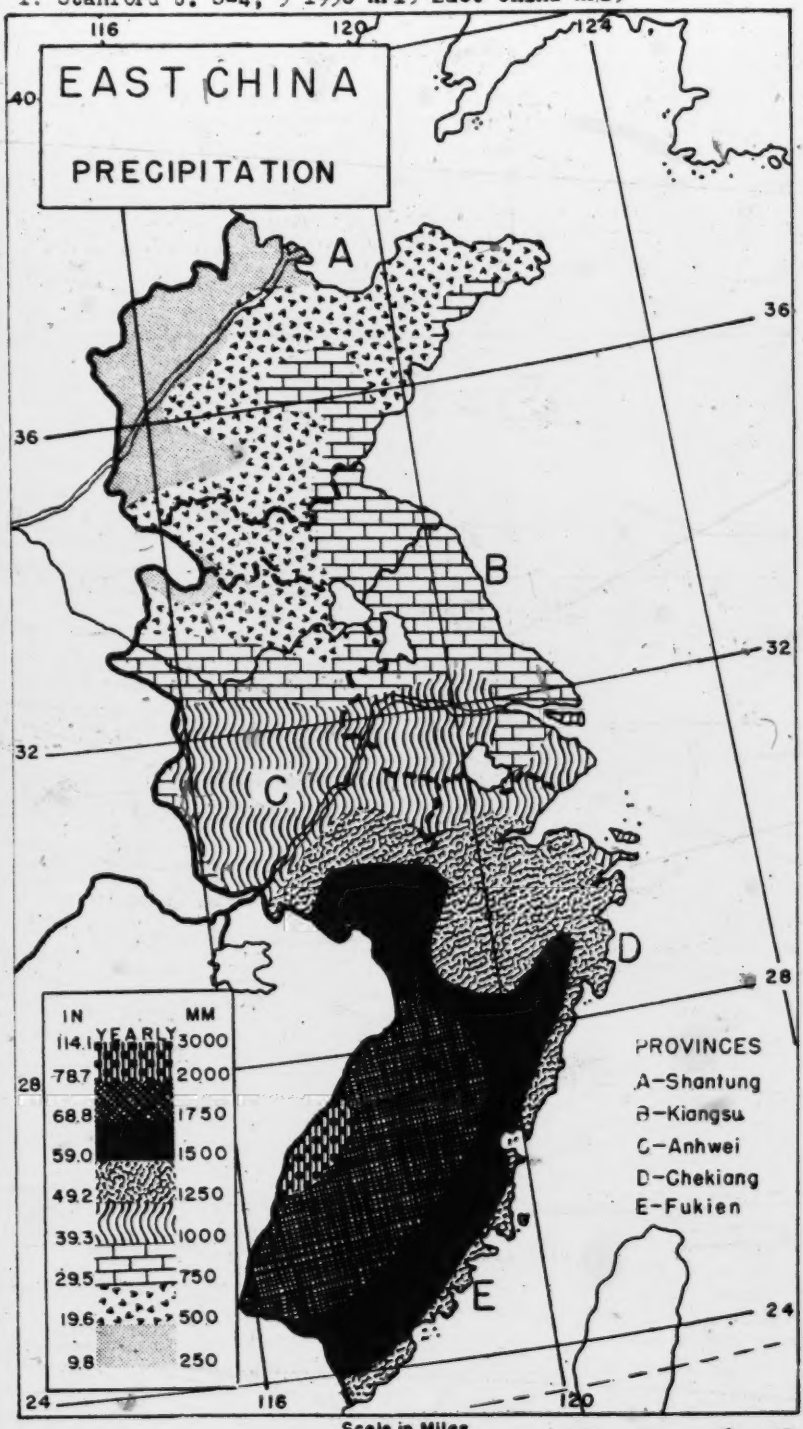

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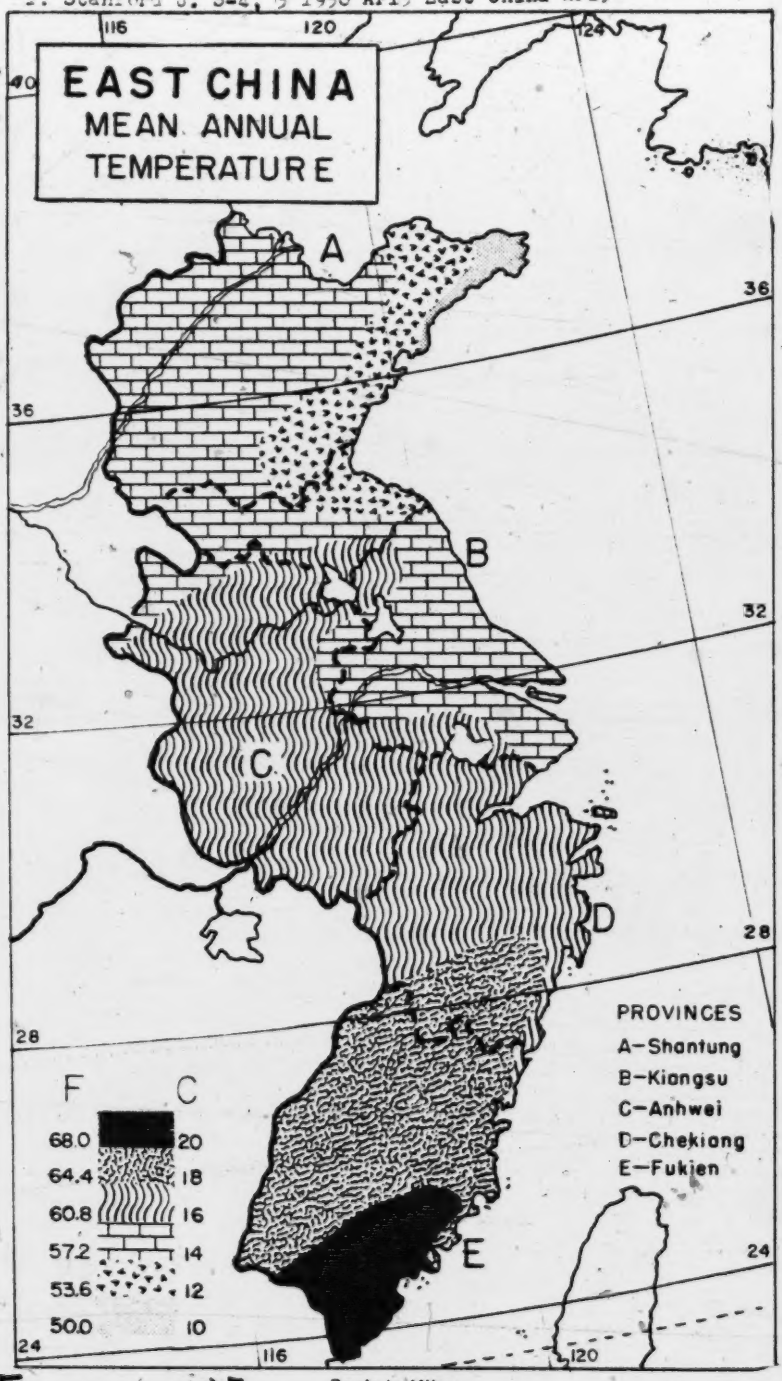

[Facing p.1(d)]

133 Rocky inlets and offshore islands mark the shoreline and provide many potential sites for ports; in this way it resembles the coasts of Japan and New England.[16] Offshore near Chekiang, for example, there are some 1,800 islands, the most important of which is the Chou-shan (Chusan) group. The Hai-t'an, Mei-chou, Amoy, Quemoy, and Tung-shan islands off the Fukien coast merit mention although their maritime value is less significant. The ports which have been developed to various degrees are: Hsiang-shan, San-men, T'ai-chou, and Wen-chou in Chekiang; and Sansha, Fu-chou, Ch'üan-chou, and Amoy in Fukien.

CLIMATE

132 In Eastern China, north of the Yellow River, the North China plain climate prevails. Winters are extremely cold; and in summer the temperature frequently rises above 35° C. (95°F.). In the Hwai and Yangtze River area, the four seasons of the year are clearly defined and are failry equal in length. Rainfall in this area is evenly distributed throughout the year. A winter with about 11 per cent of the annual precipitation is considered normal.[17] These

16. Cressey, op. cit., p. 334.
17. Ch'u, Shao-t'ang, op. cit., pp. 75-76.

132 climatic conditions, along with fertile soil and reliable natural irrigation, have enabled the inhabitants to make extensive agricultural development and have encouraged them to branch out into all types of industrial and commercial activity. Shanghai's rapid development in the last century, from an inconspicuous fishing settlement to a city of well over 5,000,000 people, shows that good soil and climate can counterbalance the lack of significant industrial resources in the area.[18] Foreign efforts have been a prime factor in harnessing these favorable factors for the continued growth of Shanghai.

South of the Ch'ien-t'ang River the summers are long, ranging from five to eight months, but are never extremely hot. Due to the moderating effect of the nearby ocean, the temperature seldom goes above 29°C. (84°F.) in the valleys, and never below 46° F. during the short winter. Winter in the mountains in western Fukien and southern Chekiang is considerably cooler.[19]

The heavy rainfall in the intermountain areas of central Fukien is frequently augmented by typhoons in July and September. One such

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18. Cressey, op. cit., p. 301.
19. Ch'u, Shao-t'ang, op. cit., pp. 144-45.

•132 storm can easily pour as much as 100 millimeters (4 in.) of rain into the valleys in a single day. During the same season typhoons and high winds may also cause damage, and the area of their threat extends as far north as Shanghai.

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Table 1. Climate at Selected Localities*

	Average Temperature (F.)		Rainfall (Inches)	
	January	July	Annual Average	Rainy Season
Tsingtao (Shantung Peninsula)	31	75	47	May-August
Shanghai (eastern Kiangsu)	35	81	45	June-August
Nanking (western Kiangsu)	34	82	42	June-August
Hangchow (northern Chekiang)	41	84	59	April-August
Wen-chou (southeastern Chekiang)	47	83	65	June-September
Huo-ch'iu (western Anhwei)	34	82	42	June-July
Wu-hu (eastern Anhwei)	39	83	48	June-July

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(Table 1 continued)

P'u-ch'eng (northern Fukien)	45#	68	59	June
Foochow (eastern Fukien)	53	84	56	June-September
Amoy (southern Fukien)	59	85	47	May-August

* based on Huang Chin-t'ao and others, Fu-chien Ching-chi Kai-k'uang [The Economic Situation in Fukien], Fukien, Provincial Government, 1948; Cressey, op. cit., pp. 76-79.

\# The coldest spot in Fukien; the lowest winter temperature recorded here is 19°F.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

gain. As long as water transport retains its basic place in the Chinese economy, a harbor for ocean ships will be maintained at Shanghai as the commercial center of the Yangtze basin. 503

Relief and Climate

The site has only two advantages of importance: it is almost completely flat, and it has a more favorable climate than rival south China ports. Ample level ground was useful during the purely commercial phase of the city's development in allowing adequate space for storage of goods, for half of China's foreign trade passed through Shanghai from 1865 on, but it was more important in allowing the development of manufacturing after 1895. The commercial center which began in an area of 43 acres along the Whangpoo in 1843, demarcated and defended by creeks, was able to grow outward toward the west, south, and north as both political and economic conditions provided the impetus for metropolitan industrial development. Level ground continues unbroken within a twenty-mile radius of the city. While the site's liability to floods is a notable disadvantage, level ground must in general be counted an asset, especially as against the lack of it in Hong Kong, Foochow, Amoy, and other south China ports. 133 361

Shanghai's climate is influenced alternately by cold dry air from inner Asia and Siberia, and by warm moist Pacific air; it is tropical for one third of the year and temperate for two thirds. Rainfall averages 45 inches annually, 14 inches of which falls in June and July, but with no very marked seasonal concentration. July and August are uncomfortably tropical, and while rains keep the temperature below 90° for at least a quarter of these two months, the relative humidity throughout this period averages 84 per cent. Temperatures rarely exceed 98°. Vital statistics for foreign residents of the China treaty ports included in the yearly medical reports published since 1870 by the Maritime Customs give Shanghai, with a death rate averaging 16 per thousand annually for the period 1870–1930, a relatively good record. Most of the foreign residents considered it among the healthier treaty ports despite its uncomfortable summer, during which as many of them as were able left the city for the central mountain belt or the Shantung beaches. The accompanying table com- 132 [165]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

132 pares temperatures and relative humidity at Shanghai with selected cities in different climatic regions.

	Mean Annual Temperature	Mean Annual Rel. Humidity	Dec.-Jan.-Feb.		June-July-August	
			Temp.	R.H.	Temp.	R.H.
New York	54	60	30	61	79	62
London	49	79	39	82	61	76
Canton	64	82	48	56	83	89
Shanghai	59	78	39	36	78	85

Shanghai's is a moderate climate compared with south China, especially in respect of the greater effect in winter of the Siberian high, and with daily and seasonal changes in which Chinese and foreigners can work under reasonably favorable and familiar conditions.

361 In sum however, the growth of Shanghai must be regarded as an illustration of the extent to which the advantages of an exceptionally favorable location can overcome the disadvantages of an exceptionally unfavorable site. While most of the city's site problems are common to many delta ports, its locational advantages are unique. These will now be examined in the following chapter.

NINE

How the City is Fed

Agriculture and Transport in the Delta

The portion of the Yangtze delta which we have called the fertile triangle (Chapter Four) stands out in dramatic relief as one of the richest agricultural areas in China. Maps 7, 10, and 11 show its place in the pattern of agricultural occupance and rice production. Shanghai lies at the apex of this largest area of high-fertility soil in China with adequate rainfall, and indeed so large a city could have developed nowhere else before the industrial revolution. With railway development still in its infancy in China, Shanghai has been able to maintain itself as a city of nearly four millions because it is located in what is in effect a huge truck garden. 132 134

The soil of the delta is of course alluvium, and its correspondingly high fertility is implemented by its fortunate median position between the semi-arid north and the humid south. Between Hangchow on the south and the Huai River on the north, average annual rainfall decreases from 58 inches to 34 inches. South of the line of the Huai River, leaching has removed much of the original lime content of the soils, but the prevailing gentle quality of the rains in the delta area and their relatively even distribution over the year * has prevented removal of all the lime. The line of the Huai roughly marks the division between the wheat-kaoliang-millet crop economy of the semi-arid north and the rice-tea-silk complex of the humid south, although the two major agricultural patterns overlap in the delta to some extent. Below Hangchow, rainfall increases sharply, and most of the soils of south China are thoroughly leached.

The fertile triangle thus avoids both the inadequate rainfall of

* Rainfall is concentrated from March through August, but no month has more than nine inches and no month less than two.

[p. 133]

the areas immediately north and the leaching of the areas immediately south. It shares with most of south China however a soil which has a high clay content and is thus suitable for wet-rice cultivation in paddies. Of equal importance for the soil with the amount, distribution, and nature of the rainfall is the continual renewal of the alluvium by the Yangtze and its tributaries. While in the absence of frequent floods covering the whole of the area this renewal cannot keep pace with the soil exhaustion attendant on 2,000 years of farming, the material which the rivers bring down and deposit is a highly fertile mixture of well-varied origin containing in particular considerable calcium.[1]

Rainfall over the fertile triangle as a whole averages about 43 inches annually, and falls largely in gentle showers. The peak in late April, May, and June is especially favorable to agriculture, coming as it does during the planting season for most crops in this area and continuing through the first important weeks of early growth. These are the so-called plum rains (*pai-yü*), accompanying weak cyclonic storms whose effect is somewhat lessened by the counter influence of the monsoon wind system of east Asia. The growing season is long, averaging 287 days at Shanghai between killing frosts, 291 at Nanking, and 307 at Hangchow.

Relief forms almost no obstacle to cultivation. For the triangle as a whole, about 80 per cent of the total land area is cultivated (eliminating the area covered by lakes), the highest figure for an area of comparable size in China, according to J. L. Buck's figures.* The

* J. L. Buck, *Land Utilization in China* (1937). This is a highly statistical study, whose limitations are obvious in dealing with a largely illiterate peasant society where accurate or complete statistical information is unobtainable. Buck's figures have often been used too literally, but since they are virtually the only ones available on a national basis they may be used to advantage if it is realized that despite their detail they are no more than approximations, arrived at by Western methods whose applicability to the traditional Chinese society is questionable. Their safest use is as estimates of orders of magnitude. Subsequent citations here from Buck's work should be read with these considerations in mind.

Buck's figures have the advantage of considerable regional detail. Since the discussion of food production and marketing here is largely limited to the fertile triangle, Buck's statistics are more readily usable than others gathered or presented on a provincial basis. However, reference should be made to some of these more general studies by Chinese, of agriculture and of rice production, which bear on the problems treated here, and which I have used in a general way in addition

2: Murphy G-4 (no date) 1953 AF15 East China AF15

picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CN$12.40 per picul; c. (foreign 439
rice) CN$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262
the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

2: Murphy G-4 (no date) 1953 AF15 East China AF15

132 435 438 505 The boatmen on these waterways usually refuse to load or unload rice when it is raining (whether out of regard for their own safety or for that of their cargo is not clear), and the flow of rice to Shanghai stops almost entirely whenever it rains. The Shanghai rice market, including foreign and out-province rice, reacts with great sensitivity to the rain situation in the city, price changes for rice from all sources often following changes in the weather as closely as an hour.* The role of the weather in the Shanghai rice market as a whole underscores the fact that local sources of rice hold the commanding position, and that the rice moves to the city largely by boat. The monthly reports on the rice market refer repeatedly to water transport connecting Shanghai with the rice-producing areas of south central Kiangsu, but very little mention is made of railway transport of rice during the entire period 1920–1936. Highway transport of rice is not mentioned at all. The dominance of water is so marked that these monthly reports lay great stress on the weather, and conclude in one case that "Rain and wind make a great difference to the rice merchant's heart."[18]

527 435 438 4. Traditional festivals, especially the Chinese New Year (a lunar festival occurring as a rule in early February). Their effects may be summarized as follows: a. since the New Year is the time for settling of accounts as well as for feasting, the farmers need cash and sell their rice; the price falls as a result at the beginning of the festival period; b. however, the holiday on the farms decreases the amount of rice collected and transported to inland centers as the festival continues, thus counterbalancing the earlier selling; c. banditry resulting from inability to pay debts slows or stops move-

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market on an average of ten or twelve times a year, principally from March through July.

* According to records kept by the Public Works Department of the International Settlement at Shanghai (printed each year in the Annual Reports of the Municipal Council from 1920 to 1939), rainy days occurred in the city from 1920 to 1939 on an average as follows:

	Jan.	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*
Number of days on which some rain fell	3	4	6	6	8	14	7	5	5	4	4	1
Number of days with rain continuously 6 A.M.-6 P.M.	1	2	4	4	5	8	4	3	3	2	1	1

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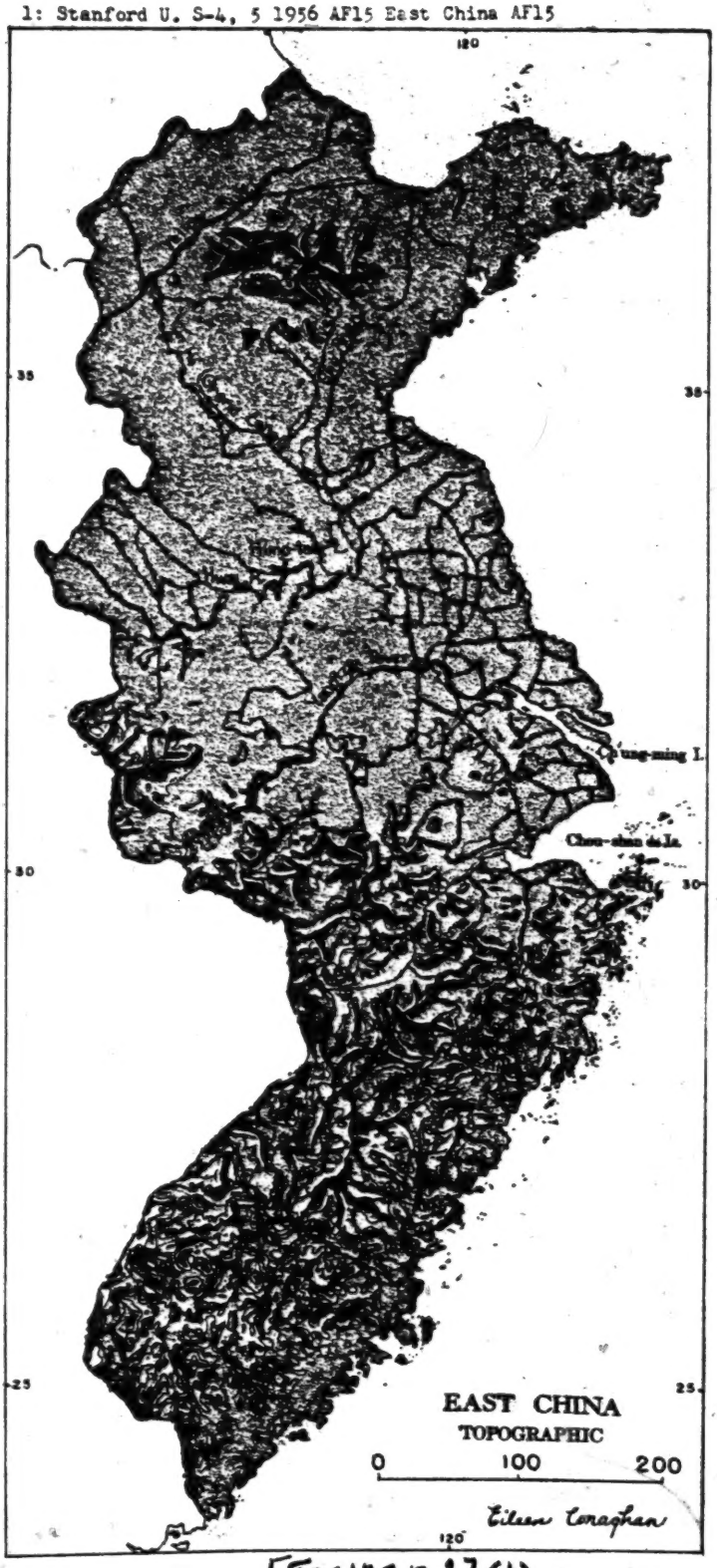

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Annex "A," Subparagraph 1a,
Sociological Background
GEOGRAPHICAL SETTING

131
162 East China[1] lies between 27-28° North latitude and 115-23° East longitude. It is composed of the provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien. The region covers 607,000 square kilometers (230,000 sq. mi.), or about six per cent of China's total territory, and supports 162,500,000 people, well over one-fourth of China's population. This amounts to an average of 269 persons per square kilometer (705 per sq. mi.).[2]

TOPOGRAPHY

•133 The region of East China is higher on the southwestern side, and most of the mountains cluster in the southern portion. The northern and central sections are mainly alluvial plains intersected by a network of rivers. Many of the major rivers flow through lakes and lie across the land like strings of pearls. In fact, there is such a large number of waterways flowing through the region that the sampan is the most common means of transportation.

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1. See chapter on "Government Structure" for political subdivisions.

2. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [The Geography of New China], Shanghai, Ta Chung-kuo t'u-shu-chü, 1953, p. 40.

A. Mountains and Plains

•133 From north to south, the traveler first crosses a huge mudflat through which flows the last section of the Yellow River. Not far south of the Yellow River, and in the middle of Shantung Province, rises the T'ai-shan (peak 1,545 m. or 5,000 ft.). Compared with the giant massif in Southwest China, this mountain range is insignificant. However because the surrounding plain is only about 50 meters (160 ft.) above sea level, the T'ai-shan appears to be of more imposing stature.[3] It is one of the five celebrated mountains of China and is also known as the Tung Yüeh. The fact that it is impressive has been testified to by Confucius, who, upon ascending this mountain, said, "It dwarfs the entire world." To the east of the T'ai-shan, across a land depression known as the Chiao-Huai corridor, stands the Lao-shan Range (peak 1,130 m., or 3,600 ft.), which forms the bone and frame of the Shantung Peninsula.

Mao-shan (520 m. or 1,660 ft.) is one of the few mountains in the flat Yangtze delta. Southwest of Mao-shan, on the border between

3. Chu Ch'ang-i and Chang P'ei-yü, Chung-kuo Ti-li Ta-kang [An Outline of the Geography of China], Taipei, Ta Chung-kuo t'u-shu kung-ssu, 1954, p. 83.

•133 Anhwei and Hupeh, is the Huo-shan Range, which has an average elevation of 1,000 meters (3,200 ft.). The highest peak in the region, the Huang-shan, (1,700 meters or 5,440 ft.), is located southeast of the Huo-shan. From that point southward, the land is more hilly. T'ien-mu-shan is to the east of Huang-shan. The former has peaks rising up to 1,547 meters (5,728 ft), and is an extension of the Huai-yü Range on the Anhwei-Chekiang-Kiangsi border.

The Ch'ien-tang River delta is a limited one. There are two mountain ranges south of the river, the Hsien-hsia Range on the west and the K'uo-ts'ang Range on the east, each rising 100-500 meters (320-1,600 ft.). Farther south the Wu-i Range is on the west and the Tung-kung Range on the east. The Wu-i Range (1,500 meters or 4,800 ft.) forms the boundary between Fukien and Kiangsi provinces. The Tung-kung Range is the northernmost of a series of hills covering the whole length of Fukien Province, with the Tai-yün Range immediately below it and the Liang-shan Range still farther south. These three ranges average about 800 meters (1,300 ft.) in elevation, and a few peaks rise over 1,000 meters (3,200 ft.). Again, because of Fukien's proximity to the sea, these hills look like high mountains and effectively isolate each settled area from the others.

The little flat land left in Fukien Province

133 amounts to about five per cent of the total area, and even that is limited to the narrow strips of river valleys and the small scallop-edged fans of the delta at the river mouths. The widest of these valleys scarcely exceeds five miles.[4]

B. Rivers

133
731 The section of the Yellow River in East China has contributed immensely to the river's reputation as a troublesome and unreliable waterway: (1) it is the last of the river's capricious changes of course; (2) it has an alarming capacity for silt accumulation, about 10 centimeters per year; and (3) as it is, the bed at places is already about 2-8 meters (6-17 ft.) above the level of its banks.[5] Under these circumstances, the river has long been a threat to the inhabitants of the area. As of early 1955, there were dikes on the lower reaches totaling 1,300 kilometers (806 mi.)

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4. Cressey, op. cit., p. 337; Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [The Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1953.

5. Wang Ming-yeh, "Huang-ho liu-yü ti shui-t'u liu-shih yü shui-t'u pao-ch'ih kung-tso" ["The Erosion and Water Conservation Work in the Yellow River Area"], Ti-li Chih-shih [Geographic Knowledge], February 1955, p. 67.

133 in Shantung Province and in Honan Province
731 to the west. These dikes stand 1.5-2.5 meters (3.5-8 ft.) above the highest known flood level. Another flood-diversion project, at the river mouth, has also been completed, and the Peking regime claims complete elimination of flood threat on this stretch of the Yellow River. The current is swift as it nears the ocean, and only above Lo-k'ou is it slow enough for river-junk traffic.[6]

Other rivers in Shantung Province are minor ones, except for the I River and the Shu River, which issue from T'ai-shan Mountain and flow southeast into Kiangsu Province. Major flood control and prevention work
503 has been done on these two rivers. The Yün-ho [Grand Canal] connects the Yellow River with a number of small lakes and cuts southeast to reach Hangchow in Chekiang. This man-made waterway, which is divided into several sections, changes direction wherever it meets a lake or another river.[7] The section of the canal which extends from Chen-chiang in Kiangsu to Hangchow in Chekiang is navigable for small steamers all year round; north of

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6. Ko Sui-ch'eng, Chung-kuo Ti-li Hsin-chih [New Geography of China], Shanghai, Chung-hua shu-chü, 1940, p. 67.

7. Ch'en Shih-chien, Chung-kuo Ti Ho-liu, [China's Rivers], Peking, San-lien ch'u-pan-she, 1950, pp. 67-72.

1:Stanford U. S-4, 5 1956 AF15 East China
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503 Chen-chiang the canal is shallower.[8]

133 In the area between the Yellow River and the Yangtze River, the Hwai River is the main [311] source of irrigation. The Hwai River receives water from about a dozen radiating tributaries but, curiously, has no outlet to the sea. Since 1853, when the last change in the course of the Yellow River usurped the Hwai's channel and dammed the river's flow with silt, the Hwai has emptied into land-locked Hung-tse Lake. Because the lake was gradually filling up with silt, the water during a flood ran overland and inundated thousands of acres in the vicinity.[9]

503 The North Kiangsu Main Irrigation Canal, completed by the Peking regime, helps to reliev the Hwai of its high water pressure during the flood season. On the upper reaches of the Hwai a total of sixteen reservoirs are being built to divert flood water.

133 The Yangtze River flows into this region from the west. Its width is restricted to 1 kilometer (3,280 ft.) by the Huo-shan Range as far as Chiang-yin, where it widens to over 4 kilometers (3 mi.). The entire stretch of the

8. Ch'u, Shao-t'ang, op. cit., p. 74.

9. In the 1950 flood, over 40 million mou of land were submerged; 13 million people were affected. Cf. Cheh Shin-chien, op. cit., p. 53.

•133 river is navigable in all seasons. The small lakes it traverses free the area of flood danger, and its tributaries offer extensive irrigation benefit to the entire delta. The Ch'ien-t'ang River south of the Yangtze is known for its trumpet-shaped, silt-cluttered estuary which helps raise spectacular tides when ocean waves push upriver. East of T'ung-lu a section less than 100 kilometers (62 mi.) long is navigable for small steamers.[10]

The rivers of the southeast coast below the Ch'ien-t'ang are short and swift. Their general characteristics are: (1) main streams cut through the coastal ranges and flow to the sea, forming narrow valleys with rocky beds, almost unnavigable for river traffic; (2) tributaries join the main rivers at right angles in intermountain areas where the land is open and the flow less turbulent; and (3) estuaries form potential harbors.[11] Among these rivers the larger ones are the Ou River in southern Chekiang and the Min River in central Fukien, but even the Min River, whose tributaries cover the entire northern, central, and western sections of Fukien, has too swift a current and too narrow a span to permit steamer transportation beyond a distance of 100 kilometers

10. Chu and Chang, op. cit., p. 77.
11. Cressey, op. cit., p. 335.

1:Stanford U. S-4, 5 1956 AF15 East China
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• 133 (62 mi.) from the sea coast.[12]

C. Coast

The coastline of this region is clearly divided into northern and southern halves at the Ch'ien-t'ang River estuary. In the north the line runs on the edge of low-lying delta plains, mostly sandy banks which yield few [504] harbor possibilities.[13] The only useful ports here are Wei-hai-wei, on the northern coast of the Shantung Peninsula, and Tsingtao, across the peninsula from Wei-hai-wei. The latter perches on the Chiao-chou Gulf which is a 297 square kilometer (110 sq. mi.) body of water, 60 meters (190 ft.) deep.[14] That this section of the coast is rising can be seen at the Yangtze estuary, where accumulated silt is blotting dry 1.5 kilometers (about one mile) of the ocean every sixty years, and, where an island (Ch'ung-ming) of 700 square kilometers (260 sq. mi.) has grown out of a mere sandbank in the relatively short span of 1,800 years.[15]

The southern half of the coastline is in dramatic contrast to its northern counterpart.

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12. Ko, Sui-ch'eng, op. cit., Vol. VI, p. 167.
13. Cressey, op. cit., pp. 49-50.
14. Chu and Chang, op. cit., p. 84.
15. Ibid., p. 78.

133 Rocky inlets and offshore islands mark the shoreline and provide many potential sites for ports; in this way it resembles the coasts of Japan and New England.[16] Offshore near Chekiang, for example, there are some 1,800 islands, the most important of which is the Chou-shan (Chusan) group. The Hai-t'an, Mei-chou, Amoy, Quemoy, and Tung-shan islands off the Fukien coast merit mention although their maritime value is less significant. The ports which have been developed to various degrees are: Hsiang-shan, San-men, T'ai-chou, and Wen-chou in Chekiang; and San-sha, Fu-chou, Ch'üan-chou, and Amoy in Fukien.

CLIMATE

132 In Eastern China, north of the Yellow River, the North China plain climate prevails. Winters are extremely cold; and in summer the temperature frequently rises above 35° C. (95°F.). In the Hwai and Yangtze River area, the four seasons of the year are clearly defined and are failry equal in length. Rainfall in this area is evenly distributed throughout the year. A winter with about 11 per cent of the annual precipitation is considered normal.[17] These

16. Cressey, op. cit., p. 334.
17. Ch'u, Shao-t'ang, op. cit., pp. 75-76.

175 (c. 1520 to c. 1030 B.C.).[1] Based on the irrigated cultivation of millet, this Bronze Age civilization became the mainstream of developing Chinese culture. It spread out from the Yellow River area of the North China plain in all directions to the limits of arable land and topographical barriers, absorbing other cultures and integrating elements of them.[2]

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[133] 1. For most of the historical era the Yellow River flowed through northwestern Shantung. However, at various times and from 1324 to 1852, the river followed a course south of Shantung, emptying into the sea more than 250 miles south of the former and present river mouth. See map in Walter H. Mallory, China: Land of Famine (American Geographical Society Publication No. 6), New York, American Geographical Society, 1926, Fig. 29, p. 49.

2. On Chinese prehistory and development of the Chinese state see H. G. Creel, The Birth of China, London, Jonathan Cape, 1936; and Wolfram Eberhard, A History of China, Berkeley and Los Angeles, University of California Press, 1950, pp. 3-21. Joseph Needham, Science and Civilization in China, Vol. I, Cambridge, England, the University Press, 1954, pp. 72-99, summarizes both the foregoing presentations and other modern scholarship on China's early development.

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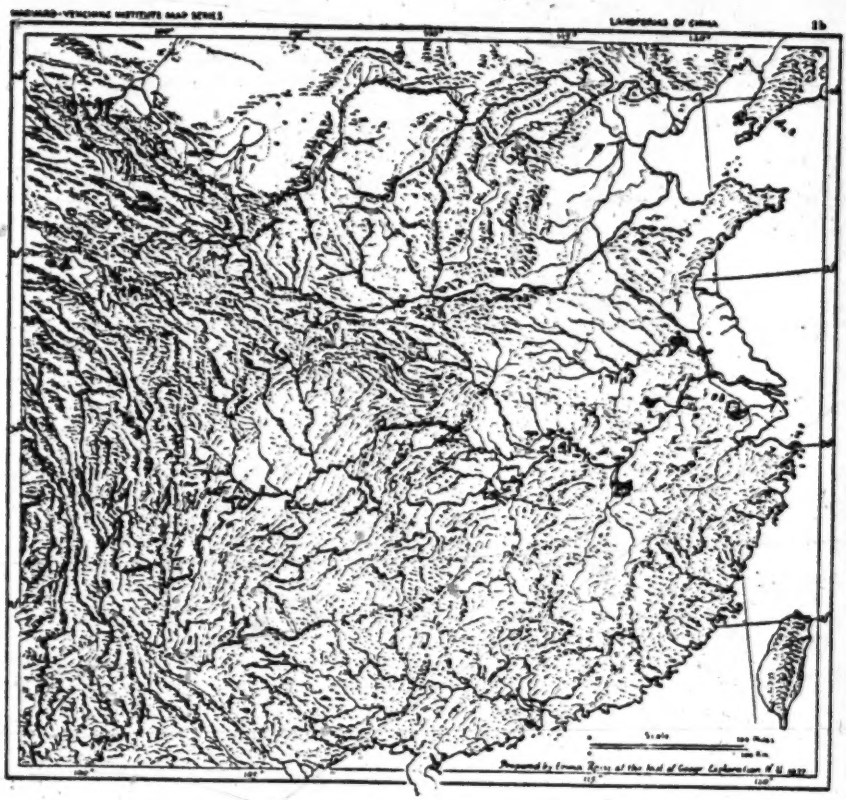

Map 2. Landforms of China (reproduced here by the courtesy of the Harvard-Yenching Institute).

THREE

Site

The Delta

In common with most delta ports, Shanghai has achieved its prominence in spite of the disadvantages of its site. Some indication of this may be found in the title of the first governing body set up in the city by its foreign residents in 1845: "The Committee of Roads and Jetties." The Yangtze delta, which in the vicinity of Shanghai extends westward to a low range of hills along the western shore of Tai Lake, is in process of rapid growth. 133

The delta as a whole comprises the level lowlands east of Tai Lake and of Chinkiang, and north of Hangchow; north of the Yangtze, the river's delta merges with that laid down by the Huai, and by the Huang in its several courses at different periods south of the Shantung peninsula. The delta is truncated on its seaward front, like other deltas formed on the coasts of open oceans, by coastal and tidal currents. The usual delta characteristics are present, in particular the long, relatively straight stretches of natural levee along the lower course of the river (although these are rather low and may periodically have been removed by the local farmers for grading and soil renewal), and the gradual foundering of the lower-lying areas behind the levees, in which lakes have formed.

It can be empirically assumed that the Yangtze is more silt-laden and is extending its delta faster during the last 2,000 years since the beginning of intensive farming and accompanying denudation of slopes in the river's watershed then before agricultural occupance. At Shanghai, unconsolidated alluvium covers the site to a depth averaging about 1000 feet, and the level of the almost flat plain as far west as Tai Lake is less than one foot above spring high tide in the Yangtze estuary. Calculations based on the average silt content of the Yangtze at its mouth, the velocity of the river, and the slope

133 of the river bed indicate an average of about one foot added overall to the elevation of the bed at the river's mouth in each twenty-year period, or about one mile added to the coastline in each sixty-year period.[1]

131 On this basis, the site of Shanghai would have been on the seacoast about 500 B.C., an empirical estimate which agrees with the record of Chinese history. All cities in the delta area east of the line of Sungchiang (map 5) for which there are adeqaute records were founded after the third century A.D.[2] Records of the Eastern Han dynasty (25 A.D. to 220 A.D.) speak of Kunshan, now 80 miles from the sea, as the seaport of Soochow in the second century A.D., but Shanghai has served as Soochow's port since about the fifth century A.D. Tsungming Island in the Yangtze estuary, according to the official gazetteer of the island, first emerged as a habitable sand spit in the tenth century A.D. By the thirteenth century it was sufficiently densely populated to be made a separate *hsien* (county), and at present measures approximately 43 by 8 miles.[3]

Building and Drainage

134 The material on which Shanghai rests is thus totally unconsolidated and presents serious problems for building. An average vertical section shows silt from the surface to about 20 feet, sand to 300 feet, and gravel mixed with sand and silt to about 1000 feet, where some
133 consolidated conglomerate is reached. The water table lies between
[503] five and eight feet below the surface of the ground.[4] It may be assumed that before the draining and filling done by the foreigners since 1843, the water table was considerably higher, and that even before 1843 the canals dug by the Chinese provided enough drainage to keep the water table lower than it would otherwise have been considering the soil and elevation of the site.

[199] Foreigners were discouraged to find in 1875 when a bridge was
133 built across the mouth of Soochow Creek * that one blow from the
341 small pile driver employed buried the pilings out of sight in the

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* "Soochow Creek" is the name given by foreign residents to the Woosung Chiang, originally a much larger stream, which drains into the Whangpoo at Shanghai and connects the city with Soochow, some sixty miles inland. In the interests of clarity and consistency it will hereinafter be referred to as Soochow Creek, the name by which it has most generally been known in Shanghai itself.

silt.[5] A foreign resident writing in 1915 took a gloomy view of the city's future because he considered that six storeys was the maximum possible for buildings on this site.[6] These problems have been overcome, at considerable expense, by floating the taller buildings on concrete rafts in order to provide a stable foundation adequate to support structures which would otherwise sink into the alluvium. Until the first experiment with this method in the building of the new Shanghai Club in 1910, large buildings had been set on wooden pilings driven into the silt, and great care was necessary to prevent unequal settling. Shanghai's twenty-storey hotels and public buildings, erected during the 1920's and 1930's, float on their concrete rafts in this jelly-like subsoil, a scant 800 miles from the major earthquake belt running through the Japanese islands, but fortunately in the hundred-year history of the foreign settlements, no serious shocks have occurred.

Surface drainage has also been a constant problem in the development of modern Shanghai. The original site[7] (adjoining the walled Chinese city — map 6) as the British found it in 1842 was a typical agricultural landscape of the Yangtze delta: wet rice paddies and dry cotton fields, crisscrossed by creeks and canals, and with occasional clusters of family villages. This land was subject to frequent floods at high tides by the tidal inflow of water from the Yangtze and the resultant backing up of fresh-water outlets (primarily Soochow Creek and the Whangpoo), and until recently it was still flooded nearly every year in late summer by typhoon winds from the east and accompanying heavy rains. The land within the metropolitan area was gradually raised by filling to permit the building of roads and houses. Filling was easier and cheaper than artificial drainage for all but the swampiest areas and proved adequate for the growth of the city, but it was accomplished only at a considerable expense of money and energy.

The commercial core of the city, concentrated along the Whangpoo frontage, remained regularly subject to flooding. One of the first public works projects to be carried out under the Communist administration (which has attempted to make Shanghai a showplace of efficiency as an advertisement of the virtues of the new regime) was the filling of the lowest places in this downtown area, particu-

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naturally built on the outside of the bend in the Whangpoo, where 361
tidal scour cut a channel and where it could tap a larger hinterland than on the inside of the bend. It may be assumed that the Chinese city was originally at the junction of Soochow Creek and the Whangpoo, and that since its founding in approximately the fourth century A.D., deposition and alterations in the character of both Creek and River (see the next section of this chapter) have left the city on the Whangpoo about 5000 feet upstream from the Creek's mouth. A considerable area was thus left between the city walls and the mouth of Soochow Creek, and here the British Settlement was established.

Sir Henry Pottinger, head of the British delegation at the Treaty of Nanking, selected the site for the British Settlement at Shanghai on his way back from signing the Treaty, his choice being influenced by strategic considerations.[8] The area he fixed on was the little square bounded on three sides by defensible waterways and on the fourth by the navigable Whangpoo (map 6). The main suburbs of the Chinese city lay between its wall and the Yang Ching Pang, while north of this creek the land-use was agricultural.

The boundaries of the original British leasehold of 1843 and later 364
additions, and of the original French leasehold of 1849, made close 312
use of existing waterways. These were useful not only for demarcation and defense, but also for sewage disposal, drainage, and transport, although not for drinking since they were both brackish and polluted. Roads (including Nanking Road) were built over many
of these streams, but they continued to act as sewers. The course of 503
Defense Creek and its junctions suggest that it was canalized for at least part of its length and diverted to supply the moat of the Chinese city, supplementing the water also received from the three other creeks emptying into the moat.

There are no contemporary accounts of natural levees anywhere 133
on this site in 1843, and the possibility of their existence is lessened 361
by the contemporary pattern of streams and canals as it can be reconstructed from period maps and records. Possibly the material which must have been deposited by Soochow Creek and Whangpoo flood waters along their respective banks was continually removed by local farmers in order to spread the alluvium over their fields

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133 361 (a common practice in the delta), or to maintain proper ground levels for the flooding of rice paddies. It is therefore unlikely that foreign settlement was fixed in any respect by the protection or by the higher and drier ground which natural levees would have afforded.

648 A frontage on the navigable Whangpoo, completing the water defenses around the British Settlement, was an additional source of security for the foreigners, since it permitted British naval vessels to command the entire site with their guns. George Balfour, the first British consul at Shanghai, in expressing his approval of Pottinger's choice of a site, stressed the importance of the Whangpoo on this point: "By our ships our power can be seen, and if necessary, felt."[9] This consideration may have been a factor in the decision to retain the prohibition against building on the river side of the Bund, a problem which is discussed in more detail below. Certainly foreign naval vessels have been prominently anchored off the Bund at every period of Shanghai's history from 1843 until the Communist take-over in 1949.

503 Along the Whangpoo and Soochow Creek, the muddy tidal foreshore was not usable for buildings or wharves until embankments had been constructed. This process, known in all the China treaty ports by the Anglo-Indian term "bunding," was a continuing job requiring large sums of money. In the case of the famous Bund along the Whangpoo frontage of the International Settlement from Soochow Creek to the Yang Ching Pang, the terms of the original grant of lease rights by the Chinese government to British subjects prohibited building within thirty feet of the high-water mark, which space was to be reserved as a tow path for the use of Chinese trackers pulling boats upstream.

503 367 When the rights of the Chinese trackers lapsed by the mid-1850's in the face of the growing foreign stake in Shanghai and the demands of steam navigation, the Shanghai Municipal Council inherited this waterfront strip by default and successfully defended it against the designs of foreign traders who wished to make commercial use of the area for warehouses and offices which would be convenient to the river.[10] The Council undertook the bunding of this strip in 1862, and in the process extended it beyond the high-water mark to

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make an overall width more than double the original thirty feet. At the northern end of this embankment, at the mouth of Soochow Creek, the Council made use of some gratuitous real estate, deposited by the Creek around the hulk of a sailing ship wrecked there in 1851, and soon made part of the mainland by continued deposition, for the establishment of a park on the river side of the Bund. A broad boulevard was built from Soochow Creek to the Yang Ching Pang along the new embankment (later extended by the French into their Settlement), and this artificially preserved freeway has been maintained by the modern city as its chief showplace and promenade ground, lined to landward by hotels, banks, trading houses, and public buildings, but on the river side by unsightly floating wharves (necessitated by the annual tidal range of 13.6 feet) and mud flats exposed at low tide. 503 367 [133]

On this problem also the Communist administration of the city have expressed themselves in another project to dress up China's modern front door to the West. The current project for the Bund (now largely completed) calls for the removal of the railway and street car lines which have run down the middle of the broad embankment, with attendant rickshaw stands and cargo stations, and their replacement by an island to be planted with grass and trees, in a reversion to the original late nineteenth century pattern. Planting is also to be added on the river side of the Bund, to provide some screen in front of the harbor functions which are too important to move, however unsightly. 367

Water Supply

Water for drinking and for the manifold needs of a large city has been a perennial difficulty, since the brackish Whangpoo is high in carbonates and indifferently potable, while most local wells yield an even less desirable and more limited supply. Only the relatively modest demands of most of the Chinese population and the absence of any large pure-water consuming industries make the water supply adequate for such a large city on this site. 312

Until 1883 all water used by the foreigners for drinking (aside from that drawn from the few local wells) was dipped from the Whangpoo or Soochow Creek (and by the Chinese from the other

312 creeks and canals as well) and settled in earthen jars with the help of alum to precipitate the mud. The water was then boiled and cooled, but this beverage was not held in much favor by the foreign community, and beer, wine and spirits imported from abroad filled most of the needs of at least the male foreign residents, aside from 364 the missionaries. In 1883 a foreign-owned and directed water company under contract to the Shanghai Municipal Council began to supply water to the foreign community in pipes, and this service was gradually extended to Chinese residents of the Settlement after 1884, primarily to help prevent disease, which could so easily spread. This water, pumped from the Whangpoo, was purified by slow sand filters, alum, and chlorine, but it remained unpalatable and was distributed to less than 10,000 users in all until the turn of the century. The intake for this plant has remained on the Whangpoo below the city in south Yangtzepoo.[11]

Location downstream from the city enables the plant to draw on the tidal inflow from the Yangtze, which is less contaminated, fresher, and less muddy near the surface than what the Whangpoo brings down. The widespread use of city refuse of all kinds for fertilizing fields and for filling low-lying land makes a downstream location so near the city less of a danger than it would be in most 133 Western cities. The Whangpoo may originally have been a tidal salt water creek which later benefitted from stream piracy in making connections with a fresh-water stream or streams farther inland as its own headwaters. Such a possibility is suggested by the Whangpoo's short total course compared with the volume of water it carries, by the sharp right-angle bend it makes in flat alluvial country about ten miles above Shanghai (map 5), and by what is known of the hydrographic history of this area, which is discussed in greater detail below.

364 This private British-owned company, the Shanghai Waterworks Ltd., continued to provide about half of the piped water supply of the entire city until 1936, by which time it distributed a daily average of about 54 million gallons. It was supplemented in 1903 by a company owned by the government of the French Settlement with an intake above the city on the Whangpoo, and also using sand filters, alum, and chlorine to supply a daily average of about 32 million

503 Work was begun in 1932 by the Board on cutting a channel of 33 feet at mean high tide through the Fairy Flats, which required the removal of nine feet of silt from the bar as it then existed, including an allowance of three feet for clearance in heavy seas and one foot for fall of the tide during the passage of the ship. By 1936 about three of the nine feet had been removed for half of the distance of the channel. Dredging was suspended during the Japanese occupation and has not yet been resumed during the blockade conditions of the post-war period. Much of the earlier work has thus been lost.

● [133] 502 Ebb and flow currents at Shanghai average about three knots for a total of eight hours during each 24-hour period. Six major bends in the Whangpoo (the one at the mouth of Soochow Creek being almost a hairpin turn) and the narrowness of the channel make these tidal currents a problem for ocean-going ships, both in docking and in maneuvering for anchorage. None of the ocean vessels (except for foreign warships, which usually anchored off the Bund) dock above Soochow Creek, and most of them find it easier to unload cargo onto lighters in midstream, taking on cargo at wharves 505 farther down the river in Yangtzepoo.* The wharves along the Bund are used for lighters and for river shipping. Roadsteads within the harbor are severely limited, and collisions and congestion are common.

There have been periodic suggestions that the main harbor be moved to Woosung, but even here conditions are far from ideal. There is a large anchorage in the open roads of the Yangtze with a minimum depth of 30 feet at mean low tide, measuring two miles by six miles, but tidal currents average about a knot stronger than at Shanghai, and these together with the winds across the open sweep of water prevent loading or unloading by lighter about 30 per cent of the time. Existing wharves at Woosung can accommodate only vessels drawing less than 18 feet. Cargo unloaded at Woosung by lighter or at the wharves is mainly carried to Shanghai directly by lighter on the Whangpoo, but there is also some shipment by rail.

The expense and inconvenience of transshipment would probably

* Because of the angle and direction of the tidal currents and the set of the channel, loaded ships can be maneuvered out of the wharves and down the Whangpoo more easily than up the river and into the wharves.

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gain. As long as water transport retains its basic place in the Chinese economy, a harbor for ocean ships will be maintained at Shanghai as the commercial center of the Yangtze basin. 503

Relief and Climate

The site has only two advantages of importance: it is almost completely flat, and it has a more favorable climate than rival south China ports. Ample level ground was useful during the purely commercial phase of the city's development in allowing adequate space for storage of goods, for half of China's foreign trade passed through Shanghai from 1865 on, but it was more important in allowing the development of manufacturing after 1895. The commercial center which began in an area of 43 acres along the Whangpoo in 1843, demarcated and defended by creeks, was able to grow outward toward the west, south, and north as both political and economic conditions provided the impetus for metropolitan industrial development. Level ground continues unbroken within a twenty-mile radius of the city. While the site's liability to floods is a notable disadvantage, level ground must in general be counted an asset, especially as against the lack of it in Hong Kong, Foochow, Amoy, and other south China ports. 133 361

Shanghai's climate is influenced alternately by cold dry air from inner Asia and Siberia, and by warm moist Pacific air; it is tropical for one third of the year and temperate for two thirds. Rainfall averages 45 inches annually, 14 inches of which falls in June and July, but with no very marked seasonal concentration. July and August are uncomfortably tropical, and while rains keep the temperature below 90° for at least a quarter of these two months, the relative humidity throughout this period averages 84 per cent. Temperatures rarely exceed 98°. Vital statistics for foreign residents of the China treaty ports included in the yearly medical reports published since 1870 by the Maritime Customs give Shanghai, with a death rate averaging 16 per thousand annually for the period 1870–1930, a relatively good record. Most of the foreign residents considered it among the healthier treaty ports despite its uncomfortable summer, during which as many of them as were able left the city for the central mountain belt or the Shantung beaches. The accompanying table com- 132 [165]

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Map 4. The Yangtze River System (reproduced here by the courtesy of *The Geographical Review*). Numbers refer to: 1, regularly scheduled, all-year steamship runs; 2, waters open to all-year service by steam launches and tugs with barges; 3, waters navigable all year by large native boats; 4, waters navigable all year by small boats.

[p. 46]

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Nanking is above the delta proper, and its water connections are limited compared with those of its delta rivals. It has profited primarily from its location at a break in transport routes (including China's major north-south railway, which breaks at the Yangtze — map 8), and from its periodic function as a political capital. 361 487

All three cities have been hampered in their modern development by the lack of harbors adequate for ocean ships. At Hangchow an impressive tidal bore and many shoals in Hangchow Bay preclude use of the Chientang estuary by ocean shipping, and the river itself is navigable only for small boats. Soochow, once a maritime trading center, is now effectively land-locked, and was in any case superseded as a port city by Shanghai by at least the eighteenth century A.D. Nanking, 210 miles from the sea, must contend with silting, river currents, and an exposed anchorage. Both Nanking and Hangchow are handicapped as commercial centers, especially in a region where most goods move by water, by the rugged country around them (map 5), which contrasts with the extensive lowland focused on Shanghai. While all three of these cities were larger than Shanghai before the opening of China to foreign trade and to Western commercial exploitation, they were quickly outstripped by Shanghai under the new economic conditions, where access by water to the entire Yangtze basin and to the major ocean lanes of world commerce gave it a decisive advantage. 504 361 459

The city lies topographically at the focus of the east China lowland, converging on it from both the west and the north, and of the Yangtze basin as a whole (map 2). The river and its tributaries, draining the productive heart of China, all feed ultimately to the mouth of the Whangpoo. In the mainly pre-industrial economy of China, the great majority of goods moving beyond purely local markets do so by water. No other location can marshall a fraction of the advantages of Shanghai on this crucial point. 133 487

Of China's two other major river systems, the Huang (Yellow) in the north is navigable for steam launches for 25 miles above its mouth and for a small part of its course through Honan, but it is otherwise useless for navigation except in short stretches by small boats. The Hsi (West) River in the south is navigable for some 230 miles in the high-water season (spring and summer) for vessels 505

Rival Ports

133 489 The maritime trade of south China is divided among several ports, each serving a small and well-defined hinterland outlined by mountains as separate river basins, of which the basin of the Hsi is by far the largest. The Ta Yü and Wu Yi ranges extend almost to the coast from Hong Kong north to Ningpo. Their ridges form a barrier over which very little trade passes, and the rivers which flow from their crests to the sea have cut neither easy passes across them nor extensive flood plains. The relatively short Han, Min, Wu, and Chientang Rivers, interrupted by falls and rapids over most of their courses, are navigable only for small boats, and none of them makes easy connections with other river systems. The high relief extending down to the coast, except for the few small river flood plains, makes food production as well as transport difficult. The area as a whole (southeast coastal China) must import rice, but its important exports are limited to tea and timber. The configuration of east Asia and the submerged character of the south China coastline, bring these southern ports much closer to the continental mountain mass and leave them a hinterland which is hilly, thinly populated, and unproductive compared with the Yangtze basin.

The submerged coastline of the south includes a number of good harbors, notably Foochow (the estuary of the Min River), Amoy, and Swatow, but they are too small for any volume of modern ocean shipping, and their topographically limited hinterlands do not make harbor extensions worthwhile. Railways have not yet penetrated this area, aside from the single line from Hankow to Canton, with a spur to Kowloon (the mainland adjunct to the Crown Colony of Hong Kong), a reflection of its commercial unproductiveness more than of the engineering problems which it presents.

504 The outstanding exception among south China ports is Hong Kong, possessed of the finest harbor in the Far East, a deep and well-protected roadstead between Hong Kong island and the mainland, flanked on all sides by shielding islands. Location just off the mouth of the Hsi, whose basin is the most extensive and productive lowland in south China and contains its only major transport artery, is a further advantage. The port of Hong Kong however owes its

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of the trade especially of the northwest (Kansu and Shensi) and the north China plain south of the Huang moves through Shanghai. 504

Along the Yangtze itself, potential ports for ocean shipping must contend not only with the Fairy Flats in the Yangtze estuary, as does Shanghai, but with silting problems and river currents farther upstream. Chinkiang, at the head of the delta, has been crippled as an ocean port by silting. Nanking, where silting is an equally great problem, has relatively few water connections with its hinterland. Hankow and Kiukiang-Hukow profit from their location where major tributaries join the master stream, but their harbors are relatively small and shallow. Hankow, despite its location and the all-year channel for 5,000-ton ships from the sea, has never been an important rival of Shanghai in either foreign or domestic trade. The other Yangtze ports do not stand at notable route foci, and their harbours are equally handicapped for space and depth. Navigation on [133] the river and within its unsheltered harbors must cope with a summer current averaging nearly five knots at Hankow and nearly four at Nanking. These confined waters are difficult and costly for deep-draft ocean shipping, especially in terms of insurance rates.

Shanghai's trade hinterland is the largest in the world. Nowhere else does a population or area of this size depend for its commercial intercourse on one master river system and one primate city. The accompanying table compares the estimated populations of China's major cities and ports in 1930.[6] 162

Shanghai	3,300,000	Nanchang	500,000
Peking	1,400,000	Wenchow	450,000
Tientsin	1,300,000	Tsingtao	350,000
Hankow	1,200,000	Tsinan	300,000
Canton	950,000	Amoy	250,000
Hong Kong	800,000	Ningpo	250,000
Nanking	650,000	Chinkiang	200,000
Changsha	600,000	Swatow	200,000
Chungking	600,000	Weihaiwei	200,000
Foochow	500,000	Chefoo	100,000
Soochow	500,000	Haichow	20,000
Hangchow	500,000		

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KEY FUNCTIONS

505 The usefulness of the Yangtze system for the transport of goods is due in large measure to the number of navigable tributaries feeding the master stream, each draining its own highly productive area (maps 1 and 4). Of the major tributaries, the Kan, entering the Yangtze at Kiukiang, is navigable for steamships for 100 miles from its mouth at all seasons, and for 300 miles in summer. Both figures are exclusive of the navigation on Poyang Lake. Steam navigation on the Han from Hankow is possible for 150 miles in winter and for about 375 in summer. Junks and sampans make connections via the Han with southern Shensi. Steamships operate on the Hsiang (Siang) from its mouth in Tung Ting Lake, Hunan, for 150 miles in winter and for 250 miles in summer. On the Chialing, there is steam navigation for about 100 miles from Chungking in winter, and for 280 miles in summer. The Chialing also provides a navigable connection for sampans with southern Shensi and southeastern Kansu. On the Min, regular year-round steamship service is maintained for 80 miles from Suifu. The steamships operating on the Yangtze and its tributaries are predominantly registered in Shanghai, an indication of the extent to which the trade of the river's basin drains to the city.

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505 133 These waterways of the Yangtze system were collectively the backbone of China's transport facilities in the nineteenth century, and they have remained so. Their limitations are in general those of unreliability. Stream regimens fluctuate widely through the year in all mid-latitude continental climates. In the moderately monsoonal climate of western and central China, the denuded watersheds of the Yangtze and its tributaries, where intensive agriculture has centuries ago removed most of the original forest cover, make for further seasonal extremes in stream levels. Snow melt-water from the northern and northwestern parts of the Yangtze watershed, and the rains of late spring and summer, drain rapidly into stream channels, and produce a yearly range of 90 feet in the level of the Yangtze at Ichang, and 60 feet at Hankow.

In addition, the Yangtze cuts across the major north-south mountain range of central China in its progress from the Szechuan basin to the east China lowland. Between Chungking and Ichang (the gorges of the Yangtze where it has cut through the mountains

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are between Wanhsien and Ichang), a distance of about 400 miles, there is an average drop in elevation of 14 inches per mile and a total of 15 major rapids. These gorges and rapids are responsible for the break from orthodox ocean and river steamships to special shallow-draft and high-powered steamships at Hankow, which because of its location at the mouth of the Han is a more convenient shipping and commercial center as well as a breaking-point in transport than Ichang, whose hinterland is relatively unproductive and poor in waterways. On all of the Yangtze tributaries beyond the reaches navigable by steamships, navigation by native boats is increasingly seasonal toward the headwaters, and as we have seen above, steam navigation is considerably restricted during the winter low-water period.

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The Chinese of the Yangtze basin have learned to make maximum use of existing waterways, with the technical means available to them, and are accustomed to floating rafts and even specially designed junks on one or two feet of water.* Such rafts can carry up to 20 tons of goods and remain waterborne in one foot of water. Spring and summer floods present more of a danger for them than does the winter low-water period. In southwestern Shensi and southeastern Kansu, a region which produces wool, cotton, and hides for export, these products are sent to market during the time of the spring floods by making them up into bundles around which the hides are sewn in a waterproof covering. The bundles are then put into the headwaters of streams leading eventually into the Chialing or Han Rivers, down which they float to collecting centers near the head of junk navigation.

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Despite such ingenious adjustments to an environment poor in easy overland routes and rich in waterways, movement of goods along many reaches of the Yangtze system virtually stops during the lowest low-water and highest flood periods, and is seriously hampered even on the master stream by currents, gorges, and rocks. Merchants of Ichang, just downstream from the main gorges of the Yangtze, estimate that about 20 per cent of east-bound boats and

* See Baron von Richtofen, *Letters to the Committee of the Shanghai Chamber of Commerce* (1871), p. 7. He describes navigation in the upper waters of Yangtze tributaries in the central mountain belt on two inches of water.

133 of the river bed indicate an average of about one foot added overall to the elevation of the bed at the river's mouth in each twenty-year period, or about one mile added to the coastline in each sixty-year period.[1]

131 On this basis, the site of Shanghai would have been on the seacoast about 500 B.C., an empirical estimate which agrees with the record of Chinese history. All cities in the delta area east of the line of Sungchiang (map 5) for which there are adeqaute records were founded after the third century A.D.[2] Records of the Eastern Han dynasty (25 A.D. to 220 A.D.) speak of Kunshan, now 80 miles from the sea, as the seaport of Soochow in the second century A.D., but Shanghai has served as Soochow's port since about the fifth century A.D. Tsungming Island in the Yangtze estuary, according to the official gazetteer of the island, first emerged as a habitable sand spit in the tenth century A.D. By the thirteenth century it was sufficiently densely populated to be made a separate *hsien* (county), and at present measures approximately 43 by 8 miles.[3]

Building and Drainage

134 The material on which Shanghai rests is thus totally unconsolidated and presents serious problems for building. An average vertical section shows silt from the surface to about 20 feet, sand to 300 feet, and gravel mixed with sand and silt to about 1000 feet, where some 133 consolidated conglomerate is reached. The water table lies between [503] five and eight feet below the surface of the ground.[4] It may be assumed that before the draining and filling done by the foreigners since 1843, the water table was considerably higher, and that even before 1843 the canals dug by the Chinese provided enough drainage to keep the water table lower than it would otherwise have been considering the soil and elevation of the site.

499 Foreigners were discouraged to find in 1875 when a bridge was 133 built across the mouth of Soochow Creek * that one blow from the 341 small pile driver employed buried the pilings out of sight in the

* "Soochow Creek" is the name given by foreign residents to the Woosung Chiang, originally a much larger stream, which drains into the Whangpoo at Shanghai and connects the city with Soochow, some sixty miles inland. In the interests of clarity and consistency it will hereinafter be referred to as Soochow Creek, the name by which it has most generally been known in Shanghai itself.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

NINE

How the City is Fed

Agriculture and Transport in the Delta

The portion of the Yangtze delta which we have called the fertile triangle (Chapter Four) stands out in dramatic relief as one of the richest agricultural areas in China. Maps 7, 10, and 11 show its place in the pattern of agricultural occupance and rice production. Shanghai lies at the apex of this largest area of high-fertility soil in China with adequate rainfall, and indeed so large a city could have developed nowhere else before the industrial revolution. With railway development still in its infancy in China, Shanghai has been able to maintain itself as a city of nearly four millions because it is located in what is in effect a huge truck garden. 132 134

The soil of the delta is of course alluvium, and its correspondingly high fertility is implemented by its fortunate median position between the semi-arid north and the humid south. Between Hangchow on the south and the Huai River on the north, average annual rainfall decreases from 58 inches to 34 inches. South of the line of the Huai River, leaching has removed much of the original lime content of the soils, but the prevailing gentle quality of the rains in the delta area and their relatively even distribution over the year * has prevented removal of all the lime. The line of the Huai roughly marks the division between the wheat-kaoliang-millet crop economy of the semi-arid north and the rice-tea-silk complex of the humid south, although the two major agricultural patterns overlap in the delta to some extent. Below Hangchow, rainfall increases sharply, and most of the soils of south China are thoroughly leached.

The fertile triangle thus avoids both the inadequate rainfall of

* Rainfall is concentrated from March through August, but no month has more than nine inches and no month less than two.

[p. 133]

the areas immediately north and the leaching of the areas immediately south. It shares with most of south China however a soil which has a high clay content and is thus suitable for wet-rice cultivation in paddies. Of equal importance for the soil with the amount, distribution, and nature of the rainfall is the continual renewal of the alluvium by the Yangtze and its tributaries. While in the absence of frequent floods covering the whole of the area this renewal cannot keep pace with the soil exhaustion attendant on 2,000 years of farming, the material which the rivers bring down and deposit is a highly fertile mixture of well-varied origin containing in particular considerable calcium.[1]

Rainfall over the fertile triangle as a whole averages about 43 inches annually, and falls largely in gentle showers. The peak in late April, May, and June is especially favorable to agriculture, coming as it does during the planting season for most crops in this area and continuing through the first important weeks of early growth. These are the so-called plum rains (*pai-yü*), accompanying weak cyclonic storms whose effect is somewhat lessened by the counter influence of the monsoon wind system of east Asia. The growing season is long, averaging 287 days at Shanghai between killing frosts, 291 at Nanking, and 307 at Hangchow.

Relief forms almost no obstacle to cultivation. For the triangle as a whole, about 80 per cent of the total land area is cultivated (eliminating the area covered by lakes), the highest figure for an area of comparable size in China, according to J. L. Buck's figures.* The

* J. L. Buck, *Land Utilization in China* (1937). This is a highly statistical study, whose limitations are obvious in dealing with a largely illiterate peasant society where accurate or complete statistical information is unobtainable. Buck's figures have often been used too literally, but since they are virtually the only ones available on a national basis they may be used to advantage if it is realized that despite their detail they are no more than approximations, arrived at by Western methods whose applicability to the traditional Chinese society is questionable. Their safest use is as estimates of orders of magnitude. Subsequent citations here from Buck's work should be read with these considerations in mind.

Buck's figures have the advantage of considerable regional detail. Since the discussion of food production and marketing here is largely limited to the fertile triangle, Buck's statistics are more readily usable than others gathered or presented on a provincial basis. However, reference should be made to some of these more general studies by Chinese, of agriculture and of rice production, which bear on the problems treated here, and which I have used in a general way in addition

1: Stanford U. S-4, 5 1956 AF15 East China AF15

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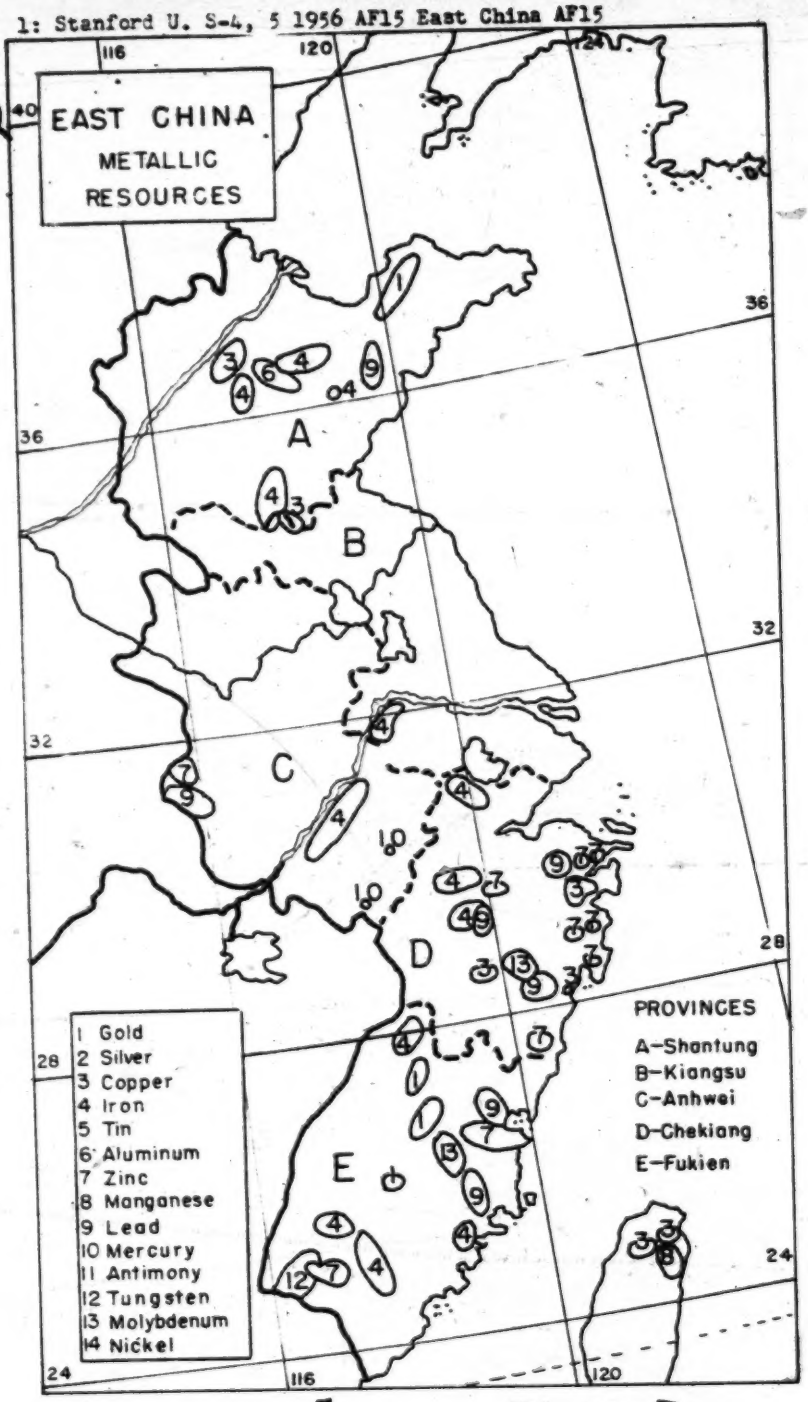

[Face p 769(b)]

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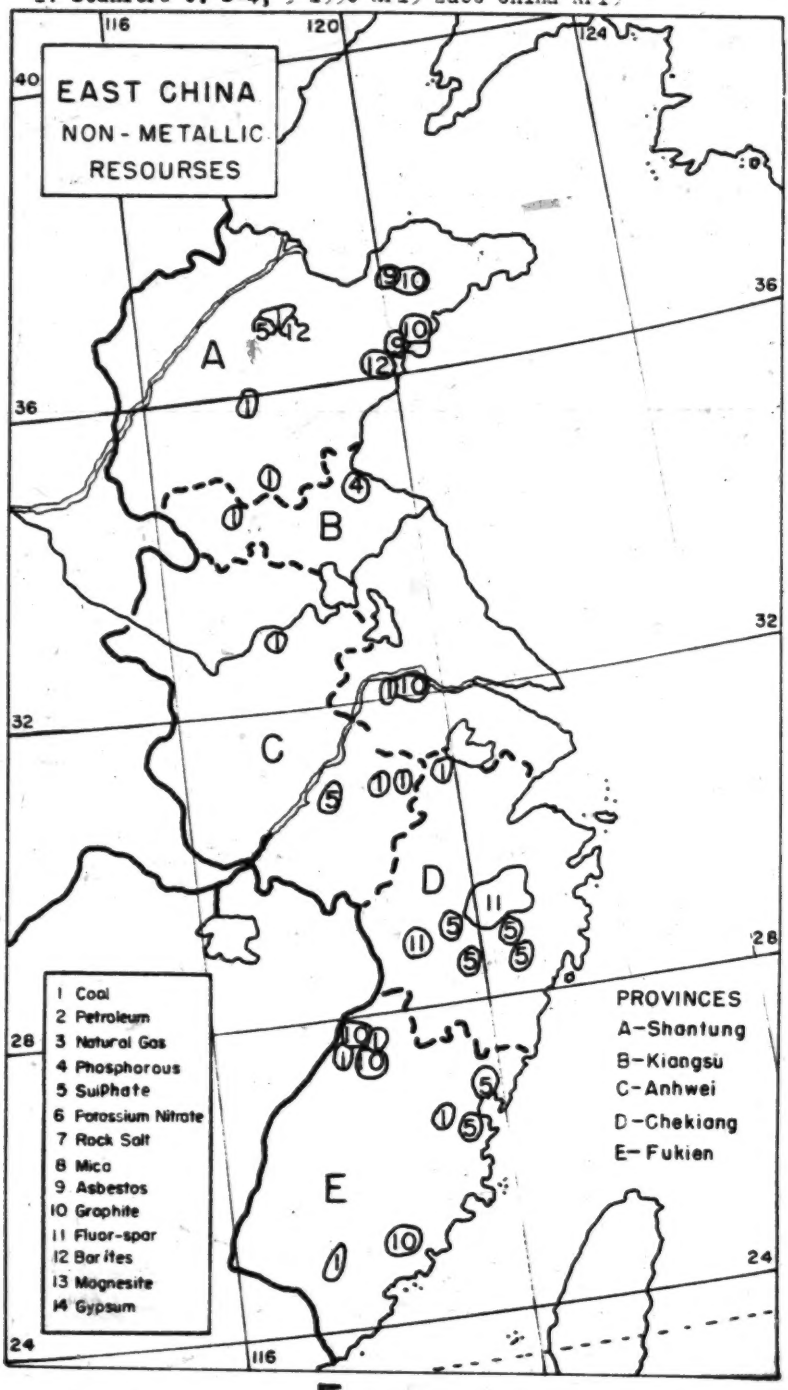

[Face p.769(c)]

178 of Chinese industry to western China was a foretaste of what might occur again with even greater devastating effect in view of the destructive power of modern weapons and the disappearance of foreign concessions and settlements which, even during the war with Japan, served for a time as a haven of private business. The apparent validity of this military consideration was given more support when industries in Shanghai were seriously harassed by the Nationalist naval blockade and air raids in 1950. Moreover, once industrial dispersion has become the watchword, and self-sufficiency has taken precedence over cheap imports, there is all the more reason to establish new industries at places close to sources of raw material supply. It is in this respect in particular that the relative scarcity of mineral resources in East China must be considered.

II. MINERAL DEPOSITS AND FUTURE DEVELOPMENT

135 It is noteworthy that in spite of its relatively highly developed industry, East China is extremely poor in iron ore reserve. On the basis of 1948 data, the region's iron ore reserve amounted to no more than 227.9 million tons or about 12 per cent of the total reserve of China proper (excluding Manchuria)

135 and less than 4.2 per cent of the then estimated total reserve of 5.4 billion tons for the Chinese Mainland as a whole.[1] Since Communist China's total iron ore reserve is now reported to be as high as 10 billion tons,[2] and since new discoveries have been made primarily in other regions, the relative importance of East China in iron ore deposits is presumably even less. This phenomenon is all the more striking if we bear in mind that Kiangsu, which was industrially the most advanced province in pre-Communist China, is also one of the least favorably endowed provinces as far as iron ore is concerned.

What is true with respect to iron ore is equally true with respect to coal reserves. The East China Region, according to one estimate, accounted for no more than 3.2 billion tons out of an estimated total of 454 billion tons for the entire Mainland.[3] Taking into account new discoveries in the Huai-nan

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1. Bureau of Information, Executive Yuan, Kang-t'ieh [Iron and Steel], Nanking 1947, pp. 6-15; Geological Survey of China, General Statement on Mining Industry, Chungking, 1944, 7th issue, pp. 88-89; Chung-hua Nien-chien [Chinese Year Book], 1948, Vol. II, p. 1,568.

2. Sun Ching-chih, Chung-kuo Kung-yeh-hua Ti Ti-li T'iao-chien [The Geological Conditions of the Industrialization in China], Peking, 1955, p. 16.

3. Yuan-li Wu, An Economic Survey of Communist China, Bookman Associates, New York, 1956, p. 26.

135 coal fields (Anhwei Province), but a proportionately even greater upward revision of the country's over-all coal reserve, now put at 1,000 billion tons, the relative share of East China has declined even further.

The lack of both coal and iron is further aggravated by scarcity of other mineral deposits in East China. In fact, with the exception of bauxite, which is found in large quantities in both Shantung and Chekiang, magnesite, which is found in Shantung, and manganese, available in Fukien in relatively large quantities, the East China Region is notably deficient in mineral wealth. As for other industrial raw materials, salt is readily available. On the other hand, even in the case of such a common crop as cotton, the Shanghai mills are completely dependent upon imports from other regions or, as was often the case in the pre-Communist period, from abroad.

135 178 On the basis of the paucity of mineral and other resources, as well as other considerations enumerated above, it is not surprising that among the construction projects reportedly contemplated or under way under the first Five-Year Plan, for the whole region, large coal mining projects appear to be restricted to the Huai-nan field in Anhwei and Po-shan in Shantung while development in the production of pig iron seems to be confined to the

135 178 Ma-an-shan plant in Anhwei.[4] As for other industries, the Five-Year Plan seems to give scant attention to East China with the exception of Shanghai's machinery industry, which again is largely a case of making full use of existing facilities and the local skilled labor.

III. PRESENT STATUS OF SHANGHAI'S INDUSTRIES

178 Lest we should underestimate the present industrial importance of Shanghai in the light of what has been said above, attention should be called both to the degree of industrial recovery in Shanghai which has been reported by the Communists and the status of some of the city's industries.

464 According to the Shanghai Economic Weekly of February 5, 1953, using 1950 as the base year (100), for 1952 the index of the number of workers employed in Shanghai's light manufacturing industry stood at 138, that of electric power consumption by the same industrial group was reported at 153, and the 433 volume of sales was 199. Another indication of the degree of industrial recovery in

4. Cheng Chu-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, 1955, p. 45.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Raw Materials

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The basic industrial raw materials lacking in its immediate hinterland are Shanghai's major problem after the disadvantages of its site. Coal must come from north China, Japan, or Indo-China. Finished steel is largely imported (from Japan and the United States), as are petroleum products, sulfur, rubber, copper, and all other nonferrous metals except antimony and tungsten, which are supplied from the metaliferous belt running through Honan, Kweichow, and Yünnan. Shanghai is industrially out of gear with the rest of China, and in the absence of an exploitable local resource supply maintains its industrial position on imports from kindred economies overseas. China supplies the market, and the labor, for Shanghai's industrial production, both factors of considerably more locational importance for manufacturing in general than raw materials alone. Closely oriented to major ocean routes, Shanghai can economically produce goods whose raw materials must be assembled from great distances, since the cost of sea transport, especially for these bulk commodities, is a relatively minor item in total costs of production. From the Chinese hinterland, the Yangtze also transports to the city at low cost industrial raw materials produced by agriculture within the river basin: cotton, silk, vegetable oils and tallow, hides and skins, hemp, tea, bristles, wheat, tobacco, and eggs.

Aside from steel (which until recently had not been economically produced from ore anywhere in China proper), industrial machinery, and petroleum products, admittedly large cost-items in its production, Shanghai has not suffered industrially to any great extent from the local absence of resources. The city's transport connections as outlined in this chapter have been largely responsible for this, and have made possible an industrial and commercial metropolis in an agricultural economy poor in resources and in land transport.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods. 327 435 135

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27] 439 396

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits [255] 439

[135] China has significant deposits
439 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

162 mentioned any "barbarians" even in the two southernmost provinces of East China, Chekiang and Fukien.[2] This fact does not indicate that there have not been remnants of non-Han ethnic groups in East China, but that most of them have adopted Han Chinese culture.[3]

II. THE HAN CHINESE

162 144 The Han Chinese in East China can be divided into two groups according to the different elements assimilated. Those north of the Yangtze River are taller and more akin to the Han Chinese in North China in racial composition, an admixture of Han Chinese and northern tribal elements such as the Tungus, Hsien-pei, Hsiung-nu, Nü-chen, Mongol, and Manchu. (See the chapter on Historical Setting.) Those south of the Yangtze River, particularly in the provinces of Chekiang and Fukien, are an admixture of the Han Chinese and the aborigines known in the earliest records as Tung Yüeh in Chekiang and Min Yüeh in Fukien, and in later records as Yao in general.[4] (For cultural characteristics of the Han Chinese in East China, see the chapters on Family and Social Structure.)

III. NON-HAN ETHNIC GROUPS

A. The She of Chekiang and Fukien

During the early Han Chinese migration from North China, the Wu-i Range blocked the

2. Ibid., pp. 249-250.

3. Those who refused to adopt Han Chinese culture migrated southward into Kwangtung and Kwangsi. 4. [see next page]

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drive east toward the Sea. Fukien and southern Chekiang were thus by-passed by the Han Chinese, who settled in Kiangsi, Kwangtung, and Kwangsi long before they reached Chekiang and Fukien.[5] In addition, the people of the mountainous area in Fukien and Southern Chekiang, having developed a fairly high degree of political organization by third century B.C., were able to put off direct Han Chinese rule for a longer period of time than people in areas to the west of it, i.e., Kiangsi and Hunan.[6] The southward exodus of the aborigines, who made way for the Han Chinese, was in fact never completed, and today descendants of the aborigines are still to be found in Fukien and southern Chekiang. They are a branch of the

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4. Compared with the Chinese in South and Southwest China, the northern Chinese are generally taller, have longer and larger heads, relatively lower foreheads and cheekbones, lighter skins, and a less pronounced development of the almond-shaped eyes. Although the northern Chinese are more uniform in appearance than their compatriots in South and Southwest China, they are still a very mixed group; and the fact that they speak a more or less common dialect by no means indicates lack of diversity in their ethnic composition. Li Chi, op. cit., p. 167.

5. Harold Wiens, China's March toward the Tropics, Hamden Conn., The Shoe String Press 1954, p. 8.

6. Ibid., pp. 276-277.

162 Yao people mentioned in Chinese historical
144 records,[7] and are related to the Yao people in Kwangsi. Today, these remaining aborigines are called She Yao, Hsia, or more commonly, She.

162 The total She population is now estimated at 200,000. The great majority are found in Fukien particularly in the Wu-i mountain region of Chien-ning and Ch'ang-ting districts. Only about 44,000 are at present living in the southern section of the Kuo-ts'ang mountain chains near Li-shui in Chekiang Province.[8] Lan, Lei, Chung, and P'an are the four surnames of the She people; intermarriage is approved only
241 among families bearing these names.[9] They are poor slash-and-burn farming folks like the Miao and Yao in South China.(This type of agriculture entails burning off the natural vegetation on the mountain slopes to enrich the soil for planting; but the fertility of the soil is exhausted after two to four years, and the farmer
197 must move on.) Those who work for the Han landlords usually speak the local Chinese dialects.[10]

563 Regionally as well as nationally, the She people are still as much neglected by the Communist administration as they were during

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7. The Yao people of Chekiang and Fukien fled to remote mountain regions after the Yao suppression campaign of Wang Shou-jen during the Ming dynasty. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.

434 staff of state and private industrial and commercial enterprises, and other persons who do no manual labor are allowed 28 catties (30.8 pounds) of rice; (5) university and high school students are allowed 32 catties (35.2 pounds) of rice; (7) children under ten years will be divided into three grades to determine the amount each will receive. Free disposal of the surplus grains among themselves is permitted under the new regulation. Meats, eggs, and vegetables are not rationed at this time. In addition to grains, edible oil and cotton cloth have been rationed since 1950.

434 146 For the purpose of determining whether this system of rationing is adequate, it is necessary to appraise it in terms of caloric content. Using 3,430 calories for each kilogram of rice (two catties or 2.2 pounds) as the basis for calculation,[51] the daily caloric equivalent is shown in the table which follows.

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51. T. H. Shen, Agricultural Resources of China, New York, 1951, p. 378.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Caloric Value of Rice Rations in Communist China*

Class of Workers	Quantity Rationed			Normal Caloric Requirements per Day (II)	Percentage of Deficiency $\frac{II-I}{I}$ = %
	Catties per Month	Pounds per Month	Caloric Equivalents per Day(I)		
Extra Hard Worker	50	55	2,860	4,800	68
Hard Worker	40	44	2,290	3,600	57
Ordinary Worker	32	35.2	1,830	3,000	64
Office Clerks	28	30.8	1,600	2,700	69
College or High School Students	32	35.2	1,830	3,000	64
Ordinary citizens and children above 10 years of age	25	27.5	1,430	2,400	68

* T. H. Shen, Agricultural Resources of China, New York, 1951, p. 169.

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146 It is evident that the amounts of rice rationed to various classes of workers are far below normal requirements as measured in terms of calories. With rice in short-supply, the people are often unable to buy their minimum ration.

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443 Since 1951, in order to stimulate trade and to facilitate the interflow of commodities between city and country, the Chinese Communists have held a number of "Native Products Fairs" in most of the principal cities throughout East China.

[See table next page
-- Analyst]

241 reported by Buck. According to his figures, the grain production
433 (or equivalent) per male adult of the population (or equivalent) within this thirty-mile radius averages 2594 kilograms, as compared with an all-China average of 1400 kilograms.[9]

161 The problem of how Shanghai is fed is, however, not answered merely by the facts of fertile soil, intensive cultivation, and high crop yields in its immediate hinterland. While the delta is clearly productive, it is equally clearly densely populated, and it is likely that a larger proportion of the total population of the fertile triangle lives in cities than is the case in any other area of comparable size in China (map 5).

•[146] Buck estimates that the consumption of food energy on farms in
241 this area is 3486 calories per adult-male unit per day, a high figure for a so-called subsistence agricultural economy, and exceeded in Buck's figures for China only by the rice-tea area immediately to the south.[10] Far from being a subsistence economy, the triangle supports a relatively commercialized agriculture. Buck estimates for example, that the farmers of this area sell 61 per cent of their farm products immediately after harvest, and that 60 per cent of farm products are sold (i.e., first sale) as far away as the nearest market town, as distinct from the local village. Both of these figures are exceeded only by those from the double-cropping rice area of Kwangtung.[11]

433 Assuming that the favorable natural environment and the in-
489 tensive farming methods result in a total food production great enough to allow a surplus for feeding the delta's cities, how is it marketed in this pre-industrial economy? Cities of the magnitude of Shanghai have hitherto never developed except where mechanization and technological improvement in agriculture have been accompanied by the growth of railways, and later, highways.* Shanghai, competing for the food surplus of the delta with Hangchow, Nanking, Soochow, and other large delta cities, added well over three millions to its population between 1843 and 1936, while agricultural practices in the delta remained in general just as they

* Ancient Rome and Peking, both cities of approximately one million long before the industrial revolution, might constitute exceptions. Both owed their size primarily to their administrative functions, and both depended heavily on water transport.

438 With the exception of the planting season, the general price and
439 supply situation is dominated by local rice.

Although considerable amounts (unfortunately there is no record
432 of their size) of both domestic and foreign rice entering Shanghai
511 are resold to or originally ordered by other cities, relatively more of the foreign imports fall into this category. The table on page 146 above should therefore be interpreted in the light of the ultimate destination of the several categories of rice shipments arriving in the city. Total sales of rice in Shanghai, for which relatively more accurate figures are kept, provide a different indication of the city's rice consumption. Sales are estimated by the Food Commission's study as averaging annually 860,000,000 pounds during the period 1925–1930.* Their report assumes that the difference of nearly 100,000,000 pounds between this figure and the total recorded entries of 780,000,000 pounds is accounted for by unrecorded shipments arriving by creek and canal from nearby sources. Shipment of much or most of the foreign rice from Shanghai to other cities would leave an even greater gap between the two figures as measures of Shanghai's consumption, and it is logical to assume that this also is filled from local sources.

The figure for total sales, however, may not be an accurate indication of total consumption if we attempt to estimate the average annual rice consumption of a Chinese adult and multiply it by the population of Shanghai in 1930. A Chinese economist[21] suggests four piculs per year (532 pounds), which, using 3,250,000 as Shanghai's 1930 population (graph I) gives a total city consumption of 1,730,000,000 pounds. Or if we use a lower estimate of 400 pounds,[22] which agrees more closely with the writer's experience, and scale down this figure to 380 to allow for children, for other cereals and foods in the Shanghai diet (see above, p. 139), and for the non-rice-eating foreign population of the city (38,000 in 1930), we still arrive
[146] at a figure of 1,235,000 pounds. This is equivalent to about 1,750 calories per day per capita from rice alone, certainly a minimum diet for a Chinese.

* This figure presumably includes spot sales of foreign rice by Shanghai brokers to dealers in other cities, but probably does not include foreign rice delivered in Shanghai on order from other cities.

3: Hinder G-5 (1938-1942) 1944 AF15 East China AF15

435 members of the Chinese community, purchased broken rice and
262 sold it through rice shops to the needy through eight periods of
633 several weeks each. A total of 223,200 bags was distributed, the organisation making a contribution of more than two million dollars, the difference between the cost of the rice and the returns through sales at lower prices. In a similar effort to supply food to the poor, from February 1940 onward, the larger Chinese flour mills made available several thousand bags of flour daily at considerably less than the market price, to be sold in small quantities, also through shops regularly selling flour. More than two and a half million bags of flour were thus provided. Several importing firms also played their part in handing over ten per cent of all incoming flour consignments, totalling 185,000 bags, to reliable dealers for sale to actual consumers. Important as these efforts were they could not ease to any great extent the difficult situation.

741 The very substantial arrivals of rice and wheat from the Amer-
262 ican Red Cross for relief purposes also played their part. This
146 grain was distributed to organisations caring for numbers of needy people. Many refugee camps, hospitals, and institutions caring for children were the recipients of this food. The form in which the wheat came proved to be particularly suitable. It was "cracked wheat," wheat submitted to the first processes of milling only, consisting of the whole grain merely cracked. In consequence the precious germ of the wheat was still present, containing within it the important vitamin B complex which is significant in nutrition and in the prevention of such recognised dietary deficiency diseases as beriberi. The nutritional results for those fortunate enough to receive it were dramatic. Instead of gross signs of deficiency and the less dangerous but serious malnutrition which were everywhere prevalent, by comparison a glowing health appeared in institutions using the cracked wheat, though it could not provide all the needed protective foods.

435 In August 1941, the Chinese Government ruled that foreign
633 exchange would be obtainable only through its Stabilisation Board.
439 It then appeared that an instrument might become available which
262 would give the Council actual power to control prices of imported staple products other than rice which was already controlled through the agreement with the Hongkong authorities. The Board was sympathetic to the view that exchange for essential commodities

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

THE PUBLIC HEALTH DEPARTMENT of the Shanghai Municipal Council exercised constant and vigorous supervision over the food supplies of the Settlement. Both incoming livestock and meat supplies were carefully inspected, the erection of a modern abattoir by the Council in the last decade having materially contributed to a sound meat supply. Dairies increased in number, and, through the efforts of the authorities, improved in quality. The sale of milk was under strict control. Positive measures were taken to induce dairies to use modern procedures. Market produce was inspected daily, both on its way into the city from outlying farms and after it had been placed on sale; food vendors on the streets and all food shops and stalls were subjected to licence and supervised. Bakeries also came in for close attention. In short, all that could be done to reduce food contamination, and hence to limit the incidence of germ-borne disease, was done by the authorities.

IN THE LAST DECADE interest has been growing in China in the study of nutrition. Much useful scientific knowledge has been accumulated, particularly through the work of scientific investigators associated with the Henry Lester Institute of Medical Research, the Peking Union Medical College, and Yenching University. The existence in Shanghai of large camps of destitute refugees after the outbreak of hostilities in 1937 gave scientists a sad but useful opportunity to study the results of various minimal diets. Little of the available knowledge had received popular attention in the city.

Reference has been made to the fact that workers in many industrial undertakings, and indeed in many commercial enterprises, were housed and provided with food where they worked.[3] In larger plants food might be bought, cooked and served by the factory. In smaller ones the supply of food to workers was undertaken by a *pao fan-ti*, who delivered to factories food cooked elsewhere. Remuneration has been, then, for many workers partly in food. Under these circumstances it is important that a knowledge of nutrition, and of the effect of malnutrition on the health of employees, should be general. There has been a general acceptance of the obvious fact that if workers are not properly fed—and improper feeding is commonly associated only with insufficient food

[3] See Chapter IV.

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146 —they will not work well. What has been too little understood is
164 that the wrong food as well as insufficient food can produce inefficiency and disease. Even before the 1937 refugee influx, beriberi was prevalent, especially among young workers newly arrived from the country and as yet ill adapted to the polished-rice diet of the city. On humid summer days it was not uncommon to have the Council's ambulance service report that a young worker had been taken to the hospital in a state of collapse, and that collapse was sometimes fatal. The cause of death often proved to be acute beriberi, an acute diet-deficiency disease which is induced by the absence from the diet of certain vitamins. This particular problem has been recognised by the authorities, and prior to the hostilities some beginning toward its solution had been made.

146 In 1937, the year of the outbreak of hostilities, an interesting
164 dietary experiment was in progress in the eastern district of the International Settlement. Under the joint auspices of the Henry
654 Lester Institute of Medical Research and the Industrial Division of the Council, some 75 young workers were fed in a "kitchen" established for the purpose. The scientific planning of the work was directed by Dr. B. S. Platt of the Institute. The boys were employed in the manufacture of flashlight bulbs, and while they worked were seated at benches, crouching over gas flames blowing glass and fixing filaments in glass rods. In the moist Shanghai summer the atmosphere of these workshops, which are usually in residences converted to industrial use, crowded and unsuitable, becomes almost unbearable. In the summer preceding the experiment, literally dozens of young workers had shown beriberi symptoms whose onset appeared to have been aggravated by the heat and humidity.

Leaving as controls certain of these flashlight factories to pursue their usual policy of food supply, the authorities induced the owners of three others to send their young workers to the kitchen for their meals three times daily. The owners paid an amount slightly less than they would have paid to other food suppliers—$4.60 per month per worker instead of $4.80.[4] The experiment began in February 1937, and was suspended when street fighting raged in the vicinity of the kitchen in the middle of August, six months later. During that half-year and through two and a half months of humid summer weather there was no evidence of any

[4] At pre-war dollar purchasing power.

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dietary-deficiency disease among the 75 workers fed in the kitchen, while many young workers in neighbouring factories acting as the scientific controls, were suffering from disease. 146 164 654

The country habit of storing rice in the husk, and dehusking only that portion which is necessary for the food of the family during the day, no longer holds for city life. Rice is dehusked in the country and transported husked and milled to the city to save transportation costs, and because highly milled rice keeps well. After long storing, however, residual fats present become rancid, and in order to make the rice palatable, it must be washed. First with the milling and later with the washing disappear the essential vitamin contents which prevent dietary-deficiency disease. The experiment was designed to prove that, if rice were stored in the husk, and only milled immediately prior to use, it was unnecessary to wash it, and the vitamin content, therefore, remained to check the onslaught of deficiency disease. No other change from normal food eaten in factories was made in the diet. No additional vegetables or fruits were given. Reliance was placed only on prevention of loss of vitamins in the rice. 146 164 654 256

The intention had been to make the kitchen the nucleus of a district food service which would apply the results of the study on a wider scale as a demonstration. It was ironic that war should have interrupted the experiment, and that it should not only have become impossible to make any application of the important facts demonstrated in the experiment, but that stocks of Chinese rice, milled or unhusked, should virtually disappear from the Shanghai market, and that the city should have to depend for the ensuing five years on imported rice, all husked, and very high in price. 146 164 654 435 262

It might be thought that, with the price of rice soaring out of all bounds, factory owners who supply food to their workers would reduce the quantity of rice supplied, mix it with other cereals, or vary it with beans. But both management and workers have a mistaken idea that, if at all possible, the usual number of bowls of rice must be provided, whatever happens to the "side dishes" of bean curd, vegetables, fish or, rarely, meat. In consequence, expensive imported polished de-vitaminised rice continued to be eaten in former quantities. If the "side dishes" were reduced, as they were in size and variety in order to decrease costs, this last source of nutrients also disappeared. It is small wonder, then, that by 1941, and 146 164 435 262

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146 before the even worse situation following Pacific hostilities, signs of
164 deficiency disease were apparent even among workers fortunate
435 enough to have full-time employment in factories.

262 There is much work for the Shanghai authorities of the future to do in the matter of food. The Public Health Department's long history of supervision of the city's food supply, its war against flies
744 and fly-borne diseases, has represented one phase of the food issue.
146 The Supply Committee's efforts to obtain actual supplies represents a second. Instruction, particularly of employers, in the nutrition aspects of food supplied to workers is a third necessity. The food intake of workers in certain factories where workers are both housed and fed has been analysed in the past and found to be woefully lacking. The attention of certain managements was called to this situation, and some improvement resulted.

The managements of 16 factories where doctors or nurses are employed were induced to keep records of food supplied with a view to seeing how near it came to nutrition standards. In 37 other plants also records were kept. Through these means there should in future be a decrease in dietary-deficiency diseases. Though the provision of food as part of earnings is to be deprecated, it is possible by this means to control for his good the worker's food much more easily than if individual housewives have to be taught what to do. On the other hand, unless the group feeding is right feeding, a whole working force can develop deficiency diseases. In the sense that workers had no option in many cases but to accept the food which the employers provide, it can be said that where deficiency disease resulted therefrom their wage was in fact disease.

THE NECESSITY FOR the education of management, workers, and the public generally in the foods which should be eaten to ensure health and prevent frank deficiency diseases was recognised by the Division. A film was in the making when Pacific hostilities caused suspension of the effort. Two western industrial enterprises and one Chinese had agreed to provide the $10,000 necessary for the film production. A food exhibit had been planned in co-operation with the Chinese Medical Association to take place in the industrial district. It was designed to demonstrate through graphic means the results of wrong feeding. The public would well be able to recognise in pictures the gross deficiency diseases which they

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could see around them every day—the swollen legs of beriberi, the serious eye affections sometimes producing blindness; what they had to be told by poster methods was that these were the results of vitamin deficiencies, and what should be eaten to avoid them.

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This attempt at visual education, cut off by the war, may well be pursued in future. It would be one of the activities of a Nutrition Division of the Department of Public Health. It is certain that if the United Nations plans in the food realm mature, every country including China will have administrative nutrition programmes to safeguard the nation's health. These programmes will be planned nationally and will come into a distinctly active phase at the city level. A Nutrition Division in the future will surely refuse to permit deficiency diseases to hold sway, will insist that whatever methods of control are necessary will be taken to ensure that rice fresh enough to prevent beri-beri is available to people in the city. The opportunities, given peace and restoration of Chinese sovereignty in Occupied China, are endless.

156 environment and becomes capable of working cre-
812 atively for the aims of the new society. This emphasis on consciousness is connected with both traditional ethics and Soviet psychology. On the one hand, it has "an obvious affinity to the Neo-Confucian notion of cultivation as freeing the individual from the tyranny of blind habit and unconscious selfish motivations."[41] On the other hand, it reflects the recent development of Soviet psychology; from an earlier denunciation of consciousness as "smacking of bourgeois idealism" the Russians have come to the view that "consciousness is a central process in making man capable of forging his own destinies."[42]

155 The list of bad qualities denounced by Communism is long; liberalism, formalism, bureaucratism, opportunism, and a dozen others are being continually denounced. How does one rid onself of these vices? The following formula, here used against the vice of individualism, is typical:

> "The methods transmitted by the ancients for raising oneself out of the vulgar state and entering sagehood, becoming a Buddha or a Taoist spirit, all required one to go through a long period discipline. If we want to shed the early form of individualism and acquire a spiritual form of collectivism, we must cultivate and discipline ourselves over and over;...we should continually ask ourselves this question: 'Am I or am I not still guilty of individualism?' If we have a thought, utter a sentence, walk a step or do a thing, we should listen for

41. Cf. Nivison, op.cit., p. 15.
42. [next page]

155 the response of others [the group] : this is -- or is not -- individualism." [43]

The last sentence quoted above introduces the notion of group criticism and group pressure, which is the universal Communist device for fostering approved behavior and eliminating the disapproved. Members of Party organizations, professions, government bureaus, and all other groups meet continually for criticism and self-criticism, and this whole process reaches the population through the publication of confessions and criticism in the mass media. The study meetings, popularly called "struggle meetings," are characterized by an atmosphere of tension and fear. Confessions of deviation or defect are made by individuals and analyzed or "exposed" by the group; criticisms are leveled at individuals and promises of reform are exacted.[44] This appears to be a device of deadly effectiveness for making individuals conform to the new Communist standards for thought and behavior.

829 B. Time, Change, and Causation

In traditional China, time and change were

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42. Cf. Raymond Bauer, The New Man in Soviet Psychology, Cambridge, Harvard Univ. Press, 1952, p. 164 and passim. The quotations are from Jerome Bruner's foreword to this volume, xxii.

43. Lun Tang Yu Ko-jen [On the Party and the Individual], cited in Nivison, op.cit., pp.45-46, and note 66.

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The classification of people according to the ideology they profess is one of the underlying principles governing the activities of Communist-sponsored organizations where membership cuts across class lines. The New Democratic Youth Corps, the Federation of Democratic Youth, the Young Pioneers, the Sino-Soviet Friendship Association, the Democratic Women's Federation, the labor unions, and the study circles at schools and in factories help to disseminate Communist ideology.

Participation in these mass organizations, whether voluntary or compulsory, serves to separate the individual from his family, absorbing his time and energy outside the family circle. Enforcement of the Marriage Law, principally through the promotion and supervision of the Democratic Women's Federation, encourages women to leave the confines of the family. The recruitment of candidates for institutions of high learning and the assignment of jobs to graduates when they have completed their education also serve to uproot the individual from his immediate environment and make him dependent for advancement on the Communist regime. The weakening of family loyalty forces the individual to look toward the mass organizations sponsored by the Communists, who regard the Party itself as a desirable substitute for the traditional social structure. Since the

668 individual relies on mass organizations for
156 political advancement, which is the prerequisite for economic and social betterment, the mass organizations are most important for the stabilization of society under the current regime. The regime exercises the power to control the career expectancies of the members of mass organizations, reward the achievement of those who work for the goals of the Party leadership, and punish with ostracism or more severe penalties those who rebel against the order For the first time since the abolition of the imperial examination system, a main channel of social advancement has emerged. The mastery of an officially approved body of doctrine is the quickest road to social advancement. The Communist channel of social advancement leads to the selection of conformists. This state of affairs resembles, to some extent, that which prevailed in monarchical times when the mastery of dogmas contained in the classics an their commentaries was the prerequisite to success in the imperial examinations.

668 The Communist regime has found it
178 necessary to promote as replacements for the old ruling group Communist-reformed and Communist-trained administrative, technical, and scientific personnel. Compared with traditional social mobility, the new social mobility does not spring from ideals embodied in Chinese culture but from expedient manipulation by the Communist Party.

527 played on the bridegroom, traditional songs were sung and the guests, particularly the men, thoroughly enjoyed themselves. The births of male children were often celebrated as were the betrothals, and the like. In modern times the government of the Republic of China decreed certain national holidays but these were little observed by the farm villages.

217 In addition to these occasions for relaxation, there were activities which interested some of the villagers and helped to vary their lives. Itinerant dramatic troupes occasionally performed, and until very recently the storyteller spinning out his tales to the villagers was often seen. The election of a headman for the village often involved political maneuvering and a town meeting. Pilgrimages to famous mountains or shrines were often undertaken in the slack agricultural season for religious reasons or purely for relaxation. Perhaps the most universal recreation was as in all illiterate communities gossip and desultory conversation about the weather, the crops, the iniquity of the government local disputes, and on their rare occurrence, lawsuits involving
• 156 fellow villagers. Despite the grim struggle for survival the average villager tended to be cheerful, self-respecting with a robust sense of humor. He went through life with a continuous concern for his own "face" or prestige among his fellows and with the strong determination that, despite all, the fortunes of his family might steadily improve

B. The Pattern of Urban Life

369 Urban life, although it meant a different pattern of work, was closely akin to life in the

668 have been revivied, and the poet Ch'ü Yüan, nov
527 a "People's hero martyred in protest against a corrupt feudal regime," is the focus of celebrations.[27] The moon festival in autumn is also celebrated with extra food allowances and "cultural" activities. The various anniversaries of the Chinese Communist and of the World Communist movement probably do not break into the agricultural working year but they may be the occasion for special propaganda arranged by the local cadre. It will be seen that the pattern of living in the villages has been drastically altered: what remains of the old pattern is precisely what the government and the Party permits in the interests of morale or adapts in the interests of their rural program of change and indoctrination.

668 III. CHANGING PATTERNS OF LIVING

156 In the town and cities as in the countryside, the greatest changes in living patterns have been brought about by the network of new associations by which the regime envelops and controls the individual. Workers in various traditional crafts, merchants industrial workers, are all organized by the Party, and it is within these groups, under the guiadance of cadres, that the urban working population is most strenuously indoctrinated. In long and frequent meetings, the city dweller is under intense pressure to manifest "correct attitudes," to show himself free of all "feudal" and "bourgeois" taint, and to demonstrate his complete commitment to Communist goals.

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27 SCMP, 1075, June 23, 1955, p. 25.

668 Through these and other channels he is under
156 continual pressure to step up his efficiency and productivity. The meetings take such a toll of his energy at the end of the working day that they are openly referred to as "fatigue meetings."[28]

City and town dwellers are also organized into street and ward units, and through these they are given further directives on the management of their lives.[29] The townsman more than the peasant, is open to an "around the clock" propaganda barrage From the first call to early morning calisthenics the radio blares in every street until late at night. There is pressure to join sports groups, study groups -- all with their ideological purposes. The major Communist holidays are celebrated in the cities with great parades and with endless speeches. Privacy, the chance to be at ease with family or friends, are both rare.

668 The New Year's holiday has some of its old
527 gaiety, although within the same restrictions imposed on the peasant. The cities receive special shipments of seasonal delicacies, as they appear to do at the mid-Autumn and Dragon Boat Festivals, and trips back to the family village may be possible for a minority of the urban population.[30] New Year's activities in East China

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28. Rostow, op. cit. p. 160.
29. "Urban Organizations." Current Background 310, Jan. 17 1955. "Regulations of--
30. [See following page.]

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This is the basic principle: utter subordination of the individual to the Party. But when we examine some of the personal qualities which the Communists want, we find them linked in many ways to Chinese tradition. The good Communist is "able to love others and hate others." (A phrase from the Analects of Confucius); that is, he never injures his romades for his own benefit, but fights vigorously the enemies of the revolution. Toward his comrades his attitude is one of "genuineness and sympathy." (Analects) He does "nothing to others that he would not have done to himself." (Analects) He "grieves before all the rest of the world grives and is happy only after all the rest of the world is happy." (Buddhist ideal of the Bodhisattva-savior, adapted by an eleventh century Confucian thinker.) He "has no individual apprehensions or private desires to obscure and pervert his investigation of things and understanding of true principles," (a restatement of the late Confucian view of purity of mind as being necessary for true knowledge.)[38]

[36. continued] University, 1954, p. 15. Nivison's study will appear in symposium Thought and Officialdom in China, University of Chicago Press, early in 1956.

37. Liu Shao-ch'i "On the Training of the Communist Party Member," in Compton, op.cit., p. 110. Nivison, op. cit., p. 18, points out that this prescription is close to classic descriptions of traditional virtue of chung -- absolute loyalty to superiors.

38. These characterizations are all from the authoritative treatise by Liu Shao-ch'i, ibid., translated in Compton, op.cit., pp. 108-55. Traditional sources are identified by Nivison, op.cit., pp. 19-20.

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156 To attain these and other "good" qualities, the Communist, like his Confucian ancestors, is to pattern his character after approved models and to subject himself to intensive self-cultivation. In traditional China, the models of character and behavior found in the classics and histories were to be studied and followed by individuals who manifested a particular virtue, filial piety, for example, were required reading. Now the Communists set up Marx, Engels, Lenin, Stalin and Mao as personal models; everyone is capable of attaining the great qualities of these revolutionary geniuses if he tries.[39] Even selected heroes from China's "feudal" past are recommended as models.[40] Such models are presented in fiction, in textbooks, in newspapers, and young and old are urged to emulate these heroes. In addition, "model" workers, farmers, soldiers are feted and publicized, and their pictures and idealized biographies appear in all propaganda media.

156 812 Self-cultivation consists of being unremittingly conscious of one's faults and of Communist ideals, of being ever alert, in study and action, to the recrudescence of "bad" attitudes which are the residue of one's pre-Communist education. Liu Shao-ch'i stresses the development consciousness in the individual; through consciousness one is free from the determining forces of history and

39. Liu Shao ch'i, op.cit., quoted in Nivison, p. 16.

40. Ch'en Sang, "Tang-hsing Yu Ssu Cheng-huo," [Party Nature and Private Life], in Lun Tang Yu Ko-jen [On the Party and the Individual] by Chen Po-ta and others, Hong Kong reprint, 1948, p. 3, cited in Nivison, op.cit., p. 76, note 16.

156 812 environment and becomes capable of working creatively for the aims of the new society. This emphasis on consciousness is connected with both traditional ethics and Soviet psychology. On the one hand, it has "an obvious affinity to the Neo-Confucian notion of cultivation as freeing the individual from the tyranny of blind habit and unconscious selfish motivations."[41] On the other hand, it reflects the recent development of Soviet psychology; from an earlier denunciation of consciousness as "smacking of bourgeois idealism" the Russians have come to the view that "consciousness is a central process in making man capable of forging his own destinies."[42]

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41. Cf. Nivison, op.cit., p. 15.
42. [next page]

829 instruction. The son was to submit unquestioningly to his father's will at all times. He had no independence of judgment or action until after his father's death. The son's loyalty and devotion were also to show themselves in providing for the father's comfort in old age, in arranging a proper funeral and burial, and in periodic offerings to his father's tablet in the ancestral hall of the family.

In the political sphere the emperor was the "father" of his people, and the key local magistrates of the imperial bureaucracy were often referred to as the "Fathers and Mothers of the People." To reciprocate the care and concern of those in authority, the people were to provide material support through taxes and labor; they were to serve their masters loyally and submissively; they were to obey the rules which custom (personalized as the wise rulers of the past) and the laws laid down for them. And in those laws the heaviest punishments were decreed for those who showed unfilial behavior in the family, or, in its political counterpart, rebellion against the state.[49]

593 156 These were the patterns of authority to which the individual was subject. His personality

49. The Classic of Filial Piety says: "Of the 3,000 crimes punishable by the five punishments, none is greater than unfiliality." (i.e., failure to submit to authority.) For a discussion, cf. Etienne Balazs, Le Traite Juridique de Souei-chou, Paris, 1954, p. 144.

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was formed within the family, his status in society was determined by his family's status. To understand the individual of traditional China, we must see him within this setting; to understand the changes being wrought by the Communists, we must take into account some of the tensions and dissatisfactions which the family system -- particularly in its period of decay -- set up in the individual.

The role of the individual was determined by his position in the family, and he was taught to fill that particular role. For example, an older brother was responsible for his younger brother, and was taught to be nice in play to those younger in years. The younger sons were expected to be less sober and responsible; their mothers often spoiled them. Throughout all the complex relations of the family, roles were assigned and the individual's life and character were formed by the role he played. Freedom of choice and freedom to develop individuality were thus rigidly limited.[50]

The well-being of the family group was the individual's prime concern. He was committed to work which would assure the family's prosperity he was obliged to protect the family's reputation, for example, by paying off the gambling debts of a family member rather than have the family disgraced; to continue to live in a tense and unhappy household rather than to break away and thereby weaken the family's solidarity.

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50. Bunzel-Weakland, pp. 47-64.

593 In exchange for his submission to authorit
156 and discipline in every phase of his personal life, the individual was given the basic necessitie of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dominated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authority is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leadership of rebel armies are all bound together by tie of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137 - 47

178 system was undermined and began slowly to dis-
integrate. Chinese critics held that the old family
596 stifled individuality, prevented the development of
individual initiative vital to modern China, and
that it was a breeding ground for authoritarianism,
hindering the development of democratic citizen-
ship. They also felt that a new kind of individual
was needed, and that the family system prevented
its birth.[52]

• 156 The Communists are developing a new imag
of the individual and a new relationship between the
individual and authority, doing this they are using
certain of the old family ideas and, capitalizing
on dissatisfaction with the old family system, they
are releasing the individual from his bonds and
pushing him into a new system of human relations.

The Communists have paid particular atten-
tion to the groups which suffered most under the
old family: women, particularly younger women,
such as daughters-in-law, and adolescents. Bitter
denunciations of the tyranny of the old family syste
by dramatizing its inequities, insistence on the
individual's loyalty to the Party rather than to
the family -- all these are being resorted to in
order to create new individuals suited to the needs
of a Communist society. In Communist literature
this new type of individual, free of the family and
its "feudal" relationships, is presented as having
boundless opportunities for self-development.
Stories of young "heroes" who have broken away --

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52. Cf. Theodore Chen, "New China, New Texts," Current History, No. 19, 1950, p. 325.

156 sometimes denouncing their "reactionary" fathers and gone on to make striking contributions to state and society are glorified in almost every publication.

"Comradeship," the brother-friend type of relationship, is strongly emphasized in Party and other organizations. During the long years of their suppression, the Communist leadership was bound together by "comradeship," which is continually romanticized and extolled in textbooks and other writings. This pattern of human relationships is built on an age-old Chinese ideal and is most attractive to those who suffered most under the old family system. It is used to encourage cooperation between individuals in a common task. In the textbooks it is fostered by moral tales -- a pail of water is too heavy for Little Brother and too heavy for Big Brother, but it is easily carried by the two; a lone tree is easily shaken by the wind but many trees standing together can withstand a heavy wind.[53]

829 The brother-friendship pattern among top Communist leadership has subtly shifted, and Mao and the Party have begun to exercise paternal authority over subordinates, and the people as a whole. Mao has taken on many of the attributes of the supreme patriarchal emperors of old; his paternal guidance is praised in these lines from an officially published song:

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53. Ibid.

596 one looks to state and Party health agencies, but responsibility for the care of the aged devolves upon the children of the conjugal family.[61] The family's function as an administrative unit for mutual surveillance and responsibility is now eliminated, and each citizen is responsible to the state. Family connections are no longer a means of getting jobs; they are assigned to individuals by state and Party organizations. In this way the Communists undermine what is left of the old family and strike at the age-old evil of nepotism.

156 Yet, with the shattering of the old family and the assumption of its functions by the state, the individual is still urged by the leadership to work in a disciplined and co-operative way for the larger social group. The following prescription for individual behavior recalls the formulas for the activity of good members of the traditional family.

> Citizen of the People's Republic are expected to engage in labor and productive activities and to place the common good above personal benefit. They must learn to be helpful and co-operative. They must work hard and submit willingly to the discipline of group life. They must always be ready to learn to accept criticism for the purpose of improvement.[62]

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61. Cf. Survey of China Mainland Press, No. 973, Jan. 21, 1955, pp. 31-32; "...when parents are counterrevolutionaries, the child should treat them as enemies."

62. Cf. Theodore Chen, op.cit., p. 324, and Weakland-Bunzel, pp. 153-54.

156 It would appear, then, that the Communist government tries to adapt both patterns of individual-group relationship to its purposes. On the one hand it encourages the equal co-operation pattern associated with the old image of brotherhood and friendship. On the other hand it increasingly subjects each individual to a type of authority that is reminiscent of the old all-powerful father of the family. For certain types of work, for example team projects carried on by Party cadres, the former may be encouraged as the efficient pattern. But for the masses of the population, submission of the individual to the group is the ordained pattern.

E. Face

554 In traditional China, "face" meant one's moral reputation (lien) and one's accumulated moral and material prestige in the eyes of the community (mein-tzu). One's lien, or moral reputation, was solidified by adherence to the ethical forms of society in all human dealings. One's mien-tzu could be increased by making contacts, by acts of conspicuous generosity, but this could be done only within the role which society

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63. Cf. Hsien-chin Hu, "The Chinese Concepts of Face," American Anthropologist, Volume 46, (1944), pp. 45-64. The word lien is more current in North China than in the Yangtze Valley and the south. In the lower Yangtze Valley, according to Miss Hu (p. 46, note 5), mien-k'ung is used for lien.

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North China AF12
East China AF15 •
South China AF17
Southwest China AF16
Central China AF14

[For information on population density as of the 1953 Census, see AF13 Northwest China, 1: Washington, cat. 116, pp. 114-115.]

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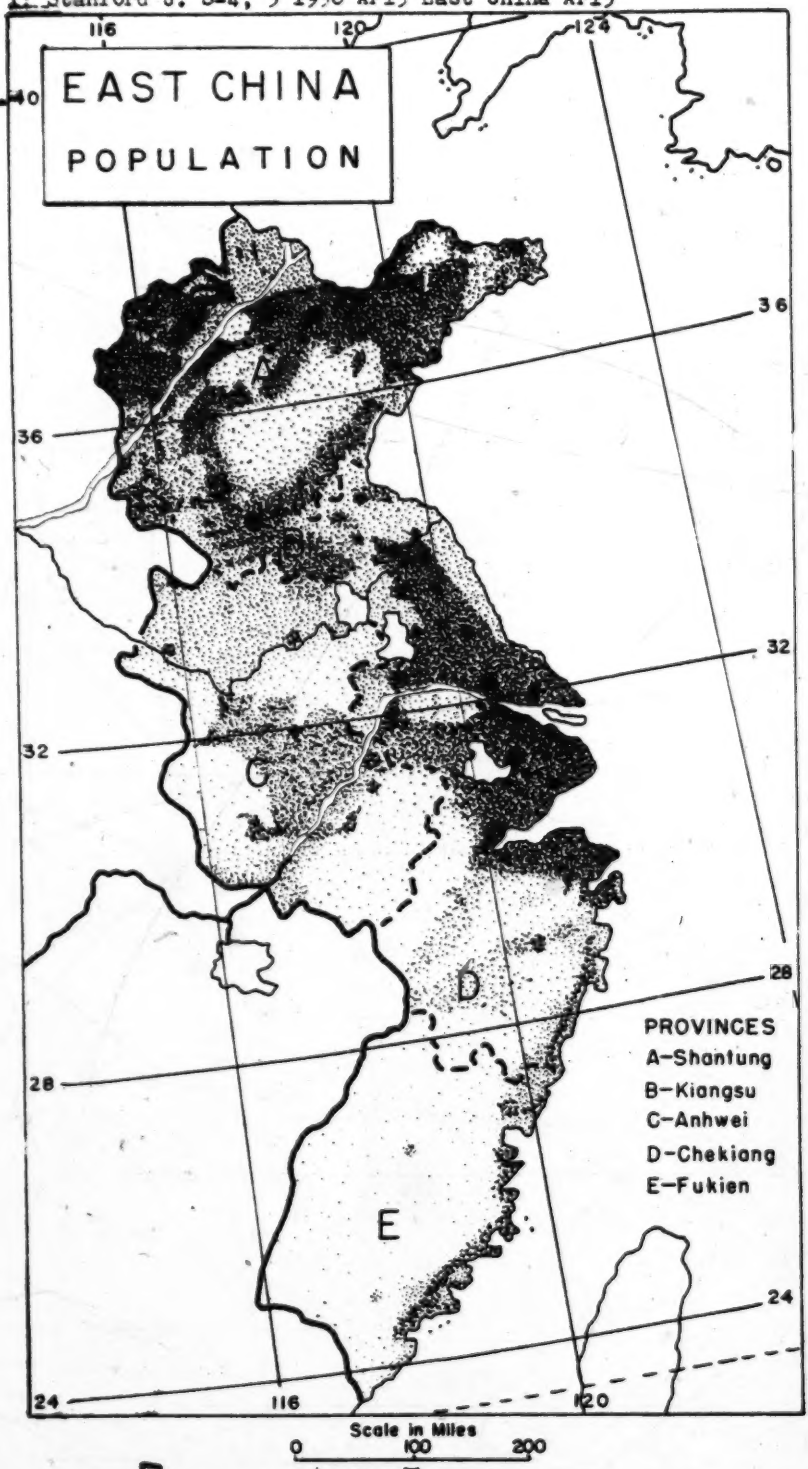

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Annex "A," Subparagraph 1c, Sociological Background

POPULATION

I. DISTRIBUTION, DENSITY, AND GROWTH

A. Distribution

● 16/ The results of the 1953 Census show that as of June 30, 1953, over 162 million people lived in the East China Region comprising, Shantung, Kiangsu, Chekiang, and Fukien provinces. This makes East China the second most populous region in China, although its area of 235,866 square miles ranks sixth. The distribution is as follows:

Table 1. Population of East China by Province */

Anhwei	30,343,537
Chekiang	22,865,747
Fukien	13,142,721
Kiangsu	41,252,192
Shantung	48,876,548
Shanghai Municipality	6,204,417
Regional Total	162,685,262

*/ Kuang-ming Jih-pao (Enlightenment Daily), November 1, 1954, p. 1.

The accuracy of the figures in Table 1 is, of Course, still open to question. Doubt may easily be cast on these figures on the basis of any one or all of the following facts: (1) The 1953 census-taking was not thorough; in certain areas where direct counting of noses was not possible, undefined "indirect" methods (possibly estimates) were employed. (2) Not long before the results of the census were announced the responsible Communist quarters had already started a campaign to

•161 "correct undesirable habit of filing false reports," and no less authoritative an agency than the Bureau of Statistics had begun to criticize the lack of reliability in the statistical work of various government departments.[1] Until 1952, the estimates on China's population cited by Communist officials had remained under 500 million. Early in 1953, several months before the census figures were completely tabulated, the same Communist officials had already stepped up their estimates to around 550 million. Thus there is ground for suspicion that the Peking government might have made a conscious effort to exaggerate the figures for propaganda purposes.[2]

However, until additional evidence is discovered to substantiate charges of fabrication, the figures in Table 1 will stand as the result of the first and only direct nationwide census. Relative reliability is further strengthened by the following points: (1) They generally tally with the figures on the electoral delegates and the voters they represented in the general election for which the census was initiated.[3]

1. Jen-min Jih-pao (People's Daily), Peking March 31, 1954, p. 1.

2. Tsui-chin Ch'i-ko-yüeh Lai Chung-yao Fei-ch'ing Tsung Pao-kao, (Comprehensive Report on the Conditions of the Chinese Communists in the Last Seven Months), Taipei, the Sixth Section, Central Committee, the Nationalist Party, 1954, pp. 22-23.

3. Yuan-li Wu, Economy of Communist China, New York Bookman Associates, 1956, pp. 13-22.

161 (2) The fact that scattered reports on the basic-level elections are available, roughly covering all the corners of China, should serve to indicate the geographic extent, if not the degree of thoroughness with which the census-taking was carried out. And such thoroughness is unprecedented in China. (3) The Communists as far back as 1949 began their study on population, and it appears possible to say that the Peking regime had exercised considerable discretion in checking the 1953 census against the previously released figures. (4) Only a comparatively small portion of the 1953 figures (or about 8 million) was derived from the so-called "indirect method of census-taking." (5) The above-cited communique also reported on the review of these figures by the Bureau of Statistics. It states that after rechecking 9 per cent (or 52,950,000) of the total population in a cross-section of many different localities, the duplicates only amounted to 0.139 per cent and those uncounted in the initial registration only 0.255 per cent.

Bearing in mind the above observations and reservations, we will proceed to discuss the population figures in Table 1.

Since the census was taken, there have been signs indicating subsequent changes, some of which may be great enough to cast doubt on the validity of the figures in Table 1. At least one example has been found in the Communist press: in the sixteen months following the 1953 census, 206 births and 71 deaths have occurred in Ch'ing-lung hsiang and Chiang-ning hsien in Kiangsu Province and 126 people have moved into the

161 village group. These changes have affected 46.2 per cent of the 1953 census figure for this hsiang.[4]

On the basis of the 1953 census, the authorities were at a loss in carrying out rationing, planned purchase, consolidated supply, etc. In Ch'ing-lung hsiang, five additional surveys had to be made in order to adjust the 1953 census figure. It was reported that at the end of these successive enumerations, the ration coupons still failed to tally with the actual population in that village group. The government is said to have learned a lesson from the above experience and is vigorously pushing a permanent registration system to keep pace with the population trends in all corners of China.

E. Density

The Yangtze River delta in this region and the Pearl River delta to the south are the two most populous sections of China. Within the Yangtze River delta, the area south of the river is even more crowded than the north. Great differences are observed between the Ch'ien-t'ang River estuary area and the Hsien-hsia-ling Mountain section in the same province of Chekiang. The following table shows the average density.

4. Enlightenment Daily, April 2, 1955.

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•/61

Table 2. Population Density in East China

	Per Sq. Km.	Per Sq. Mile
Anhwei	207.5	537.42
Chekiang	205.8	533.02
Kiangsu	400.0	1,036.00
Fukien	100.0	259.00
Shantung	322.9	836.31
Shanghai Municipality	6,547.6	16,958.28
Regional Average	268.35	695.02

An average density of 695.02 per square mile makes this region the most congested among all the regions of China. This is a continuation of the traditional situation in China's coastal provinces where economic development has been most favorable to growth and concentration of population. In comparison, the states of New York, Pennsylvania, Virginia, North Carolina, South Carolina, New Hampshire, and Connecticut have an aggregate area of 234,804 square miles, which is quite close to that of the East China Region. But the average population density of these states is 159.12 per square mile, only one-fifth that of East China. Burma is slightly larger than East China, but the population amounts to only one-eighth that of East China.

C. Growth

In explaining the census results, the Peking regime tirelessly quoted its success in the improvement of standards of living and medical services throughout China. To substantiate the

•161 census reports, the Communist press cites such cases as that of Ai-ling and Sheng-li hsiang in Chiang-ning hsien, Kiangsu Province.[5]

[163 From June 1951 through June 1953 in these two
165] village groups the average birth rate was 33.64 per thousand, or 3.36 per cent, and the average death rate was 1.93 per cent. The natural increase thus was 1.43 per cent, somewhat lower than the national average of 2 per cent given in the communique announcing the official results of the 1953 census. On the other hand, a higher average of 2.7 per cent was reported after a survey conducted during 1952-53 by the municipal government of Chiang-ning hsien in co-operation with the Department of the Interior of the Central People's Government and the Revolutionary Military Committee, using as a cross-section 29 municipalities, 5 hsien, 2 hsiang, and one village. There appears to be some grounds for the Peking claim of 99.5 per cent accuracy for the 1953 census. The population increase in the East China Region, judging by the few scattered samples reported in the Communist press, seems to be well within the general pattern of the nation as a whole.

Another comparison may be made of earlier census figures and those for 1953. The result tends to show that Peking is exercising considerable discretion in claiming the 2 per cent average rate of increase. Although, when we examine the following table such a study may help to ascertain the validity of Peking's claim,

5. Jen-min Jih-pao (People's Daily), Peking March 11, 1954.

•/6/ it is just as important to take into account the margin of error in the earlier figures, the differences in methods of survey, and other factors.

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Table 3. Population Increase in East China*

	1948	1951	1953
Anhwei	22,462,217	30,000,000	30,343,637
Chekiang	19,958,715	21,000,000	22,865,747
Fukien	11,143,083	12,000,000	13,142,721
Kiangsi	36,080,123	40,000,000	41,252,192
Shantung	38,865,254	45,212,458	48,876,548
Shanghai Municipality	4,630,385	6,000,000	6,204,417
Regional Total	133,139,777	154,212,458	162,685,262

*/ The figures are based on Chung-hua Min-kuo T'ung-chi t'i-yao [Statistical Abstract of the Republic of China] , Taipei, Executive Yuan, Directorate-General of Budgets, Accounts & Statistics, 1955 p. 34. The figures are from The Atlas of the People's Republic of China by Province, p. 19.

•161 An increase in population has been discernible during the past century in most of the provinces of the East China Region, but some of the gazeteers have recorded a decrease in the population of Fukien Province. Available statistics have placed the Fukien population at 17,173,293 in 1829, the peak year, and from that time the population in Fukien has declined until it reached a low of less than 10 million in 1930. Some slight fluctuations have been observed, but the highest figures have not exceeded 14.5 million.[6] In explanation it might be said that the economic backwardness of the province discouraged any population increase, and, as well, the wars fought in this region have had some effect on the decline in population. Added to these factors is the emigration of the Fukienese to Thailand and other countries.

II. COMPOSITION OF POPULATION

A. Age Groups

162 The communique announcing the 1953 census failed to give details on average ages of the population. Breakdown figures, subsequently released, are incomplete and inadequate as a test of the Communist claim that the young and able-bodied element is predominant in China. So far we have learned that

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6. Chin-t'ao Huang, Fu-chien Ching-chi Kai-k'uang [The Economic Situation in Fukien], Fukien, Provincial Government, 1943, pp. 19-21.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

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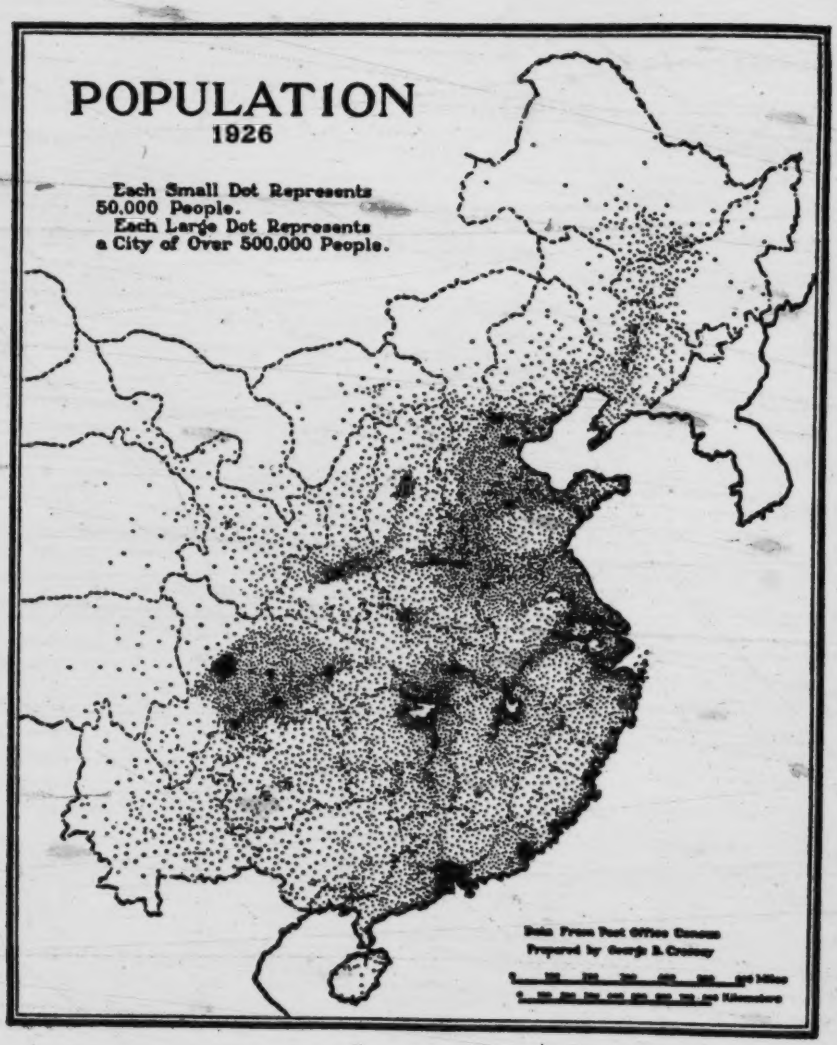

Map 7. Distribution of Population in China (reproduced here by the courtesy of the McGraw-Hill Book Company, Inc., from G. B. Cressey, *China's Geographic Foundations* [1934]).

[p. 74]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

241 reported by Buck. According to his figures, the grain production
433 (or equivalent) per male adult of the population (or equivalent) within this thirty-mile radius averages 2594 kilograms, as compared with an all-China average of 1400 kilograms.[9]

161 The problem of how Shanghai is fed is, however, not answered merely by the facts of fertile soil, intensive cultivation, and high crop yields in its immediate hinterland. While the delta is clearly productive, it is equally clearly densely populated, and it is likely that a larger proportion of the total population of the fertile triangle lives in cities than is the case in any other area of comparable size in China (map 5).

[146] Buck estimates that the consumption of food energy on farms in
241 this area is 3486 calories per adult-male unit per day, a high figure for a so-called subsistence agricultural economy, and exceeded in Buck's figures for China only by the rice-tea area immediately to the south.[10] Far from being a subsistence economy, the triangle supports a relatively commercialized agriculture. Buck estimates for example, that the farmers of this area sell 61 per cent of their farm products immediately after harvest, and that 60 per cent of farm products are sold (i.e., first sale) as far away as the nearest market town, as distinct from the local village. Both of these figures are exceeded only by those from the double-cropping rice area of Kwangtung.[11]

433 Assuming that the favorable natural environment and the in-
489 tensive farming methods result in a total food production great enough to allow a surplus for feeding the delta's cities, how is it marketed in this pre-industrial economy? Cities of the magnitude of Shanghai have hitherto never developed except where mechanization and technological improvement in agriculture have been accompanied by the growth of railways, and later, highways.* Shanghai, competing for the food surplus of the delta with Hangchow, Nanking, Soochow, and other large delta cities, added well over three millions to its population between 1843 and 1936, while agricultural practices in the delta remained in general just as they

* Ancient Rome and Peking, both cities of approximately one million long before the industrial revolution, might constitute exceptions. Both owed their size primarily to their administrative functions, and both depended heavily on water transport.

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Annex "A," Subparagraph 1a,
Sociological Background
GEOGRAPHICAL SETTING

131 East China[1] lies between 27-28° North
162 latitude and 115-23° East longitude. It is composed of the provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien. The region covers 607,000 square kilometers (230,000 sq. mi.), or about six per cent of China's total territory, and supports 162,500,000 people, well over one-fourth of China's population. This amounts to an average of 269 persons per square kilometer (705 per sq. mi.).[2]

TOPOGRAPHY

133 The region of East China is higher on the southwestern side, and most of the mountains cluster in the southern portion. The northern and central sections are mainly alluvial plains intersected by a network of rivers. Many of the major rivers flow through lakes and lie across the land like strings of pearls. In fact, there is such a large number of waterways flowing through the region that the sampan is the most common means of transportation.

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1. See chapter on "Government Structure" for political subdivisions.

2. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [The Geography of New China], Shanghai, Ta Chung-kuo t'u-shu-chü, 1953, p. 40.

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II. COMPOSITION OF POPULATION

A. Age Groups

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6. Chin-t'ao Huang, Fu-chien Ching-chi Kai-k'uang [The Economic Situation in Fukien], Fukien, Provincial Government, 1943, pp. 19-21.

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• 162 children under ten years of age account for about 26.6 per cent of the total population, and 58.92 per cent of the population comes from the group 18 years or over.[7]

When examined closely, other sources giving earlier statistics show more serious signs of unreliability. The data offered in 1948 by the Bureau of Statistics of the Central Government at Nanking, for example, were based on a random sampling of only twenty municipalities and hsien, of which five were in East China. The ratio between the sampled and the total area is about 1:100. Furthermore, the age-group breakdown figures do not tally with the totals. Assuming that much of this could have been copyist's errors, the approximate age-group distrubition of population in the East China Region in the 1930's would be as follows:

[See next page for chart.]

7. People's Daily, Nov. 1, 1954, p. 3.

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Table 4. Age Composition of East China Population in the 1930's */

Age	Percentage of Total
0-10	20.0
10-30	36.5
30-60	35.0
60 or over	8.5

*/ Based on statistics in The Economic Situation in Fukien; Ju-heng Chao, Chiang-su-sheng Chien [Gazeteer of Kiangsu], Shanghai: Hsin Chung-kuo chien-she hsueh-hui, 1935; Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking Bureau of Statistics, 1948.

The above figures indicate that now there may be more children under 10 years of age in East China than there were twenty years ago. There is no way to determine whether the older age group (above 60 years old) has increased. However, the life span of the average Chinese could not have greatly increased during the past two decades in view of the death rate and other prevailing factors. Of the 1954 estimated population in the United States, about 21 per cent is under 10 years of age, a higher proportion than in Table 4 but a lower proportion than that of China today. The U.S. group 60 years old and over amounts to about 12 per cent of the total population, which is consider-

•/62 ably higher than its Chinese counterpart.[8]

B. Sex Ratio

The national average sex ratio derived from the 1953 census is 107.55 males for every 100 females. Although there is no regional information to test if this average represents a true picture of the East China Region today, a comparison with earlier surveys suggests that this region possibly remains close to the national average.

Table 6. Sex Ratio in East China Population (1948) */

(Number of males per hundred females)

Anhwei	112.04
Chekiang	111. 93
Fukien	107.44
Kiangsu	106.42
Shantung	99.00
Shanghai Municipality	123.78
Regional Average	103.44

*/ Based on Statistical Abstract of the Republic of China.

8. World Almanac, 1955.

162 Table 6 makes it clear that, taken as a whole, there were more males than females in the East China Region in 1948. It also contradicts the theory maintained by some earlier Occidental writers that there are no old bachelors in China, especially when we realize that the people in East China traditionally abhor polyandry and that the practice of polygamy may well have had a slow death. The only obviously irregular line in the sex pattern expressed in Table 6 is the male-female ratio of the Shantung population. The emigration of males to the northeast will be discussed in the following pages.

847 Peking claims the complete elimination of infanticide, which had victimized the infant girls in many sections of China. Although the thoroughness of the measures taken to eliminate infanticide may be questioned, there is evidence that infant girls do have a better chance to live than they did some years ago. Peking also makes a conscious effort to relocate laborers with their families. In the long run, these measures will tend to check imbalance in the sex ratio, and it is quite possible that the situation in Shantung Province is being improved.

C. Rural and Urban Population

162 As a corollary to their persistent claim of industrialization in China, the Communists have been insisting on the trend of an increase in urban population. According to Peking, an upward trend has been generally observed in most cities; and in some extreme cases

162 populations have doubled or trebled within the past five years. A 40 per cent increase in population since 1948 is said to be the average. However, the same Peking officials said in 1953 that on the national average, 86.74 per cent of the population is rural and 13.26 per cent is urban.

[See following page for chart.]

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Table 7. Rural and Urban Population in East China (1948)*

	Percentage of Total	
	Rural	Urban
Anhwei	67.59	32.41
Chekiang	70.25	29.75
Fukien	64.63	35.37
Kiansu	69.51	30.36
Shantung	84.97	15.03
Shanghai Municipality	-----	100.00
Regional Average	70.97	29.03

*/ Based on Statistical Abstract of the Republic of China, and The Yearbook of China, Taipei, Chung-hua min-kuo nien-chien she, 1953. The municipality of Shanghai was no longer in 1948 the old city of Shanghai located a short distance to the south.

•162 Without explaining the criterion upon which the 1953 percentage figures were compiled, the announcement would seem to contradict the claim of an increase in urban population, especially when we compare it with earlier announcements.

[See following page for Table 8 .]

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Table 8. Population in Shanghai and New York City*

Year	Population	
	Shanghai	New York City
1880's	129,000	1,911,698
1900	352,020	3,437,202
1910	1,185,000	4,766,883
1920	1,605,276	5,620,048
1930	3,023,111	6,930,446
1950	5,406,644	7,891,957
1953	6,204,417	--------

*/ The Shanghai population figures are from Ko Sui-ch'eng, Chung-kuo Ti-li Hsin-chih [New Geography of China] , Shanghai, Chung-hua shu-chu, 1940. Shang-hai Chih-nan [Guide to Shanghai] , Shanghai, Commercial Press, 1925. (Gazeteer of Kiangsi, The Atlas of the People's Republic of China by Province.

•162 Chinese and Occidental students of China have agreed that the cause of the sudden growth of Shanghai's population is, in the main, the rapid industrialization of that metropolis as the only convenient port serving the huge hinterland of the Yangtze River Valley and delta. It is to be recalled, however, that in the particular case of Shanghai there has been a serious industrial and business recession during and immediately after the Communist occupation. We may, with reason, doubt the Communist claim that such a recession had no effect on the population growth in Shanghai, and we certainly may ask why, with the admitted serious unemployment situation in Shanghai in early 1950,[9] the increase in Shanghai's population was expected to continue uninterrupted. The population figure could become more questionable if we give credence to reports from anti-Communist sources on food shortages in Shanghai, which supposedly have been driving people out of that city.[10]

There has been no recent survey on the professional composition of the population in the East China Region. Earlier surveys, wherever available, are incomplete. Therefore it is with understandable misgivings that the following figures on two of the five provinces in this region are offered for reference:

[See following page for Table 9.]

9. Chung-kuo Kung-jen [Chinese Worker Monthly], Peking, June 15, 1950, p. 85.

10. Ya-chou Tien-hsün [Asia Foundation News Bulletin], San Francisco, Aug. 12 1955.

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Table 9. Professional Composition
of Population in Fukien and Kiangsu (by percentage) *

	Fukien (1947)	Kiangsu (1938)
Farmers	42.2	51.1
Merchants	4.3	6.2
Workers	3.2	9.8
Unemployed	18.6	4.1
Others	31.7	28.8

*/ Based on information in The Economic Situation in Fukien, and Gazeteer of Kiangsu.

Annex "A," Subparagraph 1d, Sociological Background

ETHNIC GROUPS

563 Ethnic minorities are herein defined as groups bound together by common ties of race, nationality, or culture, living together within an alien civilization but remaining culturally distinct. The Chinese Communists, following the practice of the USSR, have termed the ethnic minorities within the Chinese territory "nationalities" "national minorities," or "minority nationalities" in juxtaposition to the Han nationality. Therefore, the term "nationality" as used in China today is a designation for an ethnic and geographical community. Owing to the fact that the Hui people, neither racially homogeneous nor concentrated in one area, are also regarded as a separate nationality by the Chinese Communists, the reason for such a classifications seems to be the presence of customary laws and practices peculiar to a group of common origin which have, over a period of time, regulated its standard of behavior and given rise to group consciousness and distinctive characteristics. It is on this same broad principle that we base our classification of the ethnic groups of China. Accordingly, the Han Chinese, though by far the great majority of the Chinese population (94%), are also considered as one of the many ethnic groups in China.

I. INTRODUCTION

•/6a East China is populated predominantly by Han Chinese who came from North China, especially during the periods 265-618 and 906-1280 A.D., when North China was invaded by the northern tribes.[1] Since 617, official Chinese histories have not

1. Li Chi, The Formation of the Chinese People, Cambridge, Massachusetts, Harvard University Press, 1928, pp. 165-166, 237.

162 mentioned any "barbarians" even in the two southernmost provinces of East China, Chekiang and Fukien.[2] This fact does not indicate that there have not been remnants of non-Han ethnic groups in East China but that most of them have adopted Han Chinese culture.[3]

II. THE HAN CHINESE

162 144 The Han Chinese in East China can be divided into two groups according to the different elements assimilated. Those north of the Yangtze River are taller and more akin to the Han Chinese in North China in racial composition, an admixture of Han Chinese and northern tribal elements such as the Tungus, Hsien-pei, Hsiung-nu, Nü-chen, Mongol, and Manchu. (See the chapter on Historical Setting.) Those south of the Yangtze River, particularly in the provinces of Chekiang and Fukien, are an admixture of the Han Chinese and the aborigines known in the earliest records as Tung Yüeh in Chekiang and Min Yüeh in Fukien,[4] and in later records as Yao in general. (For cultural characteristics of the Han Chinese in East China, see the chapters on Family and Social Structure.)

III. NON-HAN ETHNIC GROUPS

A. The She of Chekiang and Fukien

During the early Han Chinese migration from North China, the Wu-i Range blocked the

2. Ibid., pp. 249-250.

3. Those who refused to adopt Han Chinese culture migrated southward into Kwangtung and Kwangsi. 4. [see next page]

•162 144 drive east toward the Sea. Fukien and southern Chekiang were thus by-passed by the Han Chinese, who settled in Kiangsi, Kwangtung, and Kwangsi long before they reached Chekiang and Fukien.[5] In addition, the people of the mountainous area in Fukien and Southern Chekiang, having developed a fairly high degree of political organization by third century B.C., were able to put off direct Han Chinese rule for a longer period of time than people in areas to the west of it, i.e., Kiangsi and Hunan.[6] The southward exodus of the aborigines, who made way for the Han Chinese, was in fact never completed, and today descendants of the aborigines are still to be found in Fukien and southern Chekiang. They are a branch of the

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4. Compared with the Chinese in South and Southwest China, the northern Chinese are generally taller, have longer and larger heads, relatively lower foreheads and cheekbones, lighter skins, and a less pronounced development of the almond-shaped eyes. Although the northern Chinese are more uniform in appearance than their compatriots in South and Southwest China, they are still a very mixed group; and the fact that they speak a more or less common dialect by no means indicates lack of diversity in their ethnic composition. Li Chi, op. cit., p. 167.

5. Harold Wiens, China's March toward the Tropics, Hamden Conn., The Shoe String Press 1954, p. 8.

6. Ibid., pp. 276-277.

162 Yao people mentioned in Chinese historical
144 records,[7] and are related to the Yao people in Kwangsi. Today, these remaining aborigines are called She Yao, Hsia, or more commonly, She.

162 The total She population is now estimated at 200,000. The great majority are found in Fukien particularly in the Wu-i mountain region of Chien-ning and Ch'ang-ting districts. Only about 44,000 are at present living in the southern section of the Kuo-ts'ang mountain chains near Li-shui in Chekiang Province.[8] Lan, Lei, Chung, and P'an are the four surnames of the She people; intermarriage is approved only
241 among families bearing these names.[9] They are poor slash-and-burn farming folks like the Miao and Yao in South China.(This type of agriculture entails burning off the natural vegetation on the mountain slopes to enrich the soil for planting; but the fertility of the soil is exhausted after two to four years, and the farmer
197 must move on.) Those who work for the Han landlords usually speak the local Chinese dialects.[10]

563 Regionally as well as nationally, the She people are still as much neglected by the Communist administration as they were during

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7. The Yao people of Chekiang and Fukien fled to remote mountain regions after the Yao suppression campaign of Wang Shou-jen during the Ming dynasty. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.

563 previous regimes. When the People's Government celebrates its national holidays in Peking, no She representatives are present. Nor are the She people mentioned in the activities of minority ethnic groups in East China.[11] This could mean either that successful She individuals are weaned away by the prevailing Han Chinese culture and lose their identity as She or that among the She people there are not enough leaders to claim a separate identity.

B. The Hui of Shantung.

• 162 In East China the Hui people can be found in cities like Shanghai, Nanking, and Ch'ien-chou (in Fukien); but most of them are found in the province of Shantung.[12]

563 Like the Hui people elsewhere in China, the Hui in Shantung trace their descent from Arabian and Iranian soldiers and merchants who moved into China from the seventh to the thirteenth centuries and who intermarried with the Han Chinese, and from Han Chinese children adopted by Hui families. Today, the Hui people in general continue to intermarry with the Han Chinese. However, when a Han Chinese wishes to marry a Hui woman, he must embrace Islam, whereas a Han woman who wishes to marry a Hui man need not change her religion.

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11. Jen-min Jih-pao [People's Daily], Peking, September 30, 1950; October 23, 1950.

12. There are many Moslem peoples in China of which the Hui is one. Other Moslem peoples include the Uigurs, Kazaks, Mongol Moslems, and Tibetan Moslems. →

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563 Although different ancestry sets apart the Hui people from the Han Chinese, lack of racial prejudice on the part of the Hui facilitates the assimilation of Han Chinese into the Hui community and renders the racial composition of the Hui more or less similar to that of the Han Chinese around them. The cohesiveness of the Hui people in East China is attributable to factors other than racial and physical similarity. Their religion (Islam, called Hui Chiao or Ch'ing-chen Chiao), language (Chinese, supplemented by Iranian and Arabic elements of a religious nature), and customs which stem from religious practices and observances make them cohesive as an ethnic group in spite of outside cultural forces and the fact that in Shantung the Hui generally do not have large and contiguous communities. Most of the Hui people in Shantung live in Lin-ch'ing, Chi-ning, Chou-ch'eng, P'eng-lai, and cities along the railways.[13]

[771] [162]

The Kuomintang Government seemed to take for granted that the Hui people were sufficiently assimilated into Han Chinese communities and did not merit recognition as a separate ethnic group. In the 1930's the Hui were treated merely as "believers in Islam," and their ethnic difference was minimized. The present Communist government has reversed the Kuomintang

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There are about 3.5 million Hui people in China. Information on the numerical strength of the Hui people in East China is not yet available.

13. Huang Tse-ts'ang, Shantung, Shanghai, Chung-hua shu-chü, 1935, pp. 99-100.

1:Stanford U.S-4, 5 1956 AF 15 East China
~~AF 15~~ AF15

563 According to a report at a meeting held by the Hui Cultural Association at Peking, ten autonomous hsien and chou have been established for the Hui people in China.[16] The scattered Hui communities in different parts of Shantung have their representatives in local governments under the present Communist regime. There are indications, however, that the Hui people in Li-ch'eng, Shantung, probably have their own government.[17] If this is the case, Li-ch'eng's autonomous government would be the only one of its kind outside Northwest China and Inner Mongolia.

C. The Tan People in Fukien

563 162 A Communist publication lists the Tan people as one of the minority nationalities in Fukien. The Tan people are boatmen on the lower Min River, near Foochow. In physical appearance they are indistinguishable from the rest of the Fukienese population.[18] Their numerical strength is unknown.

IV. POLICY AND ADMINISTRATION OF THE COMMUNISTS

563 657 Communist cadres working among ethnic minorities elsewhere in China are cautioned against exhibiting Han Chinese chauvinism in order not to arouse the "narrow nationalism" of ethnic minorities; in East China, no such caution has so far been voiced. Communist ethnic

16. NCNA, April 15, 1955, Survey of China Mainland Press, No. 1031, April 20, 1955, Hong Kong, American Consulate Gen'l, pp. 32-33.

17. People's Daily, April 28, 1954.

18. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [Geography of New China], Shanghai, Ta-chung t'u-shu chü, 1953, pp. 159-160.

369 villages. Town and citydwellers -- perhaps 20% of China's population -- kept their ties with their native villages returned there whenever possible and many saw commercial activity in the town only as means to the acquisition of sufficient wealth to buy farming land and return to the village.[11] The town population, then was [162] mostly made up of artisans and peasants plus a small number of landlords retired officials county functionaries and established merchant [634] families. The county seats (hsien capitals) were the centers for tax collection and administration of the surrounding farm-villages and also served as market towns where the peasant might sell his crop and purchase the manufactured goods he could not produce.

369 Town life for the average artisan was as meager as that of his relatives in the village. 511 Long hours hard work low pay few holidays were the lot of most and living conditions were generally poorer and more crowded than those [466] in the villages. Proprietors of many shops required their employees to live on the premises so that they seldom visited their families. The [262] diet of the town dweller was as poor as that of the poor farmer -- mostly cereals vegetables, and some condiments and meat and fruit on 369 holidays only. Brief holidays were allowed at the New Year the Ch'ing-ming festival the 527 mid-Autumn festival, and the Dragon Boat festival. On these occasions townspeople usually tried to return to their villages; if this was impossible they enjoyed such delicacies as they could afford and strolled the streets, perhaps

11. Cf. Cressey Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.218]

1; Stanford U. S-4, 5 1956 AF15 East China AF15

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	SHANTUNG	KIANGSU	ANHWEI	CHEKIANG	FUKIEN
Population	48,876,192	41,252,192	30,343,637	28,865,747	13,142,721
Area (square kilometers). . .	140,000	100,000	144,000	102,000	120,000

Kuang-ming Jih-pao [Enlightenment Daily], Peking, November 1, 1954, p. 1; Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1953, p. 19.

I. GOVERNMENT STRUCTURE IN THE COMMUNIST PRE-CONSTITUTION PERIOD

The beginning of Communist rule in these provinces can be dated from the Communits capture of their capitals: (1) Tsinan, capital of Shantung, Sept. 26, 1948; (2) Nanking, capital of the Nationalist Government, April 23, 1949, and Shanghai, city of Kiangsu, May 27, 1949; (3) An ch'ing (Anking), old capital of

Annex "A," Subparagraph 3a,
Economic Background

AGRICULTURE

241 Because it has a mild climate and abundant rainfall, East China is able to produce a tremendous amount of grain each year. In terms of production, the region occupies second place in the country, next only to Central-South China. It also produces a considerable amount of cotton and ramie. The outstanding feature of East China's agriculture is its dominant position in the production of raw silk and tea. The raw silk of Chekiang and Kiangsu and the tea of Chekiang and Anhwei are not only famous in China but renowned throughout the world for 228 their quality. East China is rich in its fishery resources, because it possesses the longest coastline and plenty of inland streams, which are the sources for both salt-water and fresh-water fishing.

I. CULTIVATED LAND AND RURAL POPULATION

162 According to the recent census,[1] completed on June 30, 1953, by the Communist government, the total population of East China, including Shanghai Municipality, is 156 million. If we

1. Jen-min Jih-pao [People's Daily], Peking 1, 1954, p. 1.

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1:Stanford U. S-4, 5 1956 AF15 East China AF15

Table I. Cultivated Land and Rural Population of East China*

S = Shih-mou)

(Unit: 1,000 A = Acres)

Province	1946					1955				
	Cultivated Land	Rural Population	Farm Households	Shih-mou per Household	Shih-mou per Capita	Cultivated Land	Rural Population	Farm Households	Shih-mou per Household	Shih-mou per Capita
Kiangsu	85,2963 (13,616A)	25,080	5,057	16.87 (2.81A)	3.40 (0.57A)	110,2963 (18,383A)	35,477	7,095	15.54 (2.59A)	3.11 (0.52A)
Chekiang	41,6583 (6,946A)	14,020	3,165	13.16 (2.19A)	2.97 (0.49A)	55,6583 (9,276A)	19,665	3,933	14.15 (2.36A)	2.83 (0.47A)
Anhwei	73,1283 (12,188A)	15,182	2,682	27.27 (4.54A)	4.82 (0.80A)	93,0283 (15,505A)	26,096	5,219	17.82 (2.97A)	3.56 (0.59A)
Shantung	100,4503 (16,741A)	33,024	5,918	16.97 (2.83A)	3.04 (0.51A)	100,6623 (16,777A)	42,034	8,407	11.97 (2.00A)	2.39 (0.40A)
Fukien	21,0943 (3,516A)	7,202	1,626	12.97 (2.16A)	2.93 (0.49A)	23,2043 (3,867A)	11,303	2,261	10.21 (1.70A)	2.04 (0.34A)
Total (or Average)	321,6263 (53,604A)	94,508	18,448	17.43 (2.91A)	3.43 (0.57A)	382,8513 (63,808A)	134,575	26,915	14.22 (2.37A)	2.84 (0.47A)

*1946 statistical figures are based on Chung-hua Min-kuo T'ung-chi Nien-chien 1948 [The Statistical Year Book of China], Nanking, Bureau of Statistics, 1948, pp. 70-71. For 1955 data: (1) the rural population figures are from the census of 1953, New China News Agency release of November 1, 1954; (2) the area figures are based on Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1953; (3) the farm household figures are based on a report made by Premier Chou En-lai, New China News Agency release of September 24, 1954.

(Table 1 faces p. 739.)

162 calculate the relation of the rural to the urban population by the ratio of 86 to 14, the figure of the rural population amounts to about 135 million, leaving 21 million city dwellers.[2] How the Communists arrived at this arbitrary ratio for rural and urban population had not been explained.

162 311 The average acreage per farm household and per capita is even lower in 1955 than in 1946, because of the increase in rural population. The comparison of these marked changes is shown in shih-mou with equivalent acres given in parentheses in Table 1.

2. Ibid.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

361 177 politan limits, and the Chinese economy on which its trade is based remains far from integrated or commercialized, while railways are still perhaps China's most notable lack.

361 439 177 But Shanghai lies near the seaward face of the Yangtze delta, where the extensive water routes of a great river system are gathered into a knot, and where the coast of China extends farthest into the open sea. Goods which different local areas produced and for which foreign traders found overseas markets could thus move out for export through Shanghai, and foreign goods entering China in return could be distributed over a wide area from the city. Shanghai thereby became the commercial center for virtually all of the Yangtze basin, which includes the most populous and productive half of China. Not only did trade flow through the city, but Shanghai also became one of the world's leading financial centers. Its banks financed the Chinese government as well as the economic life of the city and of its commercial hinterland of half of China and all the Chinese ports. They controlled "at a very conservative estimate 90 per cent of the imports and exports between China and foreign countries."[1] As manufacturing developed in the city during the twentieth century, aided by the accumulation there of foreign and Chinese capital earned in trade, it was able to compete successfully with other manufacturing centers, despite the local absence of most industrial raw materials, because of the ease and cheapness of water transport for the materials of manufacturing brought from more distant places. Finally, Shanghai's four million people could be fed largely from rice produced in the fertile Yangtze delta.

361 162 177 Perhaps the most remarkable aspect of the city is simply its size. Dense populations have long been associated with deltas, and in southeast Asia nearly all of the notable population concentrations are on fertile deltaic soils where ample water is available for the irrigation of paddy rice. Each of the major deltas in southeast Asia also supports the largest or second largest city in its political unit (Hanoi, Saigon, Bankok, Rangoon, and Calcutta). But none of these cities approaches Shanghai in size; Calcutta, the largest, has a population of only about two and a half millions.

361 439 Two outstanding locational factors distinguish Shanghai from other delta cities in the lower and lower-middle latitudes: its central

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handicapped in its commercial and industrial growth by the very small extent of its frontage on the Whangpoo, on which most of the city's traffic moves, and French access to this waterfront was impeded by the interposition of the old Chinese city, which remained under Chinese control and through which no adequate roads were ever built. Just as important a handicap was the lack of navigable creeks running through the Settlement, since these have remained basic transport arteries in the modern economy of the city and have been important in locating many of its functions. Siccawei Creek (map 3) runs along part of the Settlement's southern border, but leaves it well before it enters the Whangpoo, and it has attracted industry along its southern bank rather than in the French Settlement. Finally, the French area is on the south side of the city, away from the Yangtze and the major industrial development reaching downriver toward Woosung, and upstream from the part of the harbor where ocean ships can dock. 361 362

Thus with the new addition in 1914, a relatively unoccupied area, free from industrial nuisances, but near to the center of the city and under the protection of foreign law and administration, was available for residential occupance at about the time when the suburban problem became acute. In addition to providing agreeable space for upper-income housing, it increasingly served as the entertainment center for the city and as a home for Chinese political figures in temporary retirement or for wealthy Chinese criminals who profited from the laxness of the French authorities and the ambiguous legal status of the Settlement. "Frenchtown," as the foreign residents of Shanghai called it, was famous before the war as the home of every variety of legal and illegal entertainment enterprise, as well as of most of the wealthy foreigners and Chinese in Shanghai.

Population Figures

Caution is the rule in the use of any statistics pertaining to China, and Shanghai, despite its measure of foreign control, is not an exception. The overwhelming majority of the city's population has always been Chinese (graphs 1 and 2), and census figures compiled by both the National Government and the Shanghai Municipal Council are admittedly estimates. In addition to the inaccuracy of 162

162 totals at any one period, interpretation of the census figures must also consider the large-scale fluctuations in the city's population due to its role as a haven of security for Chinese (and, during the 1930's, foreign) refugees during periods of political unrest, and its subsequent loss of most of this floating population when order has been restored. The city has also contained at every period a large but unmeasured population of homeless Chinese and of Chinese families living in boats moored on the numerous creeks which dissect the city.

659 An accurate census of the foreign residents in the foreign settlements was not taken until 1870, when the Chinese population within and without the settlements was estimated in addition. This method of obtaining accurate figures for the foreigners and rough estimates for the Chinese continued until 1928, when the Shanghai Municipal Council began a yearly census for the entire city, using the machinery and figures of the Chinese government of the Municipality of Greater Shanghai for a count of the Chinese population outside the Settlements, with the understanding that these figures were only one step from rough estimates toward accurate counts. Since the foreign total for the whole city never exceeded 60,000, it is apparent that the grand totals for each period are guesswork.

162 One further factor has made population totals inaccurate: political limits of the foreign settlements have never coincided with conurbation limits. From 1870 to 1928, when the Municipality of Greater Shanghai was organized, Chinese residents of the conurbation outside the Settlements had constituted from one-half to two-thirds of the total population of the city, while after 1928 the new Municipality included much larger areas of farm land than of built-up area. Existing population figures for Shanghai, and the compilation made in graph 1 probably err on the conservative side.

Until 1895 Shanghai remained almost exclusively a trading city, with a consequent population which never exceeded half a million. The peak shown in graph 1 for the years 1860 to 1865 represents the influx of refugees from civil disorder attendant on the Taiping Rebellion. While the population doubled between 1843 and 1895 as a result of foreign-organized trade, this growth was slight compared with the increase which followed on the development of modern

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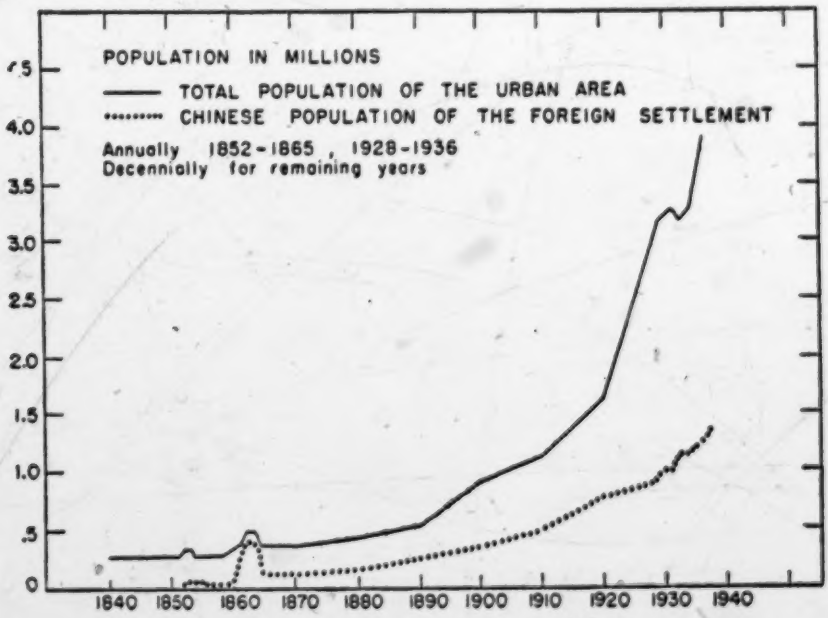
manufacturing in the city after 1895. The removal of overseas competition in the China and southeast Asia markets during the first world war gave this development a strong impetus and added to Shanghai's population some three millions to maintain the expanded economic activity in which mass Chinese labor was now the key. The prevalence of small-scale and under-capitalized industry in the city and the nature of industrial organization in China also meant that proportionately larger amounts of labor were necessary in Shanghai to maintain this industrial development than had been necessary to maintain the city's earlier and primarily trading activities.

Population figures after 1936 are increasingly inaccurate and are greatly affected by the alternate crowding and evacuating of the city by refugees from Japanese hostilities. It is probable that the total population rose to well over four million by 1941, and that it dropped to approximately the 1936 figure during the period of Japanese occupation after 1941. The influx of returning Chinese refugees beginning in 1945 probably boosted the population to its highest total in the city's history (variously estimated by the foreign press as between five and a half and six millions). Subsequent emigration from the unprecedently crowded city during 1946 and 1947 may have been nearly balanced by a new influx of refugees from threatened and actual Communist military operations in the hinterland during 1948 and 1949. The city's trade is still greatly reduced under Communist administration and under the Nationalist blockade and subsequent embargo by members of the United Nations. During 1949 Communist authorities offered free passage to their native towns in the hinterland to all refugees in Shanghai, and the offer was apparently accepted by about 400,000 of them.[2] It is likely that by the end of 1951 the city's population had dropped from the peak in 1946 to between four and a half and five millions.

The foreign population did not reach 1,000 until 1860, nearly twenty years after the city's opening to foreign trade in 1843, and until the end of the century its growth was slow (graph 2). Foreigners filled executive posts in the foreign-owned trading houses and provided specialized services such as medical care, legal and financial business, missionary work, and consular offices, but the great major-

162 ity of services were performed by the Chinese, including the lower-ranking employees of the foreign trading firms. The development of manufacturing in Shanghai created a need for larger numbers of foreigners, to serve as technicians and administrators, and to operate the expanded banking and financial structure which industrial development required. And as trade increased with the growth of

POPULATION OF SHANGHAI, 1840-1936



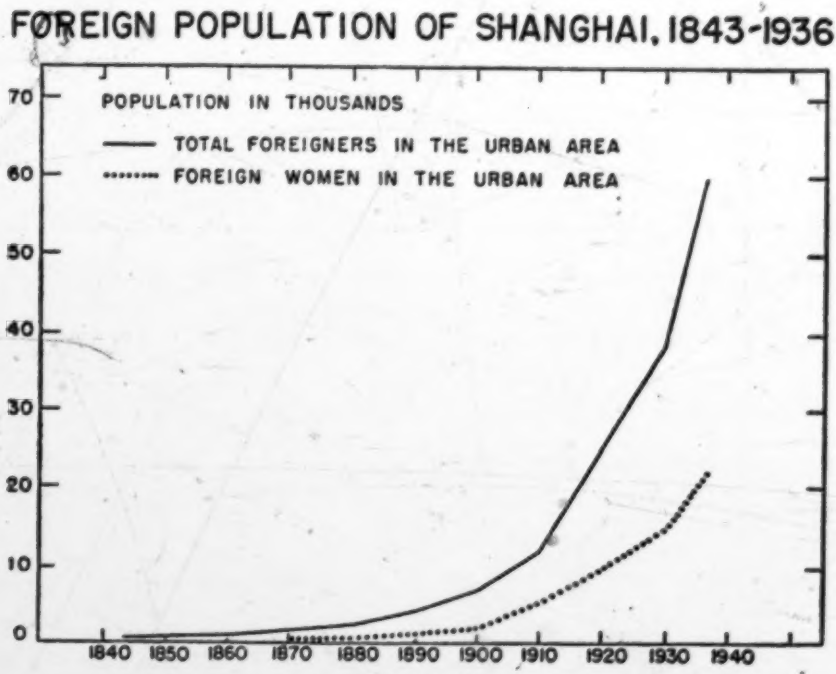
Graph 1

manufacturing and the widening of the China market for Western-type goods, a growing volume and variety of foreign imports were marketed in Shanghai and distributed from there throughout China by foreign firms.

167 In the period between the two world wars, Shanghai became a
162 refuge haven for foreigners as well as for Chinese due to its ambiguous political status as an international oasis far removed in distance from political and racial problems in Europe. First to come there in large numbers were Russian refugees from the Bolshevik revolu-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

tion, nearly a thousand annually from 1919 to 1930. After 1933, refugees from Nazi Germany found that Shanghai was the only world port which could be entered and resided in without a passport, and those who could afford the long trip formed a growing separate community in the city after 1934, many of them dependent on foreign charity.



Graph 2

In 1936 the approximate foreign total of 60,000 had as its most important constituents 20,000 Japanese, 15,000 Russians (predominantly White refugees), 9,000 British (who until about 1912, when they were surpassed by the Japanese, had always been the largest non-Chinese national group in Shanghai), 5,000 Germans and Austrians (most of them recent refugees), 4,000 Americans, and 2,500 French.[3] Foreign women were scarce before 1870 (graph 2) and never constituted much more than a third of the foreign total. Their presence did little to alter the prevailing adventurer's attitude of the

162 foreign community. It was only after 1900, when the Japanese became one of the leading groups in the foreign community, that the proportion of foreign women reached even a third.

288 648 The Japanese are Shanghai's nearest foreign neighbors, and with their industrial experience and their drive for economic expansion overseas, they made Shanghai one of their most important industrial centers, especially for the manufacture of cotton textiles, taking advantage of relatively cheap Chinese labor, locally grown cotton, and cheap power to produce for the China market inside the low tariff wall. The Treaty of Shiminoseki in 1895, which ended the war of 1894–5 between China and Japan over Korea, first granted to foreigners the right to establish factories in the treaty ports of China, and this originally Japanese privilege was then taken advantage of by all the other powers having most-favored-nation treaty agreements with China.

288 648 471 Despite foreign investments, however, Shanghai remained a Chinese city, still politically dominated by the handful of foreigners, but economically more and more maintained by the Chinese, as native industrial and commercial capital and management were increasingly added to native labor in the growing industry of the city during the twentieth century.*

Shanghai and China

648 Throughout the period 1843–1937, the foreigners at Shanghai pressed the Chinese authorities for an extension of their own administrative powers and of the area of the two foreign settlements. In this endeavour they found lukewarm support or outright opposition from the foreign diplomatic representatives at Peking and from the foreign offices in the home countries, who shied away from the implications of full sovereignty over Chinese territory and who continually reminded the overzealous foreigners in Shanghai of their precarious and equivocal legal position in asserting "rights" of taxation, defense, and administrative independence. The complex political and economic structure of modern Shanghai was erected primarily on the precedents resulting from bluff, maneuver, and *force majeure* of the assertive foreign residents of the city.

* A majority of the city's industrial enterprises were Chinese-owned by at least 1920.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

FOUR

Location

Shanghai's Hinterland

"The first and most natural root of a great city is the labour and populousness of the adjacent country, which supplies the materials of subsistence, of manufactures, and of foreign trade." [1] Shanghai is a great city primarily because it stands at the apex of the most fertile and populous area of comparable size anywhere in the world, the lower Yangtze basin.

The Yangtze watershed totals 750,000,000 square miles, or half of China proper, and has a population of approximately 200,000,000. The section of the river's basin which we may call the fertile triangle, bounded by Chinkiang, Hangchow, and Shanghai, an area of about 20,000,000 square miles, has an estimated population of 40,000,000, or an overall average of about 2,000 inhabitants per square mile. Nearly 80 per cent of the total land area is cultivated (map 10), and this region stands out as one of the three most widely cultivated in China (the Red Basin of Szechuan and the north China plain being the other two). Nodes of commerce are thickly scattered over the fertile triangle, which contains three cities of over half a million population (Hangchow, Soochow, and Shanghai — map 5). The Yangtze delta supports by far the densest single concentration of population in China for an area of similar size (map 7). The river's course is marked by successive clusters of settlement, terminating westward in the densely peopled Red Basin of Szechuan.

Of the other major cities of the lower Yangtze basin, Hangchow, Soochow, and Nanking were all at one time imperial capitals, and all have remained important commercial and industrial centers. Hangchow and Soochow are still among the three or four leading cities in China in silk reeling and weaving, and both act as central places for the surrounding rice and silk areas of the delta. Nanking

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of the trade especially of the northwest (Kansu and Shensi) and the north China plain south of the Huang moves through Shanghai. 504

Along the Yangtze itself, potential ports for ocean shipping must contend not only with the Fairy Flats in the Yangtze estuary, as does Shanghai, but with silting problems and river currents farther upstream. Chinkiang, at the head of the delta, has been crippled as an ocean port by silting. Nanking, where silting is an equally great problem, has relatively few water connections with its hinterland. Hankow and Kiukiang-Hukow profit from their location where major tributaries join the master stream, but their harbors are relatively small and shallow. Hankow, despite its location and the all-year channel for 5,000-ton ships from the sea, has never been an important rival of Shanghai in either foreign or domestic trade. The other Yangtze ports do not stand at notable route foci, and their harbours are equally handicapped for space and depth. Navigation on the river and within its unsheltered harbors must cope with a summer current averaging nearly five knots at Hankow and nearly four at Nanking. These confined waters are difficult and costly for deep-draft ocean shipping, especially in terms of insurance rates. [133]

Shanghai's trade hinterland is the largest in the world. Nowhere else does a population or area of this size depend for its commercial intercourse on one master river system and one primate city. The accompanying table compares the estimated populations of China's major cities and ports in 1930.[6] 162

Shanghai	3,300,000	Nanchang	500,000
Peking	1,400,000	Wenchow	450,000
Tientsin	1,300,000	Tsingtao	350,000
Hankow	1,200,000	Tsinan	300,000
Canton	950,000	Amoy	250,000
Hong Kong	800,000	Ningpo	250,000
Nanking	650,000	Chinkiang	200,000
Changsha	600,000	Swatow	200,000
Chungking	600,000	Weihaiwei	200,000
Foochow	500,000	Chefoo	100,000
Soochow	500,000	Haichow	20,000
Hangchow	500,000		

499 in Shanghai, and visited it again late in 1848, this time under commission from the British East India Company to introduce the tea shrub into India. (He also made two later trips to the Yangtze basin, in 1853–1856 and 1861–62.) He was as much taken with the natural advantages of the place as Lindsay had been, and provided a neat and prophetic summary of the factors which have been responsible for Shanghai's growth:

> No other town with which I am acquainted possesses such advantages. It is the great gate to the Chinese empire and a place of vast native trade . . . The convenience of inland transit is unrivalled in any part of the world. The country is one vast plain intersected by many rivers, and these again joined and crisscrossed by canals, many of them nearly natural and others stupendous works of art. The port of Shanghai swarms with boats of all sizes employed in the inland traffic. Since the port has been opened these boats bring down large quantities of tea and silk and return loaded with the manufactures of Europe and America which they have taken in exchange. From what we know of the geographic nature of the country there can be no doubt that all the green teas and most of the black can be brought to Shanghai at less expense than they can be taken to Canton or any of the southern towns. The large silk districts of central China are also close at hand. The proximity of Shanghai to the large towns of Hangchow, Soochow, and Nanking forms a further advantage. Lastly, viewing this place as an immense mart for our cotton manufactures, which we already know it to be, there can be no doubt that in a few years it will not only rival Canton but become a place of far greater importance.[18]

162 Fortune however estimated the population of Shanghai in 1843 as only 270,000, while he gave figures of one million for Hangchow and about 500,000 for Soochow, Nanking, and Ningpo. He credited six other delta cities with populations equal to Shanghai's (Sungchiang, Chiating, Changshu, Kashing, Huchow, and Wusih — map 5).

361 Chinese Shanghai had risen as the port of Soochow, from a small fishing village at the junction of Soochow Creek and the Whangpoo. When silting, and presumably advance of the coastline, made maritime access to Soochow impossible by the eleventh century A.D. despite the canalizing of the Creek's lower course in

2: Murphy G-4 (no date) 1953 AF15 East China AF15

A.D. 446, ships began to dock at Shanghai, or Hu Tu as it was then called and in 1075 an official was stationed there to administer the customs. In 1279 the town, now called Shanghai (which may be translated as meaning "up from the sea") declared itself independent of Soochow and sent its taxes direct to Peking. It was however still too small in the thirteenth century to be mentioned by Marco Polo, who gave a detailed account of all cities of importance in south coastal China. The city walls were built in 1544 following the sacking and burning of the city in the preceding year by Japanese pirates.[19]

By the beginning of the nineteenth century, Shanghai was the principal port of the Yangtze basin, and was also the center of the coastal trade between north and south China. Southern junks were not permitted to trade north of Shanghai, and vice versa. (This official regulation may have been influenced by the difference in the nature of the coast north and south of the city.) In 1812 the official gazetteer of Shanghai estimated the population of the *hsien* (county), which included an area of about 400 square miles, at 528,000.* Despite its commercial prominence, it did not seriously rival the older delta cities in size because they were in varying degrees administrative centers, a function which Shanghai has always lacked beyond its own metropolitan limits. They were as well or better situated for domestic or regional trade, but administration more than commerce was the consistent basis of urban existence and growth in the bureaucratic framework of traditional China.

Shanghai before 1843 had grown primarily on the trade of its immediate delta hinterland: tea, silk, cotton, and rice, and on its key position in the coasting trade which enabled it to act as an entrepôt and to distribute goods received by sea within the densely populated delta. But the wider water network, both sea and river, of which it stands at the focus was not fully exploited. It remained for foreign traders and foreign economic organization, implemented by the steamship, to realize the geographic potential of Shanghai's location.

* Ch'ing dynasty population figures of this period are, however, suspect, partly because of the practice of padding the census in order to impress the emperor with the prosperity resulting from his reign.

505 not only depended heavily on seaborne supplies, but which had a
439 large and important transit trade.

As if in a commentary on the nature of the city's food supply,
433 food, in particular rice, has remained cheap and plentiful throughout the period of Communist control. Order was quickly restored in the delta in 1949, and the flow of low-cost food to the city was maintained despite a nearly universal food shortage or famine in the rest of China during the winter of 1949–50, and despite the Nationalist blockade, which prevented any substantial amounts of food from arriving in the city by sea. The Communist Government has apparently been able to solve, at least to a degree, the problem of local rice supply during the planting season and at festival periods, by controlling prices and arranging for large government purchases which are released on the market at stable prices whenever the situation requires. There is no suggestion that local food supplies are not entirely adequate to meet the city's demands under such a
• [162] system of management. While no official figures have been released, it is unlikely that Shanghai's population is substantially less than the four millions it had reached in 1936; it may have risen closer to the five million mark, since the great influx of people after the Japanese war has not apparently been balanced by the still limited exodus.*

288 Nationalist bombings during the winter of 1949–50 did only minor industrial damage, and came to an end by late 1950 with the arrival of jet defense planes from the Soviet Union and the Nationalist loss of the Chusan Islands, which had been the major base for the bombings of the city. A continuing deterrent to industrial recovery however has been the still inadequate domestic production of raw cotton. Several cotton textile factories in the city were obliged to shut down entirely during 1949 and 1950 for lack of raw cotton, and while all or most of these have subsequently reopened, not enough cotton is coming in to maintain peak production.†

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poor position, and its economy has in the past been closely geared with that of the West.

* See above, p. 21. Foreign and Chinese press reports still consistently refer to Shanghai as the fourth largest city in the world, with a population given variously as 5 or 6 million.

† *Hsin-Hua Yüeh-Pao* for November 1951, 130–131, reports that while production

CHAPTER IV

ECONOMIC AND SOCIAL ASPECTS OF EMPLOYMENT

465 THE WAGE LEVELS IN modern industry in Shanghai during its early decades were influenced by those ruling in small-scale enterprises during the pre-industrial era and by the general level of earnings in the countryside. Since these were low, the earnings of a principal wage earner in large-scale industry have never been sufficient for the needs of his family. This situation can be traced partly to the existence of a superabundance of labour supply. Considering the comparatively small cost of maintaining the low standard of living of workers' families in pre-hostility days, it would seem not to have been essential that modern industry should thus have developed on wages in general too low for the family needs.

458 In view of the severe inflation which by 1942 had so greatly affected the lives of the Chinese people whether in occupied or free China, it is fortunate that a most comprehensive and basic study of the cost and standard of living of Shanghai workers exists which was based upon budgetary enquiries over the twelve months, April 1929 to March 1930, and was conducted by the Bureau of Social Affairs of the City Government of Greater Shanghai. The study made use of the daily recorded incomes and expenditures of 305 families whose heads were manual workers.[1]

162 The average size of the family was found to be 4.62 persons, the equivalent of 3.28 male adults. The average number of gainfully employed persons was 2.06 per family. The significance of this figure will be understood when the family income is analysed.

465 The average annual income of the families studied was $416.51.[2]
434 Of this amount, however, the study showed that the combined
511 earnings of all family members comprised only 87.3 per cent. The

[1] The study necessitated visits by investigators to families every day for a whole year, since many were unable to record expenditures. A sample re-study was undertaken is the last months of 1941 and the beginning of 1942.

[2] All dollar figures, except where otherwise stated, refer to Chinese National Currency. The Japanese-supported Nanking regime instituted Central Reserve Bank notes in 1941 which in 1942 were declared only legal tender in Shanghai, displacing Chinese National currency at the rate of CNC $2.00 to CRB $1.00.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

465 powers, such services of advice, consultation, presentation of facts
633 and voluntary mediation are important functions of the administrative authorities. With the full powers that the Chinese authorities will exercise in future in re-occupied Shanghai it is hoped they will be able to build upon the foundations already laid.

439 Shanghai was a city of large trading interests before it attained
463 significance as a manufacturing centre. It was still, at the outbreak
465 of Pacific hostilities, an important commercial city with a large export trade despite the severance of the Yangtse Valley trade after 1937. It was, prior to December 1941, the banking centre of China. After 1937 it was an important educational centre to which universities and middle schools from provincial cities had come when Sino-Japanese hostilities caused their withdrawal. There was therefore a large professional class in the community—professors, teachers, doctors, lawyers. The question of what happened to their livelihood is as significant as is the fate of the workers' economy.

A study of the standard of living of Chinese salaried employees was made in October-December 1941. So excellent a response to the request for the keeping of detailed information was made that, out of 1038 families responding, 441 perfect records were available. Originally it was intended to limit records to families with incomes below CNC$1000, but those with incomes beyond this amount so readily supplied information that the limit was waived. The majority of incomes were between CNC$500 and $1500. A Provisional Cost of Living Index was developed by May 1942 from the records of 100 families to meet the immediate need for a criterion to judge the situation in which Chinese salaried employees found themselves.

162 The average salaried family was found to be larger than the worker's family—6.60 persons, 4.72 consumption units, as against 5.02 persons, 4.41 consumption units in a worker's family as studied in December 1941-January 1942.

434 The total income of the Chinese salaried family studied averaged
465 $688.38 per month. Earnings of the husband accounted for 84.96 per cent, those of other family members only 3.95 per cent. The
511 salaried family, as did the workers family, had to obtain other income; 11.09 per cent came from sub-letting rooms, interest and dividends, gifts and assistance, profits on speculation and gambling.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER VII

HOUSING

OFFICIALS OF THE Shanghai Municipal Council gave much thought to the question of housing congestion in the Settlement. The Commissioner of Public Works, writing of the situation in 1935, stated: 362 511

"The poorest people of this country, through age-long poverty and hardship, have become inured to a condition of living which, in some other countries, would be thought insupportable. Overcrowding, however, is not confined to the poorest classes, nor to habitation . . . and is a vast social and economic problem which can only be solved gradually by the Chinese people. As far as Shanghai is concerned, serious overcrowding is a permanent and widespread condition from Hongkew Park to the Southern Station, and from Lay Road to Avenue Haig. Political disturbances in the past (first in 1861) have often led to an influx of refugees. It is inevitable that at such times new standards of overcrowding are established more or less permanently, and from general observation it would appear that overcrowding had increased in the past decade. Actually it is overcrowding in the first instance that makes high rents possible, and it is because of overcrowding, and the consequent high rents which have been possible with but a trivial addition to the cost of the buildings, that capitalization of the increased net rentals goes on to the land and creates a high land value that it is difficult to break down."[1]

How true these words were was to be tragically demonstrated in 1937, two years later, when the influx of refugees fleeing from hostilities was to produce worse overcrowding and higher rentals than Shanghai had ever experienced before.

According to the 1935 census figures, there were in that year 1,120,860 Chinese residents in the International Settlement or more than 99½ per cent of the total population. A count of heads for food supply purposes in February 1942 put the figure at 1,800,000, a number considerably less than generally believed. At the turn of the century, when the first count of Chinese population in the Settlement was made, their number had been 345,276. In 162

[1] Quoted in the *Report of the Housing Committee*, Shanghai Municipal Council, 1937.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

162 1935 there were 38,915 foreign residents, of more than fifty nationalities. In 1870 at the time of the first census of the foreign population, foreign residents had numbered 1,666, and 6,774 in 1900.

Normally 1940 should have seen the taking of the quinquennial 579 census which had been carried out regularly since the initial years mentioned above. The Council, however, decided to dispense with 625 census-taking in that year. Police, with whose assistance the distribution and collection of census papers were accomplished, were preoccupied in combating serious armed terroristic activities. Moreover, Chinese members of the Shanghai Municipal Police had not completely resumed their former duties in the area of the Settlement north of Soochow Creek, in which Japanese military authorities continued to exercise military functions, and without 362 police help census-taking was not possible. Great congestion per- 162 sisted in the area south of Soochow Creek, but as a result of the destruction of many dwellings in 1937 during the fighting north of the Creek, the congestion per unit area there was less than formerly. The 1942 count of heads provided none of the usual additional information sought by a Settlement census. Hence it is necessary to rely on 1935 figures.

What was the population density in 1935? The basis of computation was the number of persons per unit area—in this case the number per acre. In the most densely populated police district, the figure was 547 per acre; a figure of more than 300 per acre obtained in nineteen police districts. A non-scientific, but for the average person a revealing, method would be to state the average numbers of persons and families per house, even though the size of the houses might vary.[2] Actually there is a certain uniformity in

[2] COMPARISONS OF CHINESE POPULATION AND HOUSE OCCUPANCY
(at five-yearly periods)

Year	*Chinese Population*	*Chinese Houses*	
		Occupied	*Unoccupied*
1935	1,120,860	74,952	6,967
1930	971,397	72,686	1,509
1925	810,279	65,474	2,357
1920	759,839	60,472	517
1915	620,401	54,085	1,856
1910	488,005	47,703	4,305
1905	452,716	44,316	1,012
1900	345,276	36,902	6,021
1895	240,995	29,851	800
1890	168,129	21,976	1,508
1885	115,170	18,513	3,064
1880	99,198	16,285	1,158

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

the type of houses in which Chinese families live in the Shanghai foreign areas so that the "house" unit has some meaning. Of 41,160 houses in which 113,286 families lived in the most congested areas, the modal figure, that holding for the greatest number of families, namely 22,764, was four families to a house. The median figure was 4.6 families. Expressed in terms of persons, the mode was 24 inhabitants per house. 362 162

In the summer of 1938, a year after the outbreak of Sino-Japanese hostilities, the manager of a large textile mill requested a study of the living conditions of workers employed in the factory, the majority of whom lived in the usual type of house. It was found that the modal number of families in 60 houses studied was 7.22; the median was 5.81.

Housing developments where the bulk of the Chinese population lives consist of row after row of two-storied houses,[3] the rows separated by alleyways. The so-called "Chinese house" represents a recognised type of building construction in which the frame is made of native Foochow poles or of imported Oregon pine. If Foochow poles are used, the height is limited by the length of the poles, which in general permit two-storey buildings, each floor ten to twelve feet in height. The width of the house is usually eleven to twelve feet, and the depth varies from twenty-four to forty feet. The house itself originally contains a single front room downstairs, and a kitchen behind, with two rooms above. By the construction of horizontal and perpendicular partitions, however, spaces are provided for additional families. A principal tenant rents the house from a landlord, and by sub-divisions produces what Chinese call *pai ke hsiang*—a dovecote, with cubby-holes in each of which a family lives. 342 362

The typical Shanghai "Chinese house" is entered from the small courtyard in the front. One steps into the main downstairs room which is often the residence of the principal tenant, who may cut off a narrow passageway to provide the other tenants with access to their own quarters, or may permit his own room to be the passageway. As a rule, he builds a vertical partition toward the back of the room, thus making a second room which lacks a window. This room in turn may have a horizontal partition, creating an upper space, access to which can be obtained half-way up the

[3] In later years three-storied houses have become common.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER X

CHILD PROTECTION

ANY ADEQUATE PROGRAMME for the protection of children by the 164
authorities in Shanghai seemed in the past to present almost 163
insuperable problems. The evolution of policy in the general field of child welfare involved difficulties of finance and other obstacles sufficient to deter the stoutest heart. The high birth rate and the size of the population even in normal times meant that the city had a child population as large as that of some small countries. Housing congestion and unhygienic living quarters, together with inadequate nutrition, traceable in part to the low earnings of workers, caused literally thousands of children to live under conditions that contributed to a high death rate. If they survived they suffered in many cases chronic ill-health. If conditions were hard for the children of wage earners, they were harder still for those in families where there was unemployment, and for those who had no one to care for them.

The type of child welfare programme familiar abroad, where 736
governments are aware of the necessity of caring for the citizens 633
of the future and ready to appropriate large funds for that purpose, was not in the past considered possible in the International Settlement of Shanghai. The sources of the Council's income, ultimately dependent on the capacity of the people to pay, were strictly limited. The Council took the general view that "poor relief" was not feasible, since it had no control over entrance to the Settlement.[1] In practice, however, certain forms of relief were undertaken from Council funds. The Council for years made limited contributions as grants-in-aid to institutions which cared for children coming into the hands of the police—children who were lost, abandoned, abducted, exploited, ill-treated or otherwise victims of circumstance. Indeed, for long the police in Shanghai were the social workers of the Settlement. Police stations saw many a human drama in which children were concerned. Police rescued

[1] See Chapter XI.

161 census reports, the Communist press cites such cases as that of Ai-ling and Sheng-li hsiang in Chiang-ning hsien, Kiangsu Province.[5]

[163 From June 1951 through June 1953 in these two 165] village groups the average birth rate was 33.64 per thousand, or 3.36 per cent, and the average death rate was 1.93 per cent. The natural increase thus was 1.43 per cent, somewhat lower than the national average of 2 per cent given in the communique announcing the official results of the 1953 census. On the other hand, a higher average of 2.7 per cent was reported after a survey conducted during 1952-53 by the municipal government of Chiang-ning hsien in co-operation with the Department of the Interior of the Central People's Government and the Revolutionary Military Committee, using as a cross-section 29 municipalities, 5 hsien, 2 hsiang, and one village. There appears to be some grounds for the Peking claim of 99.5 per cent accuracy for the 1953 census. The population increase in the East China Region, judging by the few scattered samples reported in the Communist press, seems to be well within the general pattern of the nation as a whole.

Another comparison may be made of earlier census figures and those for 1953. The result tends to show that Peking is exercising considerable discretion in claiming the 2 per cent average rate of increase. Although, when we examine the following table such a study may help to ascertain the validity of Peking's claim,

5. Jen-min Jih-pao (People's Daily), Peking March 11, 1954.

IV. SCHISTOSOMIASIS AND KALA-AZAR

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164 Schistosomiasis is a fecal-borne disease caused by a parasitic flatworm, schistosoma japonicum, more commonly called the Asiatic blood fluke. Schistosoma japonicum is a microscopic organism which infests two hosts during its life-cycle. Emerging in feces from a human or other mammal host, the eggs hatch rapidly in fresh water, producing an embryo which seeks its secondary host, a type of fresh-water snail. The parasite rapidly penetrates the softer parts of the snail and encysts within its shell. When the cyst-wall ruptures, the cercaria emerges. It can exist for about two days, but will perish afterward if it has not found a host. The life cycle of schistosoma japonicum continues outside the host's body; but the blood fluke stays within the intestines, causing a debilitating disease known as schistosomiasis. The primary symptom is an irritation at the point where the cercaria bores into the skin; but this is a minor rash and unlikely to cause serious concern. The incubation period, about one month, is attended by further minor discomforts; rash, headaches, low fever, nausea, vague internal pains, and diarrhea. When the intestinal worms mature, the symptoms are intensified: itching, fever, fatigue abdominal discomfort, and enlargement of the liver. Dysentery is heavy and exhausting. During the acute stage, exercise aggravates the symptoms of the disease. Once this period of three or four months is over, schistosomiasis, like

744 164 syphilis, appears to vanish, although it actually enters upon a chronic stage which resists treatment. The symptoms do no reappear for months or years, but they are serious when they do: loss of weight, great enlargement of the spleen, anemia, swelling of the ankles, cirrhosis of the liver, dysentery, and dropsy. The disease is often fatal, though sometimes under another guise, as when the lesions cause intestinal cancer or when pneumonia attacks the weakened victim.[11]

Nine provinces in East and Central-South China are subject to this disease because of the climate favorable to its conditions, and its close association with rice-culture.[12] But it is most serious in East China, particularly along the middle and lower parts of the Yangtze River and along the Ch'ien-t'ang River in Chekiang.[13] Although human beings are the chief victims of this disease, domestic animals sometimes are affected. One report made in 1951 states that in 100 counties (which amounts to one-fourth of the total number of counties in East China) of the four provinces of Kiangsu, Chekiang, Fukien, and Anhwei, there were 10,000,000 people

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11. Frank A. Kierman Jr., The Fluke that Saved Formosa, Cambridge, (M.I.T.), 1954, pp. 6-7.

12. J. C. Scott, Health and Agriculture in China, London, 1952, p. 41.

13. Chi h-fang Jih-pao [Liberation Daily], Shanghai, April, 7, 1950, p. 5.

744 suffering from schistosomiasis. In one village
164 in southern Kiangsu, 97 per cent of the total population were victims of schisotosomiasis.[14] The disease spreads very rapidly among the farming population, causing a high death rate and hampering agricultural production. The report also reveals that in 1949, among 41,589 members of the "Liberation Army" stationed in the suburbs of Shanghai, 13,284 men contracted this disease.[15] For this reason, schistosomiasis has a high priority in medical prevention work in the health program of East China. In 1952, students and faculty members of the medical schools in Shanghai and Hangchow were mobilized during their summer vacation to treat sufferers in rural areas.[16] According to a regional progress report covering a period of two years prior to November 1951, there were more than 10,000,000 people suffering from schistosomiasis in East China, of which only 14,000 were cured.[17] In a recent issue of the medical journal of the China Medical Society, a Communist organization, it is reported that 17 specialized preventive agencies, 61 health stations, and 132 medical units, with a working force amounting to 3,000 have been established to combat schistosomiasis in East

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14. Ibid., January 6, 1952, p. 3.
15. Ibid., March 6, 1952, p. 3.
16. Ibid., March 6, 1952, p. 3.
17. Current Background, Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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744 China. According to the same source, 55,355
164 people were cured in 1953, and much research on the menacing disease is said to be in progress on the China Mainland.[18]

While the four southern provinces of East China suffer from schistosomiasis, Shantung in the north is exposed to a different communicable disease, kala-azar, more commonly called black fever. Kala-azar is a severe, commonly fatal infectious disease caused by a parasitic protozoan and characterized by fever, progressive emaciation enlargement of the spleen, and anemia. While schistosomiasis spreads along the Yangtze River, kala-azar is found along the Yellow River and along the route of the Lung-Hai Railway. In a 1950 report on Shantung Province, 700,000 cases of kala-azar were recorded.[19] In October 1951, Li Teh-ch'üan, Minister of Health of the Peking regime and widow of General Feng Yü-hsiang, made a report on epidemic prevention work. Eight medical centers specializing in the prevention and cure of kala-azar had been established, she said, and measures to exterminate the carriers of the disease (particularly

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18. "Chung-kuo Tsai Fang-chih Hsüeh-hsi-ch'ung-ping Wan-t'i Shang So K'ai-chan Ti I-hsieh Yen-chiu Kung-tso" ["Some Research Work on Prevention of Schistosomiasis in China"], Chung-hua I-hsüeh Tsa-chih [Chinese Medical Journal], Peking, July 1955, pp. 610-14.

19. Compendium of Government Reports, p. 632.

744 a mosquito known as pai-ling) had been adopted.[20]
164 A progress report given in November 1951 revealed that in 1950-51, 300,000 people were suffering from kala-azar in Shantung, of which 60,000 were cured.[21] Recent Communist reports indicate that many experimental research projects for the control of kala-azar had been established. In East China, the same source reveals, 220,000 sufferers were cured in the period 1950-54, 3,259 rural doctors were mobilized to receive special training, and 1,058 prevention units were organized.[22]

V. THE PATRIOTIC HEALTH DRIVE

744 In order to integrate health work with the mass propaganda drive against the so-called bacteriological warfare of the United States, the Chinese Communists launched the Patriotic Health Drive in 1952. It was animated by the fighting in Korea and became a part of the Resist-America-Aid-Korea Movement. It proved so economical to the government and so successful that it was established as an annual health drive. The purpose of the movement is, in short, to solicit and obtain free labor in the

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20. Liberation Daily, Shanghai, January 6, 1952, p. 3.

21. Current Background, Ibid.

22. "Hsin Chung-kuo Hei-je-ping Fang-chih Chi Yen-chiu Kung-tso Ti Chu-yao Ch'eng chiu" [Some Principal Achievements in the Research and Work on the Prevention of Kala-azar in New China"], Chung-hua I-hsüeh Tsa-chih [Chinese Medical Journal], Peking, July 1955, pp. 606-09.

759 "political understanding" in both their thought and practical work.[35] No doubt, to members of the medical profession, "thought remolding" must have been a terrible ordeal. Because so many medical workers were required in Korea, there must have been a critical shortage of doctors and nurses in most sections of China, and the shortage of medical personnel may have been another reason for the energetic promotion of the Patriotic Health Drive.

164 In an article, The Fluke that Saved Formosa,[36] by Frank A. Kierman, Jr., of the Center for International Studies at M.I.T., evidence is given that the spread of schistosomiasis prevented the Chinese Communist invasion of Formosa in 1950. When Communist troops were in training for the invasion in Fukien and Chekiang provinces, an epidemic of schistosomiasis struck. By January 1950, an estimated 30,000-50,000 soldiers had been infected. The invasion was postponed, and with a change in the international situation, the Chinese Communists lost their opportunity to attack Formosa. From

35. I-wu Kung-tso-che Pi-hsü Chin-hsing Ssu-hsiang Kai-tsao [Medical Workers Must Reform their Thoughts], Shanghai, Hua-tung I-wu Sheng-huo she, 1952, p. 41.

36. Frank A. Kierman Jr., The Fluke that Saved Formosa, Cambridge, Massachusetts Institute of Technology, 1954.

1:Stanford U. S-4, 5 1956 AF15 East China
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164 recent reports in newspapers and journals published on the Chinese Mainland, it seems that schistosomiasis still remains to be conquered. Since it affects a large number of rice-growing agricultural population, it is an extremely serious problem in Communist China.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

gallons by 1936. Two Chinese-owned waterworks were also in operation, one in Chapei (part of the Chinese municipality — map 3) established in 1921 and drawing water from an intake on the Whangpoo just above Woosung. This was the largest Chinese-owned waterworks in China, and supplied an average of about ten million gallons daily. The other Chinese waterworks was built in 1906 in Nantao, with an intake just upstream from that of the French company, but it operated intermittently until 1930, and by 1936 supplied only about three million gallons daily. These two Chinese waterworks served a tiny fraction of the Chinese population outside the foreign settlements, primarily in the areas immediately adjoining the Settlements on the northwest and south. Both plants used sand filters and chlorine to purify their water, but in 1926 the supply of the Chapei company was found to be grossly polluted and probably responsible for a cholera epidemic in that year in which several foreign as well as several hundred Chinese cases were reported.[12]

Aquiferous sand strata with water pockets of some size underlie parts of the city's site at depths of 100 feet or more, and most of the textile and paper factories have tapped this relatively pure and soft water by wells deeper than those dug during the early days of the Settlement. Drilling in the alluvium is cheap, but while water thus obtained appears to be satisfactory for soft-water using industries, it is questionable whether it is renewable and will not soon be exhausted, and certainly whether it is adequate to supply even a small part of the city's needs.

Despite the chemical purity of the water supplied by at least the two foreign companies, most foreign residents continued into the 1930's to boil and filter it before using it for drinking, an old habit which died hard and which was doubtless prolonged by the unpleasant taste of the heavily treated water. The total piped and treated water consumption of the entire city in 1936, approximately 100 million gallons a day exclusive of private wells, would not have supplied New York in the same year (with a population a little less than twice that of Shanghai) for more than two and a half hours.*

* New York used approximately one billion gallons a day in 1936, according to the 1936 edition of the New York *World Almanac*.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

THE PUBLIC HEALTH DEPARTMENT of the Shanghai Municipal Council exercised constant and vigorous supervision over the food supplies of the Settlement. Both incoming livestock and meat supplies were carefully inspected, the erection of a modern abattoir by the Council in the last decade having materially contributed to a sound meat supply. Dairies increased in number, and, through the efforts of the authorities, improved in quality. The sale of milk was under strict control. Positive measures were taken to induce dairies to use modern procedures. Market produce was inspected daily, both on its way into the city from outlying farms and after it had been placed on sale; food vendors on the streets and all food shops and stalls were subjected to licence and supervised. Bakeries also came in for close attention. In short, all that could be done to reduce food contamination, and hence to limit the incidence of germ-borne disease, was done by the authorities. 744

IN THE LAST DECADE interest has been growing in China in the study of nutrition. Much useful scientific knowledge has been accumulated, particularly through the work of scientific investigators associated with the Henry Lester Institute of Medical Research, the Peking Union Medical College, and Yenching University. The existence in Shanghai of large camps of destitute refugees after the outbreak of hostilities in 1937 gave scientists a sad but useful opportunity to study the results of various minimal diets. Little of the available knowledge had received popular attention in the city. 654 816

Reference has been made to the fact that workers in many industrial undertakings, and indeed in many commercial enterprises, were housed and provided with food where they worked.[3] In larger plants food might be bought, cooked and served by the factory. In smaller ones the supply of food to workers was undertaken by a *pao fan-ti*, who delivered to factories food cooked elsewhere. Remuneration has been, then, for many workers partly in food. Under these circumstances it is important that a knowledge of nutrition, and of the effect of malnutrition on the health of employees, should be general. There has been a general acceptance of the obvious fact that if workers are not properly fed—and improper feeding is commonly associated only with insufficient food 146 164

[3] See Chapter IV.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

146 —they will not work well. What has been too little understood is that the wrong food as well as insufficient food can produce inefficiency and disease. Even before the 1937 refugee influx, beriberi was prevalent, especially among young workers newly arrived from the country and as yet ill adapted to the polished-rice diet of the city. On humid summer days it was not uncommon to have the Council's ambulance service report that a young worker had been taken to the hospital in a state of collapse, and that collapse was sometimes fatal. The cause of death often proved to be acute beriberi, an acute diet-deficiency disease which is induced by the absence from the diet of certain vitamins. This particular problem has been recognised by the authorities, and prior to the hostilities some beginning toward its solution had been made.

146 In 1937, the year of the outbreak of hostilities, an interesting dietary experiment was in progress in the eastern district of the International Settlement. Under the joint auspices of the Henry Lester Institute of Medical Research and the Industrial Division of the Council, some 75 young workers were fed in a "kitchen" established for the purpose. The scientific planning of the work was directed by Dr. B. S. Platt of the Institute. The boys were employed in the manufacture of flashlight bulbs, and while they worked were seated at benches, crouching over gas flames blowing glass and fixing filaments in glass rods. In the moist Shanghai summer the atmosphere of these workshops, which are usually in residences converted to industrial use, crowded and unsuitable, becomes almost unbearable. In the summer preceding the experiment, literally dozens of young workers had shown beriberi symptoms whose onset appeared to have been aggravated by the heat and humidity.

Leaving as controls certain of these flashlight factories to pursue their usual policy of food supply, the authorities induced the owners of three others to send their young workers to the kitchen for their meals three times daily. The owners paid an amount slightly less than they would have paid to other food suppliers—$4.60 per month per worker instead of $4.80.[4] The experiment began in February 1937, and was suspended when street fighting raged in the vicinity of the kitchen in the middle of August, six months later. During that half-year and through two and a half months of humid summer weather there was no evidence of any

[4] At pre-war dollar purchasing power.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

dietary-deficiency disease among the 75 workers fed in the kitchen, while many young workers in neighbouring factories acting as the scientific controls, were suffering from disease. 146 164 654

The country habit of storing rice in the husk, and dehusking only that portion which is necessary for the food of the family during the day, no longer holds for city life. Rice is dehusked in the country and transported husked and milled to the city to save transportation costs, and because highly milled rice keeps well. After long storing, however, residual fats present become rancid, and in order to make the rice palatable, it must be washed. First with the milling and later with the washing disappear the essential vitamin contents which prevent dietary-deficiency disease. The experiment was designed to prove that, if rice were stored in the husk, and only milled immediately prior to use, it was unnecessary to wash it, and the vitamin content, therefore, remained to check the onslaught of deficiency disease. No other change from normal food eaten in factories was made in the diet. No additional vegetables or fruits were given. Reliance was placed only on prevention of loss of vitamins in the rice. 146 164 654 256

The intention had been to make the kitchen the nucleus of a district food service which would apply the results of the study on a wider scale as a demonstration. It was ironic that war should have interrupted the experiment, and that it should not only have become impossible to make any application of the important facts demonstrated in the experiment, but that stocks of Chinese rice, milled or unhusked, should virtually disappear from the Shanghai market, and that the city should have to depend for the ensuing five years on imported rice, all husked, and very high in price. 146 164 654 435 262

It might be thought that, with the price of rice soaring out of all bounds, factory owners who supply food to their workers would reduce the quantity of rice supplied, mix it with other cereals, or vary it with beans. But both management and workers have a mistaken idea that, if at all possible, the usual number of bowls of rice must be provided, whatever happens to the "side dishes" of bean curd, vegetables, fish or, rarely, meat. In consequence, expensive imported polished de-vitaminised rice continued to be eaten in former quantities. If the "side dishes" were reduced, as they were in size and variety in order to decrease costs, this last source of nutrients also disappeared. It is small wonder, then, that by 1941, and 146 164 435 262

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

146 before the even worse situation following Pacific hostilities, signs of
164 deficiency disease were apparent even among workers fortunate
435 enough to have full-time employment in factories.

262 There is much work for the Shanghai authorities of the future to do in the matter of food. The Public Health Department's long history of supervision of the city's food supply, its war against flies
744 and fly-borne diseases, has represented one phase of the food issue.
146 The Supply Committee's efforts to obtain actual supplies represents a second. Instruction, particularly of employers, in the nutrition aspects of food supplied to workers is a third necessity. The food intake of workers in certain factories where workers are both housed and fed has been analysed in the past and found to be woefully lacking. The attention of certain managements was called to this situation, and some improvement resulted.

The managements of 16 factories where doctors or nurses are employed were induced to keep records of food supplied with a view to seeing how near it came to nutrition standards. In 37 other plants also records were kept. Through these means there should in future be a decrease in dietary-deficiency diseases. Though the provision of food as part of earnings is to be deprecated, it is possible by this means to control for his good the worker's food much more easily than if individual housewives have to be taught what to do. On the other hand, unless the group feeding is right feeding, a whole working force can develop deficiency diseases. In the sense that workers had no option in many cases but to accept the food which the employers provide, it can be said that where deficiency disease resulted therefrom their wage was in fact disease.

THE NECESSITY FOR the education of management, workers, and the public generally in the foods which should be eaten to ensure health and prevent frank deficiency diseases was recognised by the Division. A film was in the making when Pacific hostilities caused suspension of the effort. Two western industrial enterprises and one Chinese had agreed to provide the $10,000 necessary for the film production. A food exhibit had been planned in co-operation with the Chinese Medical Association to take place in the industrial district. It was designed to demonstrate through graphic means the results of wrong feeding. The public would well be able to recognise in pictures the gross deficiency diseases which they

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER X

CHILD PROTECTION

ANY ADEQUATE PROGRAMME for the protection of children by the authorities in Shanghai seemed in the past to present almost insuperable problems. The evolution of policy in the general field of child welfare involved difficulties of finance and other obstacles sufficient to deter the stoutest heart. The high birth rate and the size of the population even in normal times meant that the city had a child population as large as that of some small countries. Housing congestion and unhygienic living quarters, together with inadequate nutrition, traceable in part to the low earnings of workers, caused literally thousands of children to live under conditions that contributed to a high death rate. If they survived they suffered in many cases chronic ill-health. If conditions were hard for the children of wage earners, they were harder still for those in families where there was unemployment, and for those who had no one to care for them.

The type of child welfare programme familiar abroad, where governments are aware of the necessity of caring for the citizens of the future and ready to appropriate large funds for that purpose, was not in the past considered possible in the International Settlement of Shanghai. The sources of the Council's income, ultimately dependent on the capacity of the people to pay, were strictly limited. The Council took the general view that "poor relief" was not feasible, since it had no control over entrance to the Settlement.[1] In practice, however, certain forms of relief were undertaken from Council funds. The Council for years made limited contributions as grants-in-aid to institutions which cared for children coming into the hands of the police—children who were lost, abandoned, abducted, exploited, ill-treated or otherwise victims of circumstance. Indeed, for long the police in Shanghai were the social workers of the Settlement. Police stations saw many a human drama in which children were concerned. Police rescued

[1] See Chapter XI.

161 census reports, the Communist press cites such cases as that of Ai-ling and Sheng-li hsiang in Chiang-ning hsien, Kiangsu Province.[5]

[163 From June 1951 through June 1953 in these two
165] village groups the average birth rate was 33.64 per thousand, or 3.36 per cent, and the average death rate was 1.93 per cent. The natural increase thus was 1.43 per cent, somewhat lower than the national average of 2 per cent given in the communique announcing the official results of the 1953 census. On the other hand, a higher average of 2.7 per cent was reported after a survey conducted during 1952-53 by the municipal government of Chiang-ning hsien in co-operation with the Department of the Interior of the Central People's Government and the Revolutionary Military Committee, using as a cross-section 29 municipalities, 5 hsien, 2 hsiang, and one village. There appears to be some grounds for the Peking claim of 99.5 per cent accuracy for the 1953 census. The population increase in the East China Region, judging by the few scattered samples reported in the Communist press, seems to be well within the general pattern of the nation as a whole.

Another comparison may be made of earlier census figures and those for 1953. The result tends to show that Peking is exercising considerable discretion in claiming the 2 per cent average rate of increase. Although, when we examine the following table such a study may help to ascertain the validity of Peking's claim,

5. Jen-min Jih-pao (People's Daily), Peking March 11, 1954.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

gain. As long as water transport retains its basic place in the Chinese 503
economy, a harbor for ocean ships will be maintained at Shanghai as the commercial center of the Yangtze basin.

Relief and Climate

The site has only two advantages of importance: it is almost com- 133
pletely flat, and it has a more favorable climate than rival south 361
China ports. Ample level ground was useful during the purely commercial phase of the city's development in allowing adequate space for storage of goods, for half of China's foreign trade passed through Shanghai from 1865 on, but it was more important in allowing the development of manufacturing after 1895. The commercial center which began in an area of 43 acres along the Whangpoo in 1843, demarcated and defended by creeks, was able to grow outward toward the west, south, and north as both political and economic conditions provided the impetus for metropolitan industrial development. Level ground continues unbroken within a twenty-mile radius of the city. While the site's liability to floods is a notable disadvantage, level ground must in general be counted an asset, especially as against the lack of it in Hong Kong, Foochow, Amoy, and other south China ports.

Shanghai's climate is influenced alternately by cold dry air from 132
inner Asia and Siberia, and by warm moist Pacific air; it is tropical for one third of the year and temperate for two thirds. Rainfall averages 45 inches annually, 14 inches of which falls in June and July, but with no very marked seasonal concentration. July and August are uncomfortably tropical, and while rains keep the temperature below 90° for at least a quarter of these two months, the relative humidity throughout this period averages 84 per cent. Temperatures rarely exceed 98°. Vital statistics for foreign residents of the China [165]
treaty ports included in the yearly medical reports published since 1870 by the Maritime Customs give Shanghai, with a death rate averaging 16 per thousand annually for the period 1870–1930, a relatively good record. Most of the foreign residents considered it among the healthier treaty ports despite its uncomfortable summer, during which as many of them as were able left the city for the central mountain belt or the Shantung beaches. The accompanying table com-

II. INTERNAL MIGRATION

166 464 The trend of migration toward expanding industrial centers is clearly observed in East China. Although many cities in Central-South China are being industrialized in the best and most rapid way the Communists know, in the East China Region there is more renovation of the already existing industries such as textile factories in Tsingtao (in Shantung Province) and Shanghai (Kiangsu Province). Toward these centers are moving many people and their families. Some had worked in the cities and had acquired some technical training, and now are returning to the reopened plants Although new industries in the Central-South and Southwest regions are only hiring new workers, the migration toward such cities as Shanghai has a somewhat different character -- and this may be described as a "two-way" migration. Shanghai, for example, had been the source of skilled labor before World War II during the short period of industrial boom in China. Now the Communist authorities are using places like Shanghai once again as training grounds for experienced labor. Whether this is economically sound or not is another question, but the fact remains that the Communists have been encouraging available manpower to move into town from the countryside. After a period these trained and semi-trained personnel are dispatched to new industrial centers in the southwest, northwest, and northeast. Not only workers are so encouraged, but labor organizers, union personnel, and other political activists are apprenticed in places like Shanghai before

166 assignment to the less industrialized localities
464 both inside and outside the region.

Relocation of industrial plants for expansion and
166 construction of sumptuous "cultural palaces" and
464 exhibition halls require a great amount of manpower
in Shanghai; in China today human brawn continues
178 to be employed instead of machines. (For the expansion of Shanghai, see chapter on Geographical Setting.) An even greater amount of manpower is mustered in order to keep in repair the dikes along the Huai River in Anhwei Province. The flood-control project on the Huai River began over five years ago, and in its initial stage 4.5 million people were employed.[11] The irrigation projects in northern Kiangsu need workers, the dredging of the Grand Canal needs workers. And when these projects are brought to a conclusion, there will be further development of the railway system, which suffered considerable damage during the war. There will be harbor construction projects, some of which were propoaed as early as Dr. Sun Yat-sen's administration and most of which have been featured in the Communists' blueprint for long-range reconstruction. Millions of people in this region will be kept busy moving from one project to another, and they will constitute one of the mainstreams of internal migration.

166 As has been mentioned in the foregoing paragraphs,
464 the movement of the people

11. Chih Huai [The Harnessing of the Hwai River] Shanghai, Hua-tung jen-min ch'u-pan-she, 1952; Hua-chiao Jih-pao [China Daily News], New York. Aug., 1955.

1:Stanford U. S-4-5 1956 AF 15 East China
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166 464 within this region is not and cannot be completely controlled by the government, no matter how authoritarian the latter may be. According to some anti-Communist sources, the employment situation in Shanghai is by no means completely under control. The unanswered question of Shanghai's unemployment as a factor disturbing to the Communist scheme of concentration of available labor for training in Shanghai's factories as well as similar factors will continue to disrupt this general pattern of internal migration. Anti-Communist sources also said that in the summer of 1955 the authorities in Shanghai had to resort to "persuasion" and possibly more drastic measures to return a part of the steady flow of workers to the countryside to resume farming. Additional trains were reported to have been scheduled daily to ship these "surplus" people from Shanghai.[12] If it were possible to substantiate these anti-Communist reports, which originate from Hong Kong then it would be possible to say that internal migration in the East China Region will remain a difficult problem for the present regime.

166 Recently Communist authorities have been enforcing the registration of the movement of population, including the movement of individuals from town to town. The general effects of this tightening of regulations seems to be a lessening of the flow of internal migration.

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12. Asia Foundation News Bulletin, Aug. 12, 1955.

423 co-operatives.[38] But this new form of farm organization, which is directly opposed to the Chinese traditional practice, cannot be enforced too rapidly. After land reform, one pressure after another has been exerted by the Communist cadres upon the peasants (the fixing of production quotas, the collection of grain taxes, the compulsory purchase of grains, and participation in the agricultural producers' co-operatives), and many helpless peasants ran away in the hope of finding fewer restrictions in the cities.

166 According to Communist reports, the population of Shanghai increased[39] from 5,000,000 in January 1950 to over 7,000,000 by the end of April 1955. According to an investigation conducted by the Shanghai People's Municipal Government, about 50 per cent of the net increase of 2,000,000 population can be accounted for by exodus of peasants from rural areas.[40] The Back-to-the-Villages Campaign initiated by the municipal government in April 1955, is a clear indication of the seriousness of the problem. It is still doubtful if the problem can be solved by forcing the peasants to return to their villages if the conditions in the rural areas have not been improved.

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38. Mao Tse-tung, Kuan-yü Chung-kuo Nung-yeh Ho-tso-hua Wen-ti [Agricultural Co-operativization of China], Hua-ch'iao Jih-pao [China Daily News], New York, Oct. 27-31, 1955.

39. Hsin-wen Jih-pao [Hsin-wen Daily News], Shanghai, August 10, 1955.

40. Liberation Daily, Shanghai, July 31, 1955.

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434 there were 6,010 primary grain markets in the East China Region.[45] After the establishment of state grain markets, all private wholesale or retail grain shops were either liquidated or "transformed" under state guidance. In Shanghai, since December 28, 1953, some 1,498 retail grain shops have been reorganized into agencies of the state grain markets.[46]

Due to flood and drought in 1953 and 1954, the actual production of grains was insufficient to meet local demands. The system of rationing is chaotic and has caused discontent among urban and rural people. In the rural districts, the implementation of the "San-ting" policy, i.e., the fixing of production, purchase, and supply quotas, results in great dissatisfaction among the peasants, who cannot fulfill the requirements set up by the Communist cadres. In numerous cases little grain was left to the producing farmer, who found it
434 impossible to feed himself and his family. The
166 mass exodus of peasants to the cities began early in 1953. It is estimated that from 800,000 to

45. China Weekly, Hong Kong, Jan. 10, 1955, No. 106, p. 38.

46. China Weekly, Hong Kong, April 12, 1954, pp. 12-14.

434 166 1,000,000 peasants have migrated to the Shanghai area since 1953 and further aggravated the urban rationing situation.[47] The Back-to-the-Villages Campaign began in the second half of 1955, and about one million people were sent back to the rural areas from Shanghai in order to lessen the burden of grain rationing in Shanghai and in order to increase agricultural production.[48] In the urban areas the per capita ration has been too small to maintain minimum living standards.

434 Many restrictions are imposed relating to the purchase and transportation of grains and other essential food items. In the early part of 1955, the Shanghai People's Government promulgated "Provisional Measures for Control of Outward Transport of Grains and Reprocessed Foods."[49] There are nine provisions in this new order and its essential points are: (1) grains, including miscellaneous grains, grains of oil-bearing crops, and uncooked foods processed from grains may not be smuggled from Shanghai; cooked foods and products such as bean curd totaling less than five catties (5.5 pounds) are allowed to be carried out for personal use; (2) upon approval

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47. Chieh-fang Jih-pao [Liberation Daily], Shanghai, July 31, 1955.
48. Ibid.
49. Ibid., March 26, 1955.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

369 morality for the laxity and easy virtue which some Shanghai residents thought would prove a match even for the Peoples' Government.*

369 Another element which made life in Shanghai exciting, lawless, and profitable for the foreigners was the periodic flooding of the city by refugees from civil disorder in China. Shanghai was a tiny island of relative security at such times, where the presence of foreign consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

Land within the Settlements which sold for an average of £50 an acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

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from the agricultural villages . . . Economic reconstruction must have its foundation in the national economy. . . This abnormal development of the national economy could not be adapted to the defense needs of the state. . . The main communication routes were based on these easily blockaded cities . . . the imperialists could have strangled the country's economic life. . . The state could not protect itself and the people could barely exist. . .[5] 186 648

The Communist condemnation is even more specific:

Shanghai must break off its dependence on the imperialist economy and must be changed from a city where imperialism, compradores, and bureaucrats oppress and exploit the people to one which produces for the domestic market and serves the people. . . Shanghai is the concentrated, typical expression of the colonial or semi-colonial nature of old China's economy. Its so-called prosperity in the past was not founded on an independent, sound economic basis, but on bureaucratic capitalism and on imperialism and its compradores. Shanghai's production was mainly for the selfish interests of a handful of foreign exploiters and domestic compradores and bureaucrats. Most of Shanghai's key enterprises were in the hands of foreigners or Chinese bureaucratic capitalists. The raw materials and power of many industries had to depend on foreign supplies. Such colonial or semi-colonial economic status must be discarded before Shanghai can become a truly prosperous new peoples' city. . .[6]

The Communist armies took Shanghai on May 27, 1949, and in the following months plans were discussed for the relocation of some of Shanghai's manufacturing and population to inland centers where they would be less exposed to outside attack and where their economic activity would redound more generally to the welfare of the country as a whole. These plans were given additional impetus by the Nationalist blockade of the coast and by the United Nations embargo which has followed it, which at present writing appear to have curtailed industrial production in the city to a considerable extent. Writing in late August of 1949, the then mayor of Shanghai, General Chen Yi, stated that the official Communist program for Shanghai was to "change (its) industrial policy from that of dependence on imperialism to that of serving the Chinese people." In order to accomplish this end, and to minimize the effects of the blockade, "we must evacuate the population of the city systemati- 166 648 656

2: Murphy G-4 (no date) 1953 AF15 East China AF15

166 648 656

cally and transfer factories to the interior wherever possible."[7] While no details have been published on Communist plans for the relocation of Shanghai factories, this has been a recurrent theme in general policy statements. How much will be done about it remains to be seen, and may depend in large measure on how long the current trade restrictions remain effective. While such relocation might be dictated by non-economic considerations, it is the writer's opinion that it would economically be unwise, at least at the present stage of the Chinese economy as a whole.

But the foreign Shanghai which Nationalists and Communists alike have castigated is now a thing of the past. As much a Chinese as a foreign creation by at least the time of the first world war, the city has now become politically and economically an integral part of China. The course of Chinese nationalism and of the Westernization of the Chinese economy, both developments begun in and stimulated by the growth of Shanghai, have reclaimed the city.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

471 [459] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 ●166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

ment in urgent cases, and it brought the Settlement into line with municipal administrations elsewhere in that provision existed under which action could be taken. 362 744

It is obvious that an overcrowding such as has been described cannot mean adequate life for those who must submit to it. Tuberculosis incidence rose sharply in Shanghai in the years following 1937 when congestion was so great. Many virulent diseases such as smallpox, cholera, and in recent years typhus, are endemic and their spread, despite the prophylactic efforts of public health authorities in encouraging vaccination and inoculation, was obviously assisted by crowded conditions. Moreover, the chapter on food and nutrition will show a corollary of housing congestion, when even the kitchen in houses which are inhabited by many families is often sub-let, is that there are no proper facilities for cooking. Food therefore cooked in small foodshops or by itinerant vendors forms the basis of the meals of many families. Proper nutrition is impossible under such circumstances. Again, most alleyway houses have been built without sanitary accommodation. Every family must then have its wooden bucket in the room which is its only living room. Public toilets are insufficient for the people's needs and there is consequently frequent befouling of the alleyways. The wonder is that under such housing there exists in Shanghai a self-respecting fine population, maintaining a personal cleanliness almost incredible to believe in the ruling circumstances. For them surely a better housing opportunity must be presented after hostilities have ended. 166 744 362

THE SHANGHAI OF THE future will not be the divided authority it has been in the past. The two former foreign-administered areas will presumably come under the general authority of the Chinese City Government following the retrocession of the Settlement to Chinese administration by Great Britain and the United States. The development of proper transportation systems connecting the Settlement and Concession with the surrounding areas previously under the City Government must be an early consideration. They will open up areas for residence unavailable till the present because of their inaccessibility by cheap means of transport. The Shanghai of the future will, too, it is hoped, be planned on modern lines, where adequate authority will permit proper controls over 000

CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable. 464

Recent studies of Shanghai dwell at length on the refugee problem following the outbreak of hostilities in 1937.[1] After five years, a hard core of refugees remained, despite consistent efforts in the spring months of 1939 and 1940 to disperse aggregations of those in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable. 727 166 464 747

In addition to those cared for in camps, hundreds of destitute persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic. 737

Toward the end of 1940 the Shanghai Municipal Council, the Salvation Army and the Shanghai Rotary Club attempted to deal 735 747

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

735 constructively with the problem by establishing a special camp for
747 beggars. The police removed from the streets those found begging, men, women and children, and handed them over to the Salvation Army for care. Huts were erected on land made available by the Council, and the scheme was inaugurated in January 1941. To defray expenses of building the camp, the Council allocated funds from the voluntary entertainment levy which had been collected during the post-hostility period and handed over in part to the Shanghai Refugee Relief Association for disbursement among organisations caring for refugees.

735 IN GENERAL, as mentioned before, the Council took the view that
747 it was not able to provide "poor relief." Its revenues from taxation
633 were limited because its powers of taxation were restricted. No poor law rate could be levied. It was argued that in a city to which
166 (because of the comparatively safe areas and the lure of possible employment) thousands had drifted in past decades from nearby densely populated provinces, to have embarked on poor relief would have been to encourage the arrival of many more destitute persons. In general, relief was left to private charitable organisations, both Chinese and foreign.

Nevertheless, the Council contributed to relief by presenting grants-in-aid to hospitals and institutions caring for the destitute. In particular, as we have seen, it made contributions to child welfare institutions to care for the young people whom police removed from the streets and otherwise found in need, and who very often were without relatives or friends.

766 Much is made in certain studies of Shanghai of the "exposed corpse" situation. Figures of unwanted corpses picked up on the streets did not, however, represent necessarily deaths from starvation and exposure only.[2] There were indeed many such cases, but there were also many others where the family of the deceased lacked funds for a coffin and other funeral expenses. Then it was to a Chinese benevolent burial society that the family looked. In such cases the corpse was placed where it would be collected and

[2] Barnett, *op. cit.*, p. 46, reports that in the International Settlement alone over 100,000 exposed corpses were disposed of in 1938. In 1939 the figure was 72,000. The numbers in 1942 must have been very high. There were certain places in the city where those dying of disease and starvation dragged themselves, to die with their fellows.

Another population movement deserves mention here, although it has no direct connection with internal migration. The province of Fukien is the place of origin of the majority of Chinese emigres in the Philippines, Indonesia, Malaya, 167. Borneo, Siam, and islands in the South China Sea. (Chinese in the United States, as a rule, come from Kwangtung Province.) A survey conducted in 1930 revealed that among more than four million Chinese emigrants in the above-mentioned places, over one-third were originally from Fukien Province, an increase of nearly fifty per cent over the 1921 figure.[13] Undoubtedly, the exodus continued because the causes for emigration -- political, social, and economic -- had not changed. In fact there is reason to believe that the exodus gained impetus from the reports of emigres whose success abroad must have been a great temptation to those staying at home. The 1953 Communist census figure of 11,743,320 overseas Chinese, although undoubtedly an estimate, serves to point up the continuation of similar emigration in the future, but the door of exit from Red China has not yet been slammed. From time to time Hong Kong reports the number of recent emgres from Red China, giving as reason for emigration their predicament in China under Communist rule. On the other hand, the Communist press has been vociferous in touting the success of Peking's program to encourage the return of Chinese emigrants to their motherland. It would appear that this interflow of people, if only a trickle, will still find a way to cross the border and, if the destination is somewhere in the South China Seas, will continue to find the Fukienese in its ranks.

13. Ta Chen, Emigrant Communities in South China, New York, Institute of Pacific Relations, 1940, pp. 263,269

1:Stanford U. S-4, 5 1956 AF15 East China
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618 government authorities, and the administration of clan property. In Fukien, the clan possessed smaller holdings than in Kwangtung, where fifty to seventy per cent of the land cultivated by clan members was estimated to be under clan control, but was still a dominant factor in the village economy and the livelihood of clan members.[50]

With the victory of the Communists in the East China Region in 1949, the functional existence of the clan ceased. In Fukien, where it had occupied a major social role, the disappearance of the clan left behind a pattern of independence from central government control and of familial order and loyalty that may not be easily erased by the Communists' authoritarian regime.

C. Overseas Communities

167 A unique departure along the coast of Fukien (and Kwangtung in the Central-South Region) from the general family pattern in China has necessitated much innovation and adjustment by the Communist regime. From the coastal area of Fukien have come more Chinese emigrants to Southeast Asia and other parts of the world than from any other province in China with the exception of Kwangtung.

50. Ibid., pp. 173-78.

167 The Communists calculate that family dependents in Fukien of overseas migrants number two million.[51]

595 596 Before the Japanese invasion of China, the family in these overseas communities was similar in solidarity, values, and social role to the family elsewhere in China, but unique in that often the male head was separated from his wife and their children for most of his adult life. If he could afford it, he would maintain a concubine and a separate family in the overseas community Although it was usual for the children of this overseas union to be sent to China for their education and to share in inheritance of family property, the concubine rarely came with her Chinese mate when he returned to his native village.[52]

434 596 During the absence of the male head from his Chinese home, his wife usually acted as head of the household. She and her children were supported in great part by funds periodically remitted from abroad by the male head, and she had control of the dispersion of this and other

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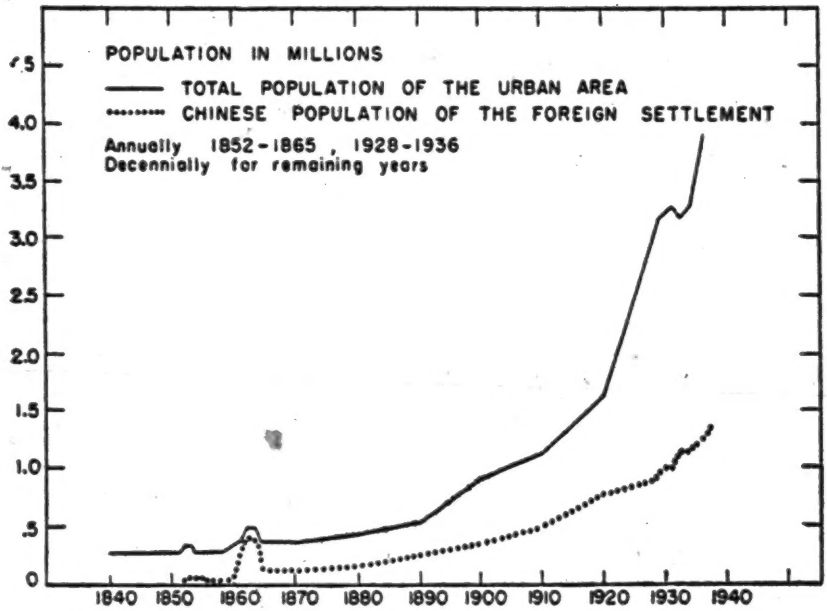
51. S.C.M.P., 1024, p. 13.

52. Ta Chen, Emigrant Communities in South China: A Study of Overseas Migration and Its Influence on Standards of Living and Social Change, ed. by Bruno Lasker, N. Y., Institute of Pacific Relations, 1940, pp. 140-43.

162 ity of services were performed by the Chinese, including the lower-ranking employees of the foreign trading firms. The development of manufacturing in Shanghai created a need for larger numbers of foreigners, to serve as technicians and administrators, and to operate the expanded banking and financial structure which industrial development required. And as trade increased with the growth of

POPULATION OF SHANGHAI, 1840-1936



Graph 1

manufacturing and the widening of the China market for Western-type goods, a growing volume and variety of foreign imports were marketed in Shanghai and distributed from there throughout China by foreign firms.

167 162 In the period between the two world wars, Shanghai became a refuge haven for foreigners as well as for Chinese due to its ambiguous political status as an international oasis far removed in distance from political and racial problems in Europe. First to come there in large numbers were Russian refugees from the Bolshevik revolu-

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tion, nearly a thousand annually from 1919 to 1930. After 1933, refugees from Nazi Germany found that Shanghai was the only world port which could be entered and resided in without a passport, and those who could afford the long trip formed a growing separate community in the city after 1934, many of them dependent on foreign charity.

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FOREIGN POPULATION OF SHANGHAI, 1843-1936

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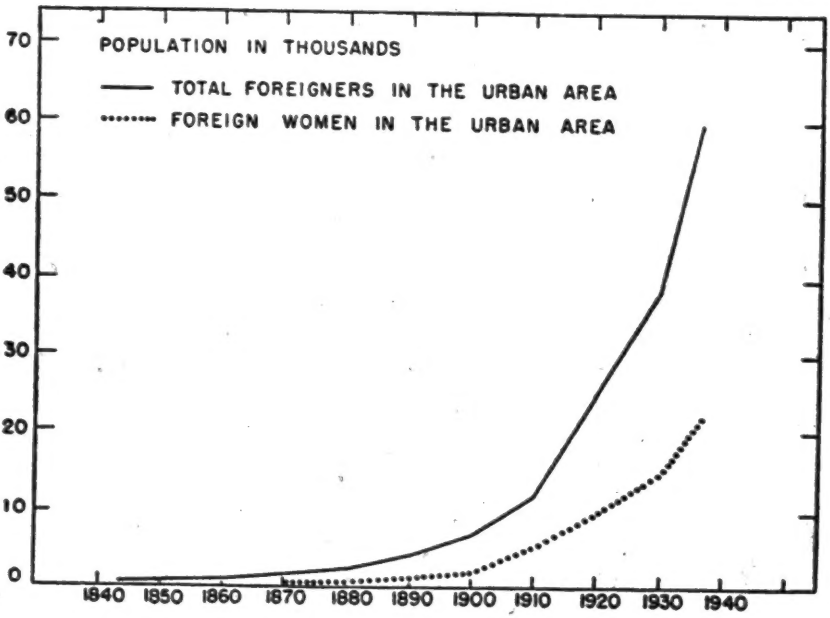

Graph 2

In 1936 the approximate foreign total of 60,000 had as its most important constituents 20,000 Japanese, 15,000 Russians (predominantly White refugees), 9,000 British (who until about 1912, when they were surpassed by the Japanese, had always been the largest non-Chinese national group in Shanghai), 5,000 Germans and Austrians (most of them recent refugees), 4,000 Americans, and 2,500 French.[3] Foreign women were scarce before 1870 (graph 2) and never constituted much more than a third of the foreign total. Their presence did little to alter the prevailing adventurer's attitude of the

Annex "A," Subparagraph 1b, AF15
Sociological Background

HISTORICAL SETTING

I. INTRODUCTION

631 On the basis of historical and cultural development, no valid reason existed for designating the five provinces of Shantung, Anhwei, Kiangsu, Chekiang, and Fukien as a common and distinct unit. The grouping of these five provinces as the East China Region from 1949 to 1954 by the Communist regime was an accident of recent history. When the vast territory south of the Yellow River fell suddenly into Communist hands during 1949, the victors solved the problem of administering it by placing the various field army commanders in control of the provinces their armies held. The East China Region coincided with the territory held by the Third Field Army under Ch'en I.

II. HISTORICAL AND CULTURAL DEVELOPMENT

•175 A. Interaction of the Yellow River and Yangtze River Cultures

Western Shantung along the present course of the Yellow River was at the eastern extremity of the prehistoric cultures from which developed the first organized state in China -- the Shang

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175 (c. 1520 to c. 1030 B.C.).[1] Based on the irrigated cultivation of millet, this Bronze Age civilization became the mainstream of developing Chinese culture. It spread out from the Yellow River area of the North China plain in all directions to the limits of arable land and topographical barriers, absorbing other cultures and integrating elements of them.[2]

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[133] 1. For most of the historical era the Yellow River flowed through northwestern Shantung. However, at various times and from 1324 to 1852, the river followed a course south of Shantung, emptying into the sea more than 250 miles south of the former and present river mouth. See map in Walter H. Mallory, China: Land of Famine (American Geographical Society Publication No. 6), New York, American Geographical Society, 1926, Fig. 29, p. 49.

2. On Chinese prehistory and development of the Chinese state see H. G. Creel, The Birth of China, London, Jonathan Cape, 1936; and Wolfram Eberhard, A History of China, Berkeley and Los Angeles, University of California Press, 1950, pp. 3-21. Joseph Needham, Science and Civilization in China, Vol. I, Cambridge, England, the University Press, 1954, pp. 72-99, summarizes both the foregoing presentations and other modern scholarship on China's early development.

•175 The low lying mountains of central Shantung, the peninsula they blocked to the east, and the separate rice cultures of the Hwai and Yangtze rivers initially presented problems that early Shang military and agricultural techniques could not overcome. By about 1100 B.C., however, Shang civilization was dominant in all these areas but the Yangtze plain.[3] In the early centuries of the succeeding Chou Dynasty (c. 1030 to 221 B.C.), military pressure and migration from the North provided the Yangtze culture with the stimulation and techniques necessary for developing strong political organizations and effective armed defense. As new states began forming in that area during the eighth century B.C., the old Chou territories were fragmenting into petty kingdoms. Those in Shantung, Anhwei, Kiangsu, and northern Chekiang were strongly influenced by their original native cultures.

In the struggle for survival and supremacy that ensued among the principalities down to the third century B.C., two originally non-Chou kingdoms became the principal contenders for hegemony over all China. The state of Ch'u dominated the Yangtze area from Chungking to the sea by 333 B.C., and Ch'in was expanding from the

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3. On the spread of Shang civilization see C. W. Bishop, "The Geographical Factor in the Development of Chinese Civilization," Geographical Review, Jan., 1922, pp. 28-29; and map in Albert Herrmann, Historical and Commercial Atlas of China, Cambridge, Mass., Harvard University Press, 1935, p. 9.

175 northwest into the Yellow River region. The victory of Ch'in over Ch'u in 223 B.C. was followed two years later by the establishment of the first unified Chinese Empire. This process of Chinese unification, whereby consolidation of power in either the Yellow or the Yangtze river areas was the basis for further expansion and the establishment of empire, was repeated many times over in the succeeding centuries.[4]

B. The Foundations of Confucianism

812 In the four centuries before the emergence of the first Chinese Empire (221 B.C.), the principal philosophies with which China was to be occupied for the next two millenia were developed in the East China Region.[5] From the small,

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4. On the influence and fragmentation of the Chou state and the rise of the Ch'in unified empire see Eberhard, op. cit., pp. 25-68; Needham, op. cit., pp. 90-98; and Kenneth S. Latourette, The Chinese: Their History and Culture, 2nd ed., rev. (two volumes in one), Vol. I, New York, The Macmillan Co., 1934, pp. 42-83.

5. Readable summaries of the philosophers, their ideas and influence which are mentioned in the following pages may be found in H. G. Creel, Chinese Thought from Confucius to Mao Tse-tung, Chicago, University of Chicago Press, 1953; E. R. Hughes, Chinese Philosophy in Classical Times, London, J. M. Dent and Sons, Ltd., 1942. For translations of the works of individual philosophers see "Suggestions for Further Reading," Creel, Chinese Thought, pp. 263-65.

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812 of utilitarianism and universal love. More precise and systematic in his argument than his predecessors or contemporaries, he and more particularly his later disciples began to work out a methodology of argument that, along with his program for social improvement, endeared him and his followers to revolutionary thinkers of the twentieth century such as Hu Shih.[8]

The antithesis of Confucianism in China was Taoism. It had its beginnings in the time of Confucius, but its greatest exponent was Chuang-tzu, who is supposed to have lived in Anhwei during the last half of the fourth century B.C. The source of Taoism has been attributed both to a note of protest against the rise of the formalistic, aristocratic city civilization which marked the feudal system of the late Chou and to an element of thought prevalent in the Yangtze civilization. Oriented to anarchy and inaction, the Taoist philosophy opposed the rites, ethical system, cultivation of character, and learning of the Confucian school as well as the intellectualism and utilitarianism of Mo Ti and his followers.

•175 177 D. Sinification of the East China Region

The East China Region was brought into

8. See for instance Tsi C. Wang, The Youth Movement in China, New York, New Republic, Inc., 1927, pp. 12, 46-47.

175 both the Ch'in (221 to 206 B.C.) and Han
177 (206 B.C. to A.D. 220) empires. The reaction of the independent Yangtze civilization to the Confucian orthodoxy evolving in the last half of the first century B.C. may be detected in the thinking of Wang Ch'ung, a native of what is
[812] today Chekiang. A fatalist influenced by both Confucianism and Taoism, he depreciated the Han Confucianists' emphasis on the importance of man, their belief in natural phenomena as signs of heaven's judgment on human behavior, and their acceptance of the authenticity of ancient historical literature. His arguments were fuel for Confucian revisionists during the remainder of the imperial period and for the anti-Confucianists of the republican era.

At the end of the Han Dynasty, the East China Region with the exception of present-day Shantung was still inhabited by mountain-dwelling Yüeh and valley-dwelling rice cultivators who had not been absorbed into the Chinese civilization. In the post-Han period of disunion, the Wei Kingdom (220 to 264) centered on the Yellow River, and the Wu Kingdom (220 to 280) centered on the Yangtze River undertook active measures to eliminate or absorb these alien groups. Military campaigns were followed by the establishment of colonies of soldiers to construct communication and irrigation waterways

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and farm the land.[9]

Despite the sinification efforts of Wu, Fukien and southern Chekiang were slow in accomodating to Chinese civilization. Encompassed by mountain ranges, the area has always been difficult of access by land, and its narrow river valleys posed problems not easily solved by the agricultural techniques evolved on the broad plains bordering the Yellow, Hwai, and Yangtze rivers. The Yellow River civilization had had practically no influence on the independent political organizations the southern peoples had developed by the third century B.C.,[10] but they succumbed to the Ch'in and Han drives to unify China. After the Han Emperor Wu Ti (140 to 87 B.C.) conquered the area, he is reported to have transplanted great numbers of its people to the Hwai River valley as a means of speeding their integration into the Chinese system.[11]

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9. Harold Wiens, China's March Toward the Tropics, Hamden, Conn. Shoe String Press, 1954, p. 140; Chi Ch'ao-ting, Key Economic Areas in Chinese History, London, George Allen and Unwin, 1936. pp. 98-104.

10. Wiens, op. cit., p. 8.

11. Latourette, op. cit., pp. 111-12.

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However, the development in Fukien of water-control projects -- a mark of Chinese traditional civilization -- began only under the Western and Eastern Chin dynasties (265 to 420). It remained minor until the Sui Dynasty (581 to 618), became large-scale only with the T'ang Dynasty (618 to 906), and reached the highest stage of expansion under the Sung Dynasty (960 to 1279).[12]

E. The Yangtze Basin as a Key Economic Area

The beginning of large-scale construction of water-control works in Fukien was accompanied by an increase of this type of activity in Chekiang and Kiangsu. The impetus was provided by the mass immigration of Han-Chinese fleeing from nomad invasion, drought, and famine above the Yellow River at the end of the third century and the beginning of the fourth century.[13] The establishment of the Eastern Chin Dynasty (317 to 420), with its capital near present-day Nanking, facilitated Han-Chinese dominance in the area and encouraged its agricultural development.

By the time of the Sui Dynasty (581 to 618), the Yangtze delta area of East China achieved

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12. Chi, op. cit., pp. 40-45, 130-31, and table, p. 36.

13. Wiens, op. cit., pp. 176-79; Eberhard, op. cit., pp. 125-162.

175 an economic and agricultural development equal
177 to that of the Yellow River area. However, the political center of the unified empire under the Sui and T'ang (618 to 906) dynasties remained at Ch'ang-an. To link the Yangtze economic base with the capital, the Sui Dynasty constructed a number of canals that joined together older canals and rivers to create a fairly direct water route from Ch'ang-an (present-day Sian) to Hangchow via Kaifeng, Huai-an and Yang-chou. Other construction projects linked Ch'ang-an with Peking, providing a continuous though circuitous water route from Peking to Hangchow. This series of projects, resulting in the first Grand Canal, entailed the labor and misery of millions of drafted, unwilling workers.[14]

Serving as a military and tax-grain transport system tapping the wealth of the Yangtze Valley, the waterway stimulated the further rapid development of agriculture in Chekiang, Kiangsu, and Anhwei. At the beginning of the eighth century, it was estimated that these three provinces and Kiangsi in the Central-South Region were supplying nine-tenths of the total land tax of the T'ang Empire.[15]

Under the alien Yüan Dynasty (1260 to 1368), the section of the old canal from

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14. Ghi, op. cit., pp. 98-129.
15. Ibid., p. 125.

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175 177 Hangchow to Huai-an was restored and a new series of canals were constructed through western Shantung to provide a more direct route from the heart of the key economic area to the Mongol capital at Peking.[16] Although free from the risks and losses of ocean transport and less vulnerable to pirate raids along the coast, the inland waterway was increasingly costly to maintain and operate. Technical problems and innovations and the mismanagement of a corrupt bureaucracy brought the usefulness of the canal to an end at the beginning of the twentieth century.[17]

F. Division in the East China Region

Although it was the key economic area of the T'ang Empire, the Yangtze delta region was still divided on geographical and historical lines. Its physical and cultural homogeneity was advanced under the Sung Dynasty by improved communications and the influx of a cultured elite when the conquest of North China by the Juchen Tartars forced the Sung court to move its capital from Kaifeng to Hangchow in 1127. By the end of the dynasty (1279), the lower Yangtze

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16. Ibid., pp. 139-41.

17. See Hu Ch'ang-tu, "The Yellow River Administration in the Ch'ing Dynasty," The Far Eastern Quarterly, Aug. 1955, pp. 505-13.

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•175 region had reached a stage of economic and
177 cultural development and unity that was not substantially altered until the intrusion of the Western powers after 1842.[18]

While the Yangtze delta area was being developed and unified, Anhwei and Kiangsu above the Hwai River and all of Shantung were surrendered to the Juchen Tartars. Initial attempts under the Sung general Yo (Yüeh) Fei to regain the territories lost in 1127 were thwarted when his execution was engineered in 1141 by a pacifist faction under the chief minister at court, Ch'in Kuei (Kuai). A peace treaty was then negotiated with the Tartars whereby the Sung was obliged to cede its former possessions above the Hwai River and pay a yearly tribute to the alien power. Through subsequent centuries up to the present day, the story of the hero-patriot Yo (Yüeh) Fei and the base traitor Ch'in Kuei (Kuai) has been made widely known throughout China by historical fiction and drama.

This division of the East China Region from 1127 to 1279 was a repetition of what had occurred during most of the fourth, fifth, and tenth centuries. While the North was subject to alien rule by various nomad tribes originally from the north and west of China, Chinese culture

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18. Chi, op. cit., p. 133.

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was making some of its greatest advances in the South.[19] Differences in dress, spoken language, and habits of daily life grew out of this division. Also, the consciousness within North and South of their separate identities was reinforced and has never been completely eradicated.

However, these differences should not be too much stressed. A sufficient number of the families stayed in the North to fill most of the administrative jobs under the alien dynasties and instill Chinese values and forms of organization in the conquerors.[20] Moreover,

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19. The best accounts of the nomadic conquest and rule of North China are: Eberhard, op. cit., pp. 110-77, 207-39; Wolfram Eberhard, Conquerors and Rulers,, Leiden, E. J. Brill, 1952, pp. 64-120; and Karl Wittfogel, Feng Chia-sheng, et al, History of Chinese Society: Liao (907-1125), issued as Transactions of the American Philosophical Society, n.s. 36, 1946, Philadelphia, The American Philosophical Society, 1949.

20. Eberhard, A History of China, pp. 178-79, makes much of the differences that grew up between North and South during the first period of division. In his Conquerors and Rulers, pp. 65-121, however, Eberhard demonstrates the persistence of the Chinese cultural and political administration in the North under alien rule. Needham, op. cit.,p. 119, minimizes the differences that grew out of the period of division.

175 since the Mongol conquest of China in 1279,
177 the country had been almost continuously united until the middle of the nineteenth century, when the Taiping Rebellion opened the way for an upsurge of provincial autonomy.

G. The Seaward Orientation of Fukien

Handicapped by a mountainous terrain that increased the normal difficulties of farming and limited communication by land with the rest of China, Fukien tended to breed a highly individualistic and truculent people, strongly drawn toward the sea. They resisted the intrusion into the province of the imperial power and put their seamanship to whatever use promised the most advantage to themselves. Many coastal people emigrated to the South Seas and Southeast Asia, but the majority stayed home to engage in fishing, foreign and domestic trade, and fighting on the sea.

From the time of the T'ang Dynasty, and especially during the Sung Dynasty, what is today the port of Ch'üan-chou was one of the Chinese Empire's principal foreign trade
706 centers.[21] During and after the time of the Sung, natives of Fukien contributed a high proportion of the sailors in China's merchant

21. Latourette, op. cit., pp. 205, 250.

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579 One of the most famous of these pirates was Cheng Chih-lung, a native of Fukien who had married a Japanese woman. He was eventually persuaded by the Ming court to give up his freebooting and accept the official position of guarding the coast against pirates and Dutch traders. His even more famous son, Cheng Ch'eng-kung, is known to the West as Koxinga. In the service of the Ming Dynasty, he gained esteem by defending his home province against the invading Manchus until forced by superior numbers to retire to Formosa. After driving out the Dutch traders who had seized it as a center for commerce with China, he used the island as a base from which to mount raids against the Chinese coast. So great was the menace he, and his son after him, posed to the new ruling Ch'ing Dynasty (1644 to 1912), that it ordered the depopulation of the Chinese coast from Shantung south. The order was most strictly enforced in Fukien, undoubtedly because of the sympathy, aid, and bases Koxinga and his forces might expect to find there. Only in 1683 was habitation of the Fukien coast again permitted by imperial order.[23]

175 H. The Rise of the Ming Dynasty

The last native dynasty to rule China, the Ming (1368 to 1644), was a product of the lower Yangtze area of the East China Region. Its founder, Chu Yüan-chang, was the son of

23. Cf. A.W. Hummel, Eminent Chinese of the Ch'ing Period, Vol. I, Washington, D.C., Library of Congress, 1944, pp. 108-11; and Latourette, op. cit., pp. 310, 331-32.

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175 a poor, farming family in Anhwei. Having lost his parents in one of the frequent famines that marked the last years of the alien Mongol Dynasty (1260 to 1368), the orphan became a novice at the Buddhist Monastery of Huang-chüeh in Feng-yang, Anhwei Province. Forced out of his refuge by a bandit raid, Chu joined one of the marauding gangs in the vicinity and quickly rose to a position of leadership. Having made himself master of the lower Yangtze valley, he pressed into the Yellow River area, drove out the Mongols from their capital at Peking, and became ruler of all China in 1368 under the reign title of Hung Wu. The national capital was maintained at the original seat of the ruling house in Nanking until 1409, when a son of Hung Wu usurped the throne from the dynastic founder's grandson and moved the political center of the country to his own power base at Peking.[24]

I. New Elements in Chinese Thought

812 While the Southern Sung maintained its capital at Hangchow, Chekiang and Fukien became the cultural heart of China. It was during this period that Fukien contributed its most notable figure to Chinese history -- Chu

24. Latourette, op. cit., pp. 286-87; Eberhard, A History of China, pp. 252-54, 258-59, 268-69.

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FIVE

The Opening of the City to Foreign Trade and its Early Development

Canton and the Treaty Ports

The treaty ports * were an answer to the expansionist foreign pressure for trade with seclusionist China. The Ch'ing government (1644–1911) hoped that by granting trade privileges only in these cities it could confine the scope of the Westerners and protect the body of China from their disturbing activities. But when the Canton system was broken by the Anglo-Chinese war of 1841–42, the foreigners envisaged a continually expanding trade with the potentially immense China market. Sir Henry Pottinger, chief of the British delegation at the Treaty of Nanking, stated that the treaty had opened to trade "a market so vast that all the mills of Lancashire could not make stocking stuff enough for one of China's provinces." [1] Western economic enterprise, once given a foothold and an opportunity under its own laws to buy and sell with the Chinese, was a dynamic growth which could not be checked by treaty provisions.

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The Canton system of the eighteenth century, under which the British East India Company and later private American firms were permitted to establish trading factories in a limited area of the city set aside for them, was an increasing annoyance to foreign merchants. Several diplomatic missions to Peking, including that of Viscount Macartney in 1793 and of Lord Amherst (who was not even received by the court) in 1816, all failed to obtain a relaxation of

* Canton, Amoy, Foochow, Ningpo, and Shanghai were opened to foreign trade by the Treaty of Nanking in 1842, and eleven further ports, including Hankow, Kiukiang, Chinkiang, Nanking, and Tientsin were added by the Treaty of Tientsin in 1858, although the actual opening of Nanking was deferred until 1899, a reflection of its poor location compared with Shanghai (see map 1).

[p. 57]

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439 restrictions on the trade at Canton or the opening of further ports
648 to foreign trade. These changes finally came about only as a result of
175 the Anglo-Chinese war of 1841–42. Under the old system at Canton, foreign traders were virtually confined to their trading factories, were forbidden to bring in women or arms, and were allowed in Canton at all only during the trading season, which largely as a result of monsoon winds essential to overseas trade movements by sailing vessels, and particularly favorable to shipping in and out of Canton, lasted from September to April. However, the foreigners thus avoided the uncomfortably tropical summer in Canton. They spent the hot months for the most part in Macao, a remnant of the once extensive Portuguese empire in the East, at a distance of some 75 miles southeast of Canton and on the tip of a hilly and narrow peninsula jutting into the sea, where the breeze seldom failed.

439 Most cramping of the restrictions was that requiring all foreigners
648 to trade only through the Canton merchants' guild, or Cohong, es-
175 tablished with official support in 1720 as the principal instrument for controlling the foreigners, armed with full governmental powers of
441 enforcement of the factory regulations, as well as the monopoly of trade with the foreigners under conditions which yielded them enormous profits. Disputes between Chinese and foreigners arising out of the trade were settled by the Cohong, and protests against abuses could be made by foreigners to the Chinese government only through the Cohong.[2]

439 One of several attempts to break out from this system independently of the Government at Peking was made in 1832, when the British East India Company (shortly before its monopoly of the British trade with China was removed by Parliament in 1834) sent the ship *Lord Amherst* with a commercial mission under Hugh Lindsay (with the Rev. Karl Gutzlaff as interpreter) to request trade privileges from the local officials at other ports on the China coast. Lindsay was refused entry at Amoy, Foochow, and Ningpo, but he obtained an interview with the taotai (Intendant of Circuit, or chief local official) at Shanghai. The taotai informed Lindsay that Canton would remain the only port where foreigners could trade, but Lindsay was enthusiastic about the possibilities of Shang-

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739 dinary advantages which this place possesses for foreign trade it is wonderful that it has not attracted more observation."[7]

721 The lack of attention to Shanghai of which Lindsay complained
175 had been beyond the powers of the foreigners to remedy, as Lindsay discovered for himself when his request for trade privileges there was refused. The tension at Canton finally resulted in open hostilities nine years later. Early in the course of the war of 1841–42 the British occupied the Chusan Islands at the mouth of Hangchow Bay, and interest was revived in making that well-protected site the principal base for British trade, as earlier surveyors, including Lindsay, had suggested.* However the further progress of the war required British occupation of the mainland ports, and a fleet under Sir William Parker, after taking Amoy, Foochow, and Ningpo, arrived off Woosung June 13, 1842, and captured the forts commanding the mouth of the Whangpoo. The British planned to invade the Yangtze valley and by appearing in force on the river and capturing Chinkiang block the movement of rice via the Grand Canal to Peking.

728 Shanghai was taken, and then evacuated by the troops on June
648 23, in order to concentrate on the advance to Chinkiang and
175 Nanking. The treaty, signed at Nanking on August 29, created the treaty ports already named, where British merchants and their wives could reside permanently, with their own consuls, and importing goods into China under a fixed and nominal tariff (it averaged about 5 per cent *ad valorem*) without any requirement to trade through a Cohong or under official supervision. Article II of the treaty contained the provision that "British subjects shall be allowed to reside, for the purposes of carrying on their mercantile pursuits, without molestation or restraint, in the cities of Canton, Amoy, Foochow, Ningpo, and Shanghai . . . Her Majesty, the Queen of Great Britain (etc.) will appoint superintendents or consular officers to reside at each of the above mentioned cities to be the medium of communication between the Chinese authorities and the said merchants . . ."[8]

No other mention was made in the treaty about foreign rights of

* This plan was not abandoned in favor of Hong Kong until the very end of the war.

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settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries."[9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected.

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively.

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889.

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their

Other Trade Goods

439 Shanghai was fortunate in that as China's monopolies of the tea and silk trade disappeared by about the turn of the century, the Yangtze continued to concentrate there for export a large proportion of the goods which now became the staples in China's more diversified foreign trade (table I). These goods: vegetable oils, hides, skins and bristles, eggs, and fibers, were staple products of the Yangtze basin, and their marketing in Shanghai was as logical as that of tea and silk. In this new trade, Hankow was the principal inland collection and distribution center, but as with tea, its direct exports overseas remained slight, and actually decreased after 1880 when steam navigation on the Yangtze had become firmly established.[35] Hankow sent the bulk of goods destined for export to Shanghai for transshipment.

438 Hankow's water connections enabled it to draw these goods not only from Szechuan, Hupeh, and Hunan along the Yangtze itself but also from Shensi, Honan, Kweichow, and Kwangsi via Yangtze tributaries. Szechuan led all the other provinces in the production of wood oil (t'ung oil), wax and tallow, and bristles, and was a leading producer of hides and skins, fibers, and other vegetable oils. Production of vegetable oils, raw cotton and other fibers, and eggs was also important in the lower Yangtze basin in Anhwei, Chekiang, and Kiangsu. While their production was less localized than was the case with tea and silk, and also because of this scattering, Shanghai had easier, cheaper, and quicker transport connections than any other leading port with these or other producing areas. The Yangtze also enabled Shanghai to exchange its foreign imports (and after 1920 increasingly its own industrial production) for export goods over a wider market and with greater ease and cheapness than rival commercial centers.

669 175 The disruptions of the Taiping Rebellion and attendant local uprisings (1850–1864) were heavy in the Yangtze delta, and the largest military campaigns were fought there. Shanghai itself acted as an invaluable base for the efforts of the Ch'ing government to suppress the rebellion, since with the support of foreign troops and volunteers, the city was able to hold out against a rebel tide which

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engulfed every other delta city of importance. It was from Shanghai 669
that the famous "Ever Victorious Army" (composed of both Chinese 175
and foreigners led by the American Frederick Ward and, after his death from wounds, by the British Major Charles ["Chinese"] Gordon) conducted its decisive campaigns on behalf of the Ch'ing government against the Taipings and retook all the delta cities before the eventual recapture of Nanking in 1864. Shallow-draft boats carrying both bombardment guns and troops and using the pattern of delta waterways leading from Shanghai gave this army a crucial advantage of mobility against the numerically greatly superior Taiping forces.

Shanghai's land and speculative boom and the defense of its 651
boundaries during this period are briefly discussed above in Chapters One and Two, but two other results of the rebellion were of greater significance: the establishment of the Imperial Maritime Customs, with the commercial advantage which this gave to Shanghai (see below, Chapter Eight); and the damage to the tea and silk industries (which were concentrated in the delta and its immediate environs) together with the blocking of the normal trade routes, which was followed after 1862 by new opportunities for the expansion of a more diversified trade. Shanghai suffered substantially from 438
the losses inflicted on its trade in these two key commodities. But the pliability of the Ch'ing government, in recognition of the fact that foreign military assistance from Shanghai was instrumental if not decisive in the suppression of this mass rebellion, played its part in the granting of free navigational rights on the Yangtze, more from apprehension than from gratitude. The foreigners, undismayed by the illogicality of their position from a diplomatic point of view (British naval and land forces were attacking Taku and Peking at the same time that British forces were fighting against the Taipings in the delta area), were encouraged by their military successes to press their demands for wider commercial opportunity. The rebellion revealed Shanghai's vulnerability as long as its trade was so heavily dependent on the two local or semi-local staples of tea and silk, and at the same time re-emphasized possibilities for a broader and larger trade in the Yangtze valley as a whole. Though the trade in tea and silk recovered rapidly after the fighting (see table I),

812 of utilitarianism and universal love. More precise and systematic in his argument than his predecessors or contemporaries, he and more particularly his later disciples began to work out a methodology of argument that, along with his program for social improvement, endeared him and his followers to revolutionary thinkers of the twentieth century such as Hu Shih.[8]

The antithesis of Confucianism in China was Taoism. It had its beginnings in the time of Confucius, but its greatest exponent was Chuang-tzu, who is supposed to have lived in Anhwei during the last half of the fourth century B.C. The source of Taoism has been attributed both to a note of protest against the rise of the formalistic, aristocratic city civilization which marked the feudal system of the late Chou and to an element of thought prevalent in the Yangtze civilization. Oriented to anarchy and inaction, the Taoist philosophy opposed the rites, ethical system, cultivation of character, and learning of the Confucian school as well as the intellectualism and utilitarianism of Mo Ti and his followers.

175 D. Sinification of the East China Region
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The East China Region was brought into

8. See for instance Tsi C. Wang, The Youth Movement in China, New York, New Republic, Inc., 1927, pp. 12, 46-47.

175 both the Ch'in (221 to 206 B.C.) and Han
177 (206 B.C. to A.D. 220) empires. The reaction of the independent Yangtze civilization to the Confucian orthodoxy evolving in the last half of the first century B.C. may be detected in the thinking of Wang Ch'ung, a native of what is [812] today Chekiang. A fatalist influenced by both Confucianism and Taoism, he depreciated the Han Confucianists' emphasis on the importance of man, their belief in natural phenomena as signs of heaven's judgment on human behavior, and their acceptance of the authenticity of ancient historical literature. His arguments were fuel for Confucian revisionists during the remainder of the imperial period and for the anti-Confucianists of the republican era.

At the end of the Han Dynasty, the East China Region with the exception of present-day Shantung was still inhabited by mountain-dwelling Yüeh and valley-dwelling rice cultivators who had not been absorbed into the Chinese civilization. In the post-Han period of disunion, the Wei Kingdom (220 to 264) centered on the Yellow River, and the Wu Kingdom (220 to 280) centered on the Yangtze River undertook active measures to eliminate or absorb these alien groups. Military campaigns were followed by the establishment of colonies of soldiers to construct communication and irrigation waterways

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175 and farm the land.[9]
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Despite the sinification efforts of Wu, Fukien and southern Chekiang were slow in accomodating to Chinese civilization. Encompassed by mountain ranges, the area has always been difficult of access by land, and its narrow river valleys posed problems not easily solved by the agricultural techniques evolved on the broad plains bordering the Yellow, Hwai, and Yangtze rivers. The Yellow River civilization had had practically no influence on the independent political organizations the southern peoples had developed by the third century B.C.,[10] but they succumbed to the Ch'in and Han drives to unify China. After the Han Emperor Wu Ti (140 to 87 B.C.) conquered the area, he is reported to have transplanted great numbers of its people to the Hwai River valley as a means of speeding their integration into the Chinese system.[11]

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9. Harold Wiens, China's March Toward the Tropics, Hamden, Conn. Shoe String Press, 1954, p. 140; Chi Ch'ao-ting, Key Economic Areas in Chinese History, London, George Allen and Unwin, 1936. pp. 98-104.

10. Wiens, op. cit., p. 8.

11. Latourette, op. cit., pp. 111-12.

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However, the development in Fukien of water-control projects -- a mark of Chinese traditional civilization -- began only under the Western and Eastern Chin dynasties (265 to 420). It remained minor until the Sui Dynasty (581 to 618), became large-scale only with the T'ang Dynasty (618 to 906), and reached the highest stage of expansion under the Sung Dynasty (960 to 1279).[12]

E. The Yangtze Basin as a Key Economic Area

The beginning of large-scale construction of water-control works in Fukien was accompanied by an increase of this type of activity in Chekiang and Kiangsu. The impetus was provided by the mass immigration of Han-Chinese fleeing from nomad invasion, drought, and famine above the Yellow River at the end of the third century and the beginning of the fourth century.[13] The establishment of the Eastern Chin Dynasty (317 to 420), with its capital near present-day Nanking, facilitated Han-Chinese dominance in the area and encouraged its agricultural development.

By the time of the Sui Dynasty (581 to 618), the Yangtze delta area of East China achieved

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12. Chi, op. cit., pp. 40-45, 130-31, and table, p. 36.

13. Wiens, op. cit., pp. 176-79; Eberhard, op. cit., pp. 125-162.

175 an economic and agricultural development equal
to that of the Yellow River area. However,
•177 the political center of the unified empire under
the Sui and T'ang (618 to 906) dynasties remained
at Ch'ang-an. To link the Yangtze economic base
with the capital, the Sui Dynasty constructed a
number of canals that joined together older
canals and rivers to create a fairly direct
water route from Ch'ang-an (present-day Sian)
to Hangchow via Kaifeng, Huai-an and Yang-chou.
Other construction projects linked Ch'ang-an
with Peking, providing a continuous though
circuitous water route from Peking to Hangchow.
This series of projects, resulting in the first
Grand Canal, entailed the labor and misery of
millions of drafted, unwilling workers.[14]

Serving as a military and tax-grain transport system tapping the wealth of the Yangtze Valley, the waterway stimulated the further rapid development of agriculture in Chekiang, Kiangsu, and Anhwei. At the beginning of the eighth century, it was estimated that these three provinces and Kiangsi in the Central-South Region were supplying nine-tenths of the total land tax of the T'ang Empire.[15]

Under the alien Yüan Dynasty (1260 to 1368), the section of the old canal from

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14. Ghi, op. cit., pp. 98-129.
15. Ibid., p. 125.

175 Hangchow to Huai-an was restored and a new
177 series of canals were constructed through western Shantung to provide a more direct route from the heart of the key economic area to the Mongol capital at Peking.[16] Although free from the risks and losses of ocean transport and less vulnerable to pirate raids along the coast, the inland waterway was increasingly costly to maintain and operate. Technical problems and innovations and the mismanagement of a corrupt bureaucracy brought the usefulness of the canal to an end at the beginning of the twentieth century.[17]

F. Division in the East China Region

Although it was the key economic area of the T'ang Empire, the Yangtze delta region was still divided on geographical and historical lines. Its physical and cultural homogeneity was advanced under the Sung Dynasty by improved communications and the influx of a cultured elite when the conquest of North China by the Juchen Tartars forced the Sung court to move its capital from Kaifeng to Hangchow in 1127. By the end of the dynasty (1279), the lower Yangtze

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16. Ibid., pp. 139-41.

17. See Hu Ch'ang-tu, "The Yellow River Administration in the Ch'ing Dynasty," The Far Eastern Quarterly, Aug. 1955, pp. 505-13.

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175 region had reached a stage of economic and
177 cultural development and unity that was not substantially altered until the intrusion of the Western powers after 1842.[18]

While the Yangtze delta area was being developed and unified, Anhwei and Kiangsu above the Hwai River and all of Shantung were surrendered to the Juchen Tartars. Initial attempts under the Sung general Yo (Yüeh) Fei to regain the territories lost in 1127 were thwarted when his execution was engineered in 1141 by a pacifist faction under the chief minister at court, Ch'in Kuei (Kuai). A peace treaty was then negotiated with the Tartars whereby the Sung was obliged to cede its former possessions above the Hwai River and pay a yearly tribute to the alien power. Through subsequent centuries up to the present day, the story of the hero-patriot Yo (Yüeh) Fei and the base traitor Ch'in Kuei (Kuai) has been made widely known throughout China by historical fiction and drama.

This division of the East China Region from 1127 to 1279 was a repetition of what had occurred during most of the fourth, fifth, and tenth centuries. While the North was subject to alien rule by various nomad tribes originally from the north and west of China, Chinese culture

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18. Chi, op. cit., p. 133.

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was making some of its greatest advances in the South.[19] Differences in dress, spoken language, and habits of daily life grew out of this division. Also, the consciousness within North and South of their separate identities was reinforced and has never been completely eradicated.

However, these differences should not be too much stressed. A sufficient number of the families stayed in the North to fill most of the administrative jobs under the alien dynasties and instill Chinese values and forms of organization in the conquerors.[20] Moreover,

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19. The best accounts of the nomadic conquest and rule of North China are: Eberhard, op. cit., pp. 110-77, 207-39; Wolfram Eberhard, Conquerors and Rulers,, Leiden, E. J. Brill, 1952, pp. 64-120; and Karl Wittfogel, Feng Chia-sheng, et al, History of Chinese Society: Liao (907-1125), issued as Transactions of the American Philosophical Society, n.s. 36, 1946, Philadelphia, The American Philosophical Society, 1949.

20. Eberhard, A History of China, pp. 178-79, makes much of the differences that grew up between North and South during the first period of division. In his Conquerors and Rulers, pp. 65-121, however, Eberhard demonstrates the persistence of the Chinese cultural and political administration in the North under alien rule. Needham, op. cit.,p. 119, minimizes the differences that grew out of the period of division.

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175 since the Mongol conquest of China in 1279,
177 the country had been almost continuously united until the middle of the nineteenth century, when the Taiping Rebellion opened the way for an upsurge of provincial autonomy.

G. The Seaward Orientation of Fukien

Handicapped by a mountainous terrain that increased the normal difficulties of farming and limited communication by land with the rest of China, Fukien tended to breed a highly individualistic and truculent people, strongly drawn toward the sea. They resisted the intrusion into the province of the imperial power and put their seamanship to whatever use promised the most advantage to themselves. Many coastal people emigrated to the South Seas and Southeast Asia, but the majority stayed home to engage in fishing, foreign and domestic trade, and fighting on the sea.

From the time of the T'ang Dynasty, and especially during the Sung Dynasty, what is today the port of Ch'üan-chou was one of the Chinese Empire's principal foreign trade
706 centers.[21] During and after the time of the Sung, natives of Fukien contributed a high proportion of the sailors in China's merchant

21. Latourette, op. cit., pp. 205, 250.

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812 constituted a major element of concern in the ideas of subsequent thinkers. The strain is apparent in the political ideas of such modern figures as Sun Yat-sen and Chiang Kai-shek and in the pre-Communist and Communist writings of Fung (Feng) Yu-lan, one of modern China's leading philosophers.[27]

III. THE MODERN PERIOD

177 A. The Invasion of the West

Toward the middle of the nineteenth century, the East China Region was subject to the intrusion of western military, material, and economic forces. They carried with them new secular and religious ideas incompatible with the traditional cosmological, social, political, and economic views of China. These forces for change coincided with a phenomenon which had been repeated many times over the centuries in China -- the decline of the ruling dynasty with an accompanying abuse of power and growth of disorder.[28]

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27. See David S. Nivison, "The Problem of 'Knowledge' and 'Action' in Chinese Thought since Wang Yang-ming," Studies in Chinese Thought, Arthur F. Wright, ed., Chicago University of Chicago Press, 1953, pp. 112-45. Also see Nivison's Communist Ethics and Chinese Tradition, Cambridge, Mass., Mass., Institute of Technology, 1954.

28. [see the following page]

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•177 Although it was in the lower Yangtze River area that Western material and ideological forces made their deepest and widest penetration in China after 1852, the educated elite and imperial officials from the provinces of the East China Region by and large remained committed to the old tradition and the ruling dynasty. Those men who saw the need for adopting the technical knowledge and advances of the West to preserve China and the throne rejected fundamental changes in the traditional political, economic, and social system that would have permitted China to establish the necessary basis for supporting and managing a technical civilization.

Only as the Western penetration became more pronounced and the old system was challenged from outside the East China Region did it produce a new kind of leadership that was

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28. The course and affect of Imperial China's interaction with the West are described from different points of view in H. B. Morse, The International Relations of the Chinese Empire, 3 Vols., London, Longman, Green, and Co., 1910, 1913, 1918; and John K. Fairbank and Teng Ssu-yü, China's Response to the West: A Documentary Survey, 1839-1923, Cambridge, Mass., Harvard University Press, 1954. Unless otherwise noted, the following material is taken from these sources.

177 instrumental in shaping the destinies of modern China. Nanking, first capital of the Republic and seat of the Nationalist Government, was the measure of this new leadership and the penetration of western political and social ideas. The growth of a new Chinese middle class and professional influence in the twentieth century was most directly attributable to Shanghai and vicinity, where Western economic dominance was more overtly apparent than elsewhere in China. Neither Shantung, which had been closely identified with traditional Chinese civilization, nor Fukien, which had been slow in accommodating to Chinese civilization and tended toward isolation, contributed significantly to the leadership of the new forces in China. But Shantung symbolized China's humiliation by the force of Western arms and provided the spark of Chinese nationalism, while the rugged terrain of Fukien provided a refuge from the Kuomintang for the Communist Party between 1927 and 1934 while it worked out the technique of rural revolution and guerrilla warfare.

186 B. Lin Tse-hsü and Li Hung-chang

The initial reaction of the scholar class to the western intrusion in China was typified by Lin Tse-hsü (1785-1850), a native of Fukien. Commissioned by the Chinese emperor to stamp out the importation of opium at Canton in 1839, Lin adopted an uncompromising

C. Shanghai

177 The series of treaties at Nanking following the British victory of 1842 ended Canton's monopoly on foreign trade by opening four more ports to Western commerce. They were Amoy and Foochow in Fukien, Ningpo in Chekiang, and Shanghai in Kiangsu. In the newly opened Fukien trade centers, as in Canton, the foreigners' right of residence was disputed and their persons subjected to insult and violence.

No such resistence was encountered at Shanghai. Within a few years, the port at the entrance to the Yangtze became the center of foreign trade, population, and business activity in China. Foreign demands for services and opening of new sources of wealth quickly drew Chinese businessmen and laborers within the city's expanding boundaries. The Chinese population of the city was further swelled by refugees seeking shelter from the Taiping Rebels when they swept north to capture Nanking and overrun most of China. Western military forces in Shanghai staved off Taiping attempts to take the city in 1860, and Western adventurers like the Americans Frederick Townsend Ward and Henry Burgevine and the Englishman Charles "Chinese" Gordon successively led a body of Chinese troops known as "The Ever-Victorious Army" that helped the Hunan and Anhwei armies of Tseng Kuo-fan and Li Hung-chang drive out the rebels from the East

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177 China Region by 1864.

The effect of the period of disruption of imperial control over the provinces of the East China Region was to establish foreign jurisdiction over the richest part of Shanghai -- the Western residential and business district known as the International Settlement. When the rebellion had been put down, foreign business and political dominance over this predominately Chinese area was so firmly rooted that it was not relinquished until World War II. The Chinese only slowly gained a place, and then only a minority representation, on the municipal council that governed the International Settlement. At the same time, that part of the city became a haven for Chinese persons and publications out of sympathy with the constituted Chinese regime.

The foreign-dominated International Settlement was to the Chinese a symbol both of all they admired and all they hated in the Westerners' presence in China. Through foreign secular and religious largesse, a part of the city's population experienced the advantages that modern educational and health facilities afford. The wealth, comforts, and goods produced by Western business and industry made explicit the fruits that China might expect from her own modernization

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•177 and industrialization. Western ideas and material strength intrigued Chinese youth and drew those who could afford it to Western educational institutions to learn at first-hand the means to a better life for themselves and their country. In far greater numbers, young Chinese learned these things at second-hand in Japan, considered to be a model for China's own development.

On the other hand, exclusive clubs for foreigners only, vice of every description, extraterritoriality, lack of Chinese tariff autonomy, and foreign political and economic dominance of Chinese territory existed most grossly and openly in Shanghai. These were the characteristics of the West in China which most deeply rankled in the Chinese heart, fostered Nationalist and Communist China's xenophobia, and provided ready ammunition for the current regime in pursuing its anti-imperialistic theme.[31]

D. Hu Shih

The positive effects of the West in China are exemplified by the Western-educated scholar Hu Shih, a native of Anhwei.[32] With

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31. The story of Shanghai up through the early years of World War II has been colorfully told largely from an eye-witness point of view in the undocumented work by Finch, op. cit.

32. On Hu Shih, see Fairbank and Teng, op. cit., pp. 251-58.

177 his knowledge and admiration of modern Western civilization, he became as a young man one of the most significant contributors to the reform of Chinese written expression and helped to change the style of modern Chinese literature. As a professor and editor of a journal of opinion in the following decades, he spread the principles of John Dewey's pragmatism the scientific attitude, objective literary criticism, democracy, and material progress. The importance and influence of his work in China may be inferred from the heavy attacks he and his ideas have encountered under the Communist regime.[33]

669 E. The Warlords in the East China Region

One of the negative aspects of the coincidence of the Western invasion of China and the decline of the Manchu Dynasty was the period of warlord rule (1916 to 1928) in the East China Region. Military despots armed with Western

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33. See for instance the comments of the American editors of Current Background, Hong Kong, American Consulate General, 315, p. 2, and translation following of Chinese Communist press reports. Also see "The Campaign against Hu Shih, "Ibid., 167. Citations from Current Background, unless specifically attributed to the American editors, as above, refer to literal translations from Communist newspapers and magazines, and should be treated as such.

535 The Central Experimental Opera Institute at Peking has also been giving
177 instruction in ballet, and there are many aspiring ballerinas. Interest in ballet is unprecedented in China and is clearly influenced by the popularity of ballet in Russia.[27]

535 Activities associated with dancing are organized and directed by the government.
658 There is the All-China Association of Dancers, a subdivision of the All-China Federation of Literary and Art Workers,[28] with headquarters in Peking. Tai Ai-lien, a well-known professional dancer, heads the association. She has dedicated herself to the incorporation of folk life, especially that of the minority peoples, into her dances. Her training, however, is Western.

F. Music

533 Appreciation of Western classical music has been revived in accordance with the principle of "accepting the culture of the world." A municipal symphony orchestra in Peking performs Beethoven as well as Tschaikowsky and is intended to set an example for musical

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27. Ibid., May 1954.

38. The All-China Federation of Literary and Art Circles was changed to the All-China Federation of Literary and Art Workers in September 1953.

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ONE

Introductory

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This is the study of an anomaly. A city of four million people grew up in the short space of a hundred years out of the traditional agrarian economy of China, before the building of a modern railway network, before the development of a single national market, and before other Chinese commercial cities of metropolitan size had appeared. The city of Shanghai, born out of Western commercial enterprise and organized in its economic life largely along Western lines, was in effect superimposed on a peasant civilization. On this agrarian base, it erected first a trade which reached to all parts of the globe, and subsequently a manufacturing complex which put it among the leading urban industrial centers of the world.

In both respects, Shanghai has been the center of a vortex of economic change spreading from the city to engulf the rest of China, a process which is still in its early stages. Toward the close of the first century since its opening to foreign trade in 1843, Shanghai accounted for half of China's foreign trade and half of its mechanized factories. The city's four million people formed one of the first five or six metropolitan groupings in the world, and Shanghai was well over twice the size of each of its nearest urban rivals in China, Peking and Tientsin.

The rise of other great cities has in the main depended on either or both of two factors: the concentration of the administrative functions of a large empire or political unit in a single pre-eminent center (Rome, London, Peking); and the concentration of trade from and manufacturing for a highly integrated and commercialized economy in an outstanding urban location (New York, Rotterdam, Osaka), based on the existence of low-cost volume carriers. Shanghai has never performed any administrative functions beyond its own metro-

361 177 politan limits, and the Chinese economy on which its trade is based remains far from integrated or commercialized, while railways are still perhaps China's most notable lack.

361 439 177 But Shanghai lies near the seaward face of the Yangtze delta, where the extensive water routes of a great river system are gathered into a knot, and where the coast of China extends farthest into the open sea. Goods which different local areas produced and for which foreign traders found overseas markets could thus move out for export through Shanghai, and foreign goods entering China in return could be distributed over a wide area from the city. Shanghai thereby became the commercial center for virtually all of the Yangtze basin, which includes the most populous and productive half of China. Not only did trade flow through the city, but Shanghai also became one of the world's leading financial centers. Its banks financed the Chinese government as well as the economic life of the city and of its commercial hinterland of half of China and all the Chinese ports. They controlled "at a very conservative estimate 90 per cent of the imports and exports between China and foreign countries."[1] As manufacturing developed in the city during the twentieth century, aided by the accumulation there of foreign and Chinese capital earned in trade, it was able to compete successfully with other manufacturing centers, despite the local absence of most industrial raw materials, because of the ease and cheapness of water transport for the materials of manufacturing brought from more distant places. Finally, Shanghai's four million people could be fed largely from rice produced in the fertile Yangtze delta.

361 162 177 Perhaps the most remarkable aspect of the city is simply its size. Dense populations have long been associated with deltas, and in southeast Asia nearly all of the notable population concentrations are on fertile deltaic soils where ample water is available for the irrigation of paddy rice. Each of the major deltas in southeast Asia also supports the largest or second largest city in its political unit (Hanoi, Saigon, Bankok, Rangoon, and Calcutta). But none of these cities approaches Shanghai in size; Calcutta, the largest, has a population of only about two and a half millions.

361 439 Two outstanding locational factors distinguish Shanghai from other delta cities in the lower and lower-middle latitudes: its central

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361 position on the coast of east Asia, and the great extent of its trade
439 hinterland. With a similar delta agrarian setting for all of these
177 cities, Shanghai is nearly twice as large as any of them because the trade of half, and that half the richer one, of the most populous political unit in the world is funneled through the city by the pattern of inland waterways and sea routes which focuses on it. In the pre-industrial economy of China, water transport is by far the most important volume carrier. While China remained agrarian, the stimulation of its external trade by foreign commercial enterprise produced an interregional flow of goods which moved largely through Shanghai. This situation continued to implement the physical advantages of the city's location to make it the major point of contact between China and the West.

369 Modern Chinese banking and finance, manufacturing, and com-
177 mercial organization (and the new class of Chinese associated with them and divorced from traditional China) all got their start there, are still largely concentrated there, and for the last hundred years have spread out from there as from the center of a whirlpool. Of the whole process of Westernization in China, only railways came relatively late to Shanghai, a logical exception in view of the abundance of good water transport. Otherwise the city rapidly became, within the first decade of its opening to foreign trade, a physical and economic replica of the nineteenth-century Europe which had built it, and in time of the twentieth-century America which was also a prominent contributor.

Shanghai and the pattern of its development during the past century have been modern China in microcosm. In the city China for the first time learned and absorbed the lessons of extraterritoriality, gun-boat diplomacy, foreign "concessions," and the aggressive spirit of nineteenth century Europe. There more than anywhere else the two civilizations came together: the rational, legal-minded, scientific, industrialized, efficient, expansionist West, and traditional, intuitive, humanist, agrarian, inefficient, seclusionist China. The sequel, and China's response, began primarily at Shanghai, and there modern China was born.

China's economic revolution, as fully as Chinese nationalism, struck its first modern roots beside the Whangpoo, and these two

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have between them made the contemporary picture. Economically, the institutions, and still more the attitude and standard of values, which had grown up in the West with the end of the Middle Ages and reached a full flowering in the nineteenth century, were transplanted to Shanghai. As the city grew on this heady but nourishing diet, its growth set widening patterns of change in motion throughout the country. In the economic structure which developed at Shanghai, in the problems which economic development had to overcome, in the compromises and hybrid growths which arose, in the final maturing of a modern commercial, financial, and industrial metropolis, the city provides a key to what has since happened and is still to happen in China.

The events of the post-war years have thrown into relief the economic and political changes which have long been under way in China, but which have only recently made themselves violently apparent. Communism is merely the present vehicle, not the creator, of the revolution which has carried it to success. As a leading agent in modern China's revolution, Shanghai may claim a larger share than Moscow in the current product. War, civil war, and Communist victory have also ended the history of foreign Shanghai. The hundred years of its existence being ended, a larger perspective tends to emphasize the things about the city's development which seem most important in the light of what has followed. Hindsight would pick out evidences of Shanghai's rôle in stimulating Chinese nationalism and economic change, in teaching China the lessons of Western business, science, and industry, and in providing a sample of what these lessons might accomplish.

Nineteenth-century Europe was at its best in the pulpit or on the rostrum, especially when talking of its own accomplishments, and Shanghai belonged to it. A jubilee was held in the city on the fiftieth anniversary of the founding of the foreign settlements, in 1893, and the major address of the day was delivered in the park on the Bund by the Rev. Muirhead, a British missionary. His words are symptomatic of the West's attitude to the East and of Shanghai's characteristic part in it, and also perhaps enlightening toward an understanding of China's response.

INTRODUCTORY

369 177 Shanghai is the centre of our higher civilization and Christian influence for all of China. We are here in the midst of a people proud and prejudiced in favour of their ancient line of things, and what have we introduced amongst them, for their benefit as well as our own? We might well point to the English homes we have formed here. . . How different is this from what we know to be characteristic of Chinese homes? In front also we have these beautiful *hongs* (trading firms) for the transaction of business, and we may especially remark the Supreme Court, distinguished by the just and equitable conduct of legal matters, in striking contrast to what is represented to us as existing in other places. In short, look at the *tout ensemble* of the Settlement — houses and streets lit with gas and electricity, streams of pellucid water flowing in all directions, and sanitary arrangements according to the best medical advice. We have steamers, telegraphs, and telephones in communication with all the world; there are cotton and paper mills and silk filatures of Foreign invention, and last but not least, railways in the north as pioneers of what will yet be found all over China. Law and order are admirably preserved in the midst of 200,000 people at the instance of our own judicial and municipal authorities. . .[2]

369 441 454 177 In the same year, the (British) Commissioner of Customs at Shanghai wrote a trade report for a jubilee volume published by the *Shanghai Mercury* in which he also emphasized the prominence of Shanghai, but in which he expressed rather different views on other matters. The two sets of remarks are interesting to compare when viewed from sixty years later:

Chinese merchants are inclined more and more each year to make Shanghai an emporium for the trade of north China and to use the northern coast and river ports simply as landing places for such goods as may be necessary to supply the immediate needs of their districts. The largest native mercantile houses in China are all represented here. . . Chinese capital is being largely invested, not only in . . . purely native establishments . . . but also in companies established by foreigners and under foreign directorate . . . at least 40 per cent of the shares of some foreign companies are held by Chinese . . . (as well as) a considerable portion of deposits in local banks. . . Chinese capital is invested in foreign-flagged steamers, and of course a large amount is sunk in the shares of the China Merchants Steam Navigation Company. . . Having said so much, it should not surprise anyone if I express the opinion that probably in future Shanghai will furnish no such favourable opportunities

for the investment of foreign capital as it has done in the past. . . To sum up, I think the future of Shanghai depends on China and the Chinese and their interests and that foreigners would be wise to run with them.[3] 369 441 454

The Commissioner and the missionary were in effect saying the same thing, although in different ways—that the most important thing about Shanghai was its relation to China; and that the city contained the seeds of great change for the entire country. 177

While it lasted, foreign Shanghai was an exciting and colorful place which travel folders could not exaggerate. It was for instance justly famous as one of the wickedest cities in the world, and we have the testimony of a duke for that as early as 1869. Following his visit to Shanghai, the Duke of Somerset referred to it in the House of Lords in that year as "a sink of iniquity."[4] His words pained especially the missionary residents of the city, and the Chamber of Commerce considered a formal reply through the foreign secretary, but matters never proceeded beyond the local press. The difficulty was that His Grace was right, and the city's own archives proved it. At the Landrenters' meeting in 1864, Sir Harry Parkes, then British consul at Shanghai, stated that of a total of 10,000 Chinese houses in the International and French Settlements, 668 were brothels, "while opium and gambling houses were beyond counting."[5] Seventy years later in 1934, a local Chinese newspaper estimated that Shanghai led the world's cities in prostitution as a specialty: in London, one person in 960 was a prostitute, in Berlin one in 580, in Paris one in 481, in Chicago one in 430, in Tokyo one in 250, and in Shanghai, one in 130.[6] It was indeed a major commercial enterprise in the city, and the fact that so many people earned their livings thereby stymied all attempts to eradicate or mitigate it. A special commission appointed in 1919 to investigate vice in the city recommended that all brothels be removed in five years, hoping that during that time other means of livelihood might be found. Licenses were issued in 1920 with the understanding that all licenses were to be withdrawn in 1925. But the plan was abandoned before the end of the five-year period as a complete failure. An earlier reform attempt also ended in failure when the first American judge of the United States Court for China arrived in 369 548

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

633 441 seen how the surrender of special privileges in China by all of the nations having treaty relations with China (completed by 1944), and the full sovereignty of the national government of China over the whole of Shanghai will affect the economic development of the city.

Jealous of their threatened treaty rights, which undoubtedly gave them as foreigners an advantage in business and investments over the Chinese, the foreign business community of Shanghai overstated the importance of the political factor in the rise of the city, especially by implying that the special status of the Settlements and their foreign residents worked equally to the interests of Chinese and foreigners. Primarily, they failed to evaluate correctly the locational factors which, once the Yangtze basin was opened to foreign trade by treaty agreements, played the predominant role in the growth of modern Shanghai. A city of this order of magnitude and volume of trade could not have and did not develop anywhere else in China, and this condition was in large part responsible for the mushroom growth of Shanghai as the one dominant commercial center for most of the country.

The security provided by foreign control was an important stimulus to economic development at a critical time, during the early years of the foreign settlements when capital began to concentrate there. In this respect it had the effect of a protective tariff for the infant Western-type economy born into a strange land. Once this economy had matured and acquired its own momentum (based increasingly on Chinese participation according to Western economic methods), the tariff was characteristically retained although it was no longer necessary to the healthy functioning of the economy and now operated merely to protect special sectors (in this case the foreign businessmen), which could continue to operate on a non-competitive basis. It is not necessary to deny that removal of the tariff would cripple "special interests" to maintain that the net effect of removal on the overall functioning and prosperity of the economy would be slight.

633 441 177 A new group of Chinese businessmen had learned Western commercial methods from their intercourse with foreigners in the treaty ports. Shanghai was the leading school, and by the turn of

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the century, foreigners in business there were in general limited to the heads of firms and their executive assistants. Chinese were responsible in the foreign firms for the bulk of buying and selling and for the essential groundwork of financing in addition to maintaining their own trading firms. Private Chinese entrepreneurs took a prominent part in the growth of industry in the city after 1895, and modern Chinese banks modeled on Western methods rivaled the foreign banks after 1920 as the leading Shanghai financial institutions. Strong foreign, especially Japanese, competition, profiting from treaty advantages, was more responsible than Chinese lack of experience or ability for the fact that the Chinese did not dominate the originally foreign economic life of the city more completely than they did. Chinese capital for investment was a problem, but it was increasingly being produced by Shanghai's own economy, and capital could be borrowed abroad without requiring foreign control over its investment.

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It could be argued that while Chinese methods in business and industry were in many cases different from those of the West, they were better adjusted to the particular conditions of the Chinese economy and society and if given free competitive opportunity would be at least equally successful.* In any case, it could not be assumed that if left in sole control of the complex economy of Shanghai which they had helped to build, the Chinese would allow it to run down to any significant extent. Conscious planning to relocate industry is another matter.

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The prolonged controversy leading up to Justice Feetham's investigations included a special number of the *China Weekly Review* in 1926 devoted to "Greater Shanghai" in which the following argument for rendition appeared: "Shanghai would have been a great city had there never been a foreigner in the place. It would continue to be a great city even if the foreigners should vacate their modern buildings and go home."[8] While the first sentence is an overstatement of the case, the second sentence is undoubtedly accurate.

* Carl Crow, *Four Hundred Million Customers* (1937), and *Foreign Devils in the Flowery Kingdom* (1940), an American businessman of nearly thirty years' experience in Shanghai, tends to take this view.

231 "China" silk area for foreign trade was marketed in Shanghai, through both Chinese and foreign trading firms, who sold it for
288 export. Steam filatures for the reeling and spinning of silk had largely replaced domestic reeling and spinning by 1920, but this did not affect the concentration of silk marketing in Shanghai, since the reeling centers remained tributary to Shanghai and since the silk-reeling industry was also concentrated, in differing degrees at different periods, in the city.

[177] After the introduction of cotton from India in the Yüan dynasty (1260–1368) and the manufacture of cotton cloth in China on a
231 large scale by the end of the Yüan, this much cheaper fabric largely
439 displaced silk, which previously had been produced in almost every region of China and was universally worn. The quality of the silk also declined. By the end of the eighteenth century only the four major areas listed above were important silk producers, but the great increase in China's foreign trade, especially in tea and silk, which followed the opening of the treaty ports stimulated both the quantity and quality of silk production in these areas, most of all in the chief silk region of the Yangtze delta, where foreign traders were closest on the scene.

231 The leading silk areas within the delta coincide closely with the
505 areas where navigable waterways are most numerous. The upland districts south of Nanking and west of Tai Lake, where waterways are relatively sparse, are largely avoided by silk culture. This is mainly due to the fact that silk culture is a painstaking and time-consuming process which requires prodigious amounts of hand labor. It is therefore heaviest in lowland areas with a dense population, as is the case with nearly all of the silk producing regions of China, but such a location facilitates a virtually exclusive dependence on water transport for marketing the silk. This in turn tends to make Shanghai, as the primate commercial center of the delta, the dominant market for silk exports, since it can draw silk from the producing areas by water transport nearly as easily and cheaply as can inland centers.

Every important cocoon and filature center in the delta has multiple water connections and depends on them for the collection of cocoons and for the marketing of silk. Liu Ta-chün in his study of

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438 taels.[14] Remembering that these records are far from complete and that the actual domestic trade carried in junks and sampans was probably at least 40 per cent larger, we must assume that the domestic trade of Shanghai was in fact between 20 and 30 per cent greater than it is shown in graphs 6 and 8. The proportion of transit trade was correspondingly greater.

177 As the first and the predominant focus of the opening of traditional China to Western commercial exploitation, Shanghai became, by virtue of its location and especially of its water connections, the great transshipment point for the trade of China which Western enterprise stimulated and directed into wider regional and international channels. Even after the growth of manufacturing in the city, at least half of Shanghai's commerce was transit trade. Trade repeated and transmitted the pattern of ideas, for Shanghai was the center and dispersing point of modern China's revolution.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

These principles were the expression of the spirit with which the work was begun and carried through: that Chinese and foreign members of staff were equal partners in a high adventure. There was a real comradeship based on mutual respect for the capacity and the motives of each individual of whatever nationality. The especially fine minds and wise judgment of Chinese colleagues, steadily creating their own work in their own fields, found appreciation among the foreign staff; the generous sharing of experience and the friendship of British, Austrian, Danish and Japanese staff members with their Chinese colleagues was equally welcomed. In short, a comradeship, consciously aimed at and greatly desired in advance in the early years of the Division's life, was achieved.

As members of the staff were sent out to make initial contacts with factory owners in the early years they had one instruction: to make friends. In the absence of powers of entry, with the possibility that they would be refused, nothing could be done unless they could make themselves wanted. To a large extent the staff succeeded. As time went on and contacts widened, the Division staff earned an enviable reputation for knowledge in their field, so that they were welcomed on this account as well as personally. Moreover, the absence of power to enforce court action has some compensations. Staff members knew that on themselves alone and on the vigour they were able to bring to their work depended their success. Unless a factory owner could be convinced of the reasonableness and rightness of the request made, the possibility of obtaining compliance was remote. And, further, the lack of power to hale into a Court meant that it was seldom considered worthwhile by an employer to offer to suborn a member of the staff so as to escape the necessity of carrying out his requirements. The total effect of these factors was to give to the Division staff a satisfactory status in the community and a useful relationship with the majority of Chinese employers.

Foreign employers reacted somewhat differently to the Division's efforts. For the most part physical conditions were considerably better in British, American, German and Japanese plants than in Chinese-owned enterprises. In consequence in the efforts to achieve safety and better hygiene, less had to be done in foreign enterprises. Many western employers had the same attitude to "government

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186 attitude in the firm belief that he represented the only civilized nation on earth and a righteous and moral cause. His firm stand stirred up resentment among the British promoters of empire, helped precipitate the Opium War, and resulted in his official exile. Before and after his banishment he was aware of the material advances of the West and saw the necessity of China's possession of modern ships and weapons to withstand the "rebellious barbarians."[29]

178 The superiority of Western arms and technology was even more evident to Li Hung-chang, a native of Anhwei who carried the burden of China's foreign relations in the last three decades of the nineteenth century. He was a leading figure in the formation of China's first modern army and navy, the construction of some of the country's first arsenals and shipyards, the promotion of modern mining, textile industries, and railroad and telegraph systems, and the advocacy of educating Chinese abroad. Yet, he refused to institute changes in China's political, economic, and social system, believing it was based on a superior culture, and his efforts at modernization were sabotaged by graft, corruption, and arbitrary interference in official circles, extending up to the throne.[30]

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29. Fairbank and Teng, op. cit., pp. 23-30.
30. Ibid., pp. 68-76, 78, 86-88, 91-93, 108-12, 118-21.

166 assignment to the less industrialized localities
464 both inside and outside the region.

Relocation of industrial plants for expansion and
166 construction of sumptuous "cultural palaces" and
464 exhibition halls require a great amount of manpower
in Shanghai; in China today human brawn continues
178 to be employed instead of machines. (For the expansion of Shanghai, see chapter on Geographical Setting.) An even greater amount of manpower is mustered in order to keep in repair the dikes along the Huai River in Anhwei Province. The flood-control project on the Huai River began over five years ago, and in its initial stage 4.5 million people were employed.[11] The irrigation projects in northern Kiangsu need workers, the dredging of the Grand Canal needs workers. And when these projects are brought to a conclusion, there will be further development of the railway system, which suffered considerable damage during the war. There will be harbor construction projects, some of which were propoaed as early as Dr. Sun Yat-sen's administration and most of which have been featured in the Communists' blueprint for long-range reconstruction. Millions of people in this region will be kept busy moving from one project to another, and they will constitute one of the mainstreams of internal migration.

166 As has been mentioned in the foregoing paragraphs,
464 the movement of the people

11. Chih Huai [The Harnessing of the Hwai River] Shanghai, Hua-tung jen-min ch'u-pan-she, 1952; Hua-chiao Jih-pao [China Daily News], New York. Aug., 1955.

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515 While societies like the Ko-lao Hui aimed at the overthrow of the existing order others like the Ch'ing-pang were utilized by the Manchu government to prolong its power by extralegal means. The Ch'ing-pang was originally organized among the boatsmen and the urban unemployed along the Grand Canal and the Yangtze River. It later spread to big cities and gained recruits among the city poor, handicraftsmen, apprentices, industrial workers, policemen, shopkeepers, the self-employed, and even the civil servants. Ch'ing-pang organizations dominated the underworld of East China while Ko-lao Hui branches dominated other regions of China, especially the South and the Northwest. The Ch'ing-pang's highly organized strength provided a strong bargaining position for the support of politicians, warlords as well as capitalists. Even the Kuomintang leaders had to come to terms with the society in their campaign against the warlords, and the Japanese occupation forces during 1937-45 utilized Ch'ing-pang organizations to route Communist underground agents.[9]

•178 II. DISRUPTION OF THE TRADITIONAL SOCIAL STRUCTURE

Just as the scholar ideal and the family

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9 Ibid., pp. 64-65.

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178 ideal helped to preserve the stability of the total social order of China, the disintegration of the traditional family system and the abolition of the imperial examination system for recruiting the ruling elite became contributing factors to the dislocation of the traditional social structure.

There was no change in the social composition of the rural population in the past several decades. As of old, the village community consisted of farm laborers at the bottom and landlords at the top. Peasant landowners and tenants constituted the bulk of the village population; and village peddlers, merchants, and artisans were members of peasant families, most of whom owned land; the village gentry, that is to say the local leaders, were mostly retired officials or educated members of landlords' or rich peasants' families.[10]

178 However, the growth of rural population
369 without a comparable increase in arable land, plus the increasing number of opportunities for employment in the cities, caused the migration of some peasants to the urban centers. The continued high premium placed on learning

10. Olga Lang, Chinese Family and Society, New Haven, Yale University Press, 1946, p. 68.

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178 practical and otherwise, inducted the wealthier
369 rural inhabitants to send their children to modern city schools which offered new opportunities. Thus, the cities became the centers from which the forces of changed radiated into the surrounding countryside.

Some of the rural immigrants became permanent residents in the cities; others returned to their home villages. Among the permanent residents, some left their families in the country while others brought their immediate families (wives and children) to the cities. In either case, it meant the breaking up of family and clan relations. Industrial work and other city employment changed the outlook of these rural people; new professions such as modern medicine, law, engineering, and banking attracted the attention of those who would otherwise have been occupied in the study of the Confucian Classics. This was especially true after Confucian training had been condemmed as impractical and not in keeping with the conditions of modern life
871 Education in the secondary schools and
178 colleges, however inadequate and artificial it might seem, was designed for better

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citizenship.[11] Their curricula opened a new and different world, far more interesting and intelligible to the younger generation than the Classics of old. If modern education had not always succeeded in giving new skills to the student, at least it had taught him not to be satisfied with his lot, to look to the future rather than to the past for betterment.

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With the increase of schools, there emerged in the cities a considerable professional class and a large number of students cut off for years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together; with their newly-found organizations, came a semblance of a distinct class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period when the landed aristocracy contested with the merchants, industrialists, and bankers

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11. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbank, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass., Harvard University Press, 1954.

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for positions in the ruling elite, political power and economic power in modern China continued to be in the hands of a single group. When social mobility was made difficult by the lack of a clear and recognized channel for upward social movement, social roles were less clearly defined; the sons of high government officials became industrialists, bankers' sons became diplomats, and all owned land. Intermarriages between the new and the old upper-class elements were taken for granted. Modern intellectuals, mostly from middle-class families, were unable to obtain position and status in the new business or political hierarchy and yet were unwilling to return to their home villages. They had been too long removed from their original environment to feel anything but estranged from it.

Influenced by the idea of democracy which they had discovered in school, the intellectuals began to solicit support from the masses, a move which traditional scholars would not have considered. Robert North's study of Kuomintang and Communist leaders shows that the majority of them came from the middle-class, landowning, and merchant families and were graduates of modern schools.[12] The labor

12. Robert North, Kuomintang and the Chinese Communist Elites, Stanford University Press, 1952, pp. 116-21.

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unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

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III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

668 individual relies on mass organizations for
156 political advancement, which is the prerequisite for economic and social betterment, the mass organizations are most important for the stabilization of society under the current regime. The regime exercises the power to control the career expectancies of the members of mass organizations, reward the achievement of those who work for the goals of the Party leadership, and punish with ostracism or more severe penalties those who rebel against the order For the first time since the abolition of the imperial examination system, a main channel of social advancement has emerged. The mastery of an officially approved body of doctrine is the quickest road to social advancement. The Communist channel of social advancement leads to the selection of conformists. This state of affairs resembles, to some extent, that which prevailed in monarchical times when the mastery of dogmas contained in the classics and their commentaries was the prerequisite to success in the imperial examinations.

668 The Communist regime has found it
178 necessary to promote as replacements for the old ruling group Communist-reformed and Communist-trained administrative, technical, and scientific personnel. Compared with traditional social mobility, the new social mobility does not spring from ideals embodied in Chinese culture but from expedient manipulation by the Communist Party.

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The development of industry, waterway and irrigation projects, the settlement of the Northwest, and the nationalization and collectivization of many enterprises may conceivably absorb a good portion of the ambitious younger generation. If social mobility continues to depend on Party loyalty, purges may be used to secure loyalty, to provide a flow of scapegoats for grievances which accumulate under a totalitarian system, and to furnish opportunities for advancement for the coming generation, whose continued devotion to the regime is crucial to its survival. But to date in the East China Region the purge of local cadres and officials at the regional level has been mainly limited to the elimination of "old social elements" rather than to the "revolutionaries" themselves.[13]

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13. Consult the chapter on Political Dynamics in this handbook.

596 Some variation from this pattern occurred among the upper-class families. Gentry-officials and merchants were often away from home; they frequently had personal income from salaries or business, from which they met their expenses without resorting to the family treasury.

596 888 The family and its extensions in China also functioned to provide security in old age, food or material help to the poor, and employment for needy or deserving relatives when possible. That a son should not provide for his parents in their old age was unthinkable. Were the sons dead or in some other way unable to assist their parents, the aged were cared for by other close relatives or by the clan. Deeply sanctioned by kinship morality and firmly rooted in Chinese government and business, nepotism was one of the most resistant factors to the advance of the modern political, industrial, and business systems in the twentieth century.

III. THE CHANGING FAMILY

A. Influence of Modern Technology

596 178 The transition which occurred in the traditional Chinese family from approximately 1842 to the advent of the Communist regime is traceable to three major influences: (1) modern technology with its attendant factory system and modern business organization;

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(2) the new environment consisting of rapid transportaton, modern government education, rural education organizations, and modern books and periodicals; and (3) the revolutionary political and social ferment which followed in the wake of the Western penetration of China. Change came first and most penetratingly in the ports, which were initially influenced by Western trade and later by the growth of native industry centered on those cities. The same influences also reached into the rural environs of the city ports in the decades before World War II. The great mass of the Chinese people -- the population of the traditional villages, towns, and cities in the interior -- felt the modern impact only in minor ways, if at all.

The first influence of modern technology in China came in the form of an influx of manufactured goods. Their availability at cheap prices changed the consumption and production habits of the family. Articles formerly made at home were bought with cash, necessitating new types of spare-time or full-time occupation removed from the family sphere.

Much more important in effecting a change in the old family pattern was the introduction of modern factory and business methods into China. For one thing, it organized economic activity on a non-family basis. Persons from rural areas attracted to the city by the

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opportunity to earn an independent income or the necessary supplement to the family's farm income were forced to make their homes near their jobs for at least a part of the year. Either permanently or temporarily they were removed from direct family control and subjected to the new ideas associated with industrial society everywhere.

Another consequence of the factory and business system was a new criteria for employment. The efficient operation of modern production and management required that personnel be hired on the basis of the possession of such skills as a particular job demanded rather than on the old basis of personal or kin relationship to the owner or responsible management. The solidarity of blood relationship and the old employment function of kinship were prime resistants to the spread of modern business enterprise in China, but where the latter succeeded in establishing itself, it forced a fundamental break in the old Chinese familial process.

E. Influence of Modern Environment

In many places where the Chinese population was sheltered from direct contact with modern industrial life, an indirect influence was exerted by the environment. The modern curriculum taught in foreign missionary schools in the late nineteenth and

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the twentieth centuries was approximated by the new government schools and offered to a broader segment of the population in the decade before World War II. New social, political, and economic ideas thus disseminated were supplemented by the outpourings of the press. Some rural villages formerly a day's journey or more away from the nearest great city were brought only hours away by modern methods of transportation, particularly the railroad and the steamship. All these media brought the people and especially the young into contact with ideas and ways of life alien to their own. Awareness of new opportunities, comforts, and pleasures to be had in the modern city planted a seed of dissatisfaction with the old manner of living.

C. Influence of Revolutionary Thought

An even more disturbing influence on the old way of life was the increasing spread of revolutionary social and political doctrines after 1916. The monarchical reformer K'ang Yu-wei had brought the traditional family under attack as early as 1898 by castigating the "virtues" associated with it as either non-existent or harmful to society. These ideas did not achieve any widespread currency in China until the rise of the New Culture Movement in 1916, a revolution in Chinese thought and expression. It emphasized individualism, the equality of the sexes, and the duty of service and loyalty to the nation. Ideas of this sort were spread by the May

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178 Fourth Movement of 1919, in the revolutionary propaganda of the Kuomintang during its struggle for power in the mid-twenties, by the student anti-Japanese agitation of the thirties, and in the socially conscious writings of China's new and popular authors.

D. Effects on Family Nature and Structure

In the relatively small area where these influences were felt, traditional family organization and the roles and functions dependent on it were forced to give way. With a part of the family temporarily or permanently in the city, the authority of the traditional family head was undermined. He was still needed at home to carry on the farm work, and so it was generally the daughters, the sons not needed for agriculture, and occasionally, the wives who entered the cities to seek part-time or full-time work. They sent home from the cities whatever part of their wages that could be spared from their own living needs. The family head thus controlled only their excess earnings and not their full income. He no longer directed the production of the family as a unit nor determined wholly every member's share in consumption. For at least part of the year, he could exert no direct control over the city-dwelling members of the family. With the possibility of an independent livelihood in the city, adult family members in nearby villages had an alternative to harsh treatment by the family head. This factor

596 tended to have a moderating influence on
178 paternalistic authoritarianism.

The family in the rural areas adjacent to
596 industrialized cities was also affected in other
562 ways. Men of advanced years, particularly if they had a classical education or held official position, continued to be honored. However, their position of influence and authority was challenged by younger men with the personnal qualities of dynamic leadership and success. Ancestor worship continued to give a greater primacy to males in the family but the ability of daughters to earn a wage enhanced their value to the family and made their early marriage into another family less desirable. It should be noted, however, that women of farming and laboring families worked outside of the home only out of sheer economic necessity. Neither sex approved of female employment in the factory. Whenever possible, it was avoided or terminated. Among upper-class families, women with modern education began gradually to seek employment in the professions and to regard such work as a means of establishing permanent personal and economic independence.

594 The independent family in the modern city was most subject to change. Though

593 if they are counterrevolutionaries who have been
577 pardoned by the people and are still able to work, they should be made to "reform" through labor, and should not be pitied or helped. Only if they are unable to support themselves should they be aided by the children, "for if the children do not support them, then the burdenwill fall on the state, which is obviously undesirable." As to bourgeois parents, they should normally be shown respect and concern; but if they break the law, "the children should justly and dispassionately examine their crime." Working class parents "should of course be respected, loved, and taken care of." They should not be discriminated against or ridiculed because of the shortcomings they have inherited from the old regime, but "should be patiently persuaded to see the light."[37]

V. EAST CHINA REGION

A. Disparity of Family Life

596 The widest diversity in the nature and
178 function of the family is to be found in the East China Region. Kiangsu was the most industrialized province in China proper (excluding Manchuria) before World War II, and the trends forced by

37. Ibid., 973, pp. 30-32.

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accomodation to modern methods of factory production and city living paralleled the objectives sought in the Marriage Law or, at least, prepared the people for a change in the old institution. On the other hand, areas could be found throughout the East China Region where family life had been as little influenced by industrialization and modernization as could be found elsewhere in China. Fukien, for instance, was one of the last strongholds of the clan organization, which had ceased to exist as a functional entity elsewhere in the region. Fukien was also unique in another respect: the coastal areas of the province contained overseas communities wherein the family showed some significant departures from the typical Chinese family.

Communist press announcements of marriage conditions revealed by the investigations of late 1952 singled out isolated areas in the East China Region as typical of unaltered adherence to backward practices of the traditional family system throughout the country. Such examples were cited as P'ing-ho hsien, Fukien, where seventy per cent of all the women had been child brides;[38] a hsiang of T'ai-hsing hsien, Kiangsu, where the majority of children under ten years old had been betrothed by their parents;[39]

38. C.B., 236, p. 5.
39. Ibid., p. 14.

511 most bankrupt countryside in Asia is the Chinese. The worst crisis of over-population China has yet had to face has been accompanied by a breakdown of traditional ideas and traditional authority so complete as to lead to a state of near anarchy."[2]

511 182 The characteristic way of life of the peasants has been slowly disintegrating under manifold pressures. In prosperous periods in the past a delicate balance of human and economic factors fostered a crowded, conformist, but on the whole harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

178 Despite all the fissures that have developed, it is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus much of the sweeping change that occured in city life under comparable pressures did not occur in the peasant villages.

527 262 The main economic and social unit of the village is the family and a special study is devoted to that subject. Here we should sketch the rhythm of village life and something of its annual cycle of activity.

[Footnote No. 1 cont'd.] "...acres are actually in crops.

2. Maurice Zinkin, Asia and the West, London, 1951, p. 111.

181 There have been profound changes in basic attitudes over the last century and particularly 668 during the last five years. Change has been brought about by two factors. The first is the dis- 178 integration of the old social and political order resulting from its failure to adapt itself to the problems and pressures of the modern world. Consequently, people became criticial of the older attitudes and, in increasing numbers, adopted newer "modern" attitudes and values which were considered better suited to a modern China. The second is the power of the Communist state, which, in the last five years, has been used to inculcate a new and uniform set of values and attitudes.

181 These two factors are closely interrelated. Thus, the Communists have been making a sympa- 668 thetic use of individual and group-dissatisfaction with the old order to inspire and promote the acceptance of the new attitudes and values; the latter's appeal has been particularly strong with youth -- especially adolescents -- and with women who have been taught to regard the old social order as tyrannical and oppressive. The following will illustrate this point:

> Co-operative agriculture has
> organization,
> and women are not left out.
> In the old society we were badly
> mistreated,
> but the new society teaches
> friendship and love.[29]

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29. Fu-nu San-tzu Ching [Three-character Classic for Women], Hsin-hua Publishing House, 1950, Op. 21. [cont'd next page]

593 In exchange for his submission to authorit
156 and discipline in every phase of his personal life, the individual was given the basic necessitie of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dominated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authority is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leadership of rebel armies are all bound together by ties of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137-47

178 system was undermined and began slowly to disintegrate. Chinese critics held that the old family
596 stifled individuality, prevented the development of individual initiative vital to modern China, and that it was a breeding ground for authoritarianism hindering the development of democratic citizenship. They also felt that a new kind of individual was needed, and that the family system prevented its birth.[52]

156 The Communists are developing a new imag of the individual and a new relationship between the individual and authority; doing this they are using certain of the old family ideas and, capitalizing on dissatisfaction with the old family system, they are releasing the individual from his bonds and pushing him into a new system of human relations.

The Communists have paid particular attention to the groups which suffered most under the old family: women, particularly younger women, such as daughters-in-law, and adolescents. Bitter denunciations of the tyranny of the old family syste by dramatizing its inequities, insistence on the individual's loyalty to the Party rather than to the family -- all these are being resorted to in order to create new individuals suited to the needs of a Communist society. In Communist literature this new type of individual, free of the family and its "feudal" relationships, is presented as having boundless opportunities for self-development. Stories of young "heroes" who have broken away --

52. Cf. Theodore Chen, "New China, New Texts," Current History, No. 19, 1950, p. 325.

Annex "A," Subparagraph 3b,
Economic Background

INDUSTRIAL DEVELOPMENT

I. THE SPECIAL POSITION OF EAST CHINA

178 East China, and specifically the Yangtze delta with Shanghai as its focal center, plays a unique role in Mainland China's industrial development. Compared with other regions, the Shanghai area is indisputably the most important single producer of industrial products south of Manchuria. This is virtually true with respect to all types of consumer and capital goods. Consequently, East China, especially Shanghai, has served and will continue to serve as a supply base under the Five-Year Plan for the development of industries in other areas. However, unlike Manchuria, which also performs this function, the Shanghai area is not given any special emphasis in further development under the plan. In fact, one can assert that further industrial development in the Shanghai area and, to a lesser extent, in the East China provinces as a whole, is being de-emphasized. Why this is so may be explained by the following factors.

178 The fact that prior to the establishment of the Communist regime industries had gravitated to the eastern seaboard was due to various political and economic factors among which were (1) concentration of foreign capital in the treaty ports, (2) "external economies" resulting from such concentration, (3) low cost of sea and river transport, (4) political stability in the immediate area under the effective control of the Nationalist Government and in treaty ports subject to extraterritorial jurisdiction and (5) proximity to large markets of concentrated effective demand.

While some of the above factors ceased to be operative with the end of extraterritoriality in World War II and the Communist seizure of power, notably the influence of foreign capital and management, the inordinately large demand for consumer goods heitherto present in centers like Shanghai and Nanking, and the advantage of cheap imports, these changes have been further reinforced by other considerations dominant in Communist Chinese economic planning.

In the first place, it is only too obvious to the Communists that industrial concentration in a few coastal areas adds immensely to military vulnerability. The Japanese invasion in 1937 and the consequent scramble

178 of Chinese industry to western China was a foretaste of what might occur again with even greater devastating effect in view of the destructive power of modern weapons and the disappearance of foreign concessions and settlements which, even during the war with Japan, served for a time as a haven of private business. The apparent validity of this military consideration was given more support when industries in Shanghai were seriously harassed by the Nationalist naval blockade and air raids in 1950. Moreover, once industrial dispersion has become the watchword, and self-sufficiency has taken precedence over cheap imports, there is all the more reason to establish new industries at places close to sources of raw material supply. It is in this respect in particular that the relative scarcity of mineral resources in East China must be considered.

II. MINERAL DEPOSITS AND FUTURE DEVELOPMENT

135 It is noteworthy that in spite of its relatively highly developed industry, East China is extremely poor in iron ore reserve. On the basis of 1948 data, the region's iron ore reserve amounted to no more than 227.9 million tons or about 12 per cent of the total reserve of China proper (excluding Manchuria)

135 coal fields (Anhwei Province), but a proportionately even greater upward revision of the country's over-all coal reserve, now put at 1,000 billion tons, the relative share of East China has declined even further.

The lack of both coal and iron is further aggravated by scarcity of other mineral deposits in East China. In fact, with the exception of bauxite, which is found in large quantities in both Shantung and Chekiang, magnesite, which is found in Shantung, and manganese, available in Fukien in relatively large quantities, the East China Region is notably deficient in mineral wealth. As for other industrial raw materials, salt is readily available. On the other hand, even in the case of such a common crop as cotton, the Shanghai mills are completely dependent upon imports from other regions or, as was often the case in the pre-Communist period, from abroad.

135 178 On the basis of the paucity of mineral and other resources, as well as other considerations enumerated above, it is not surprising that among the construction projects reportedly contemplated or under way under the first Five-Year Plan, for the whole region, large coal mining projects appear to be restricted to the Huai-nan field in Anhwei and Po-shan in Shantung while development in the production of pig iron seems to be confined to the

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135 178 Ma-an-shan plant in Anhwei.[4] As for other industries, the Five-Year Plan seems to give scant attention to East China with the exception of Shanghai's machinery industry, which again is largely a case of making full use of existing facilities and the local skilled labor.

III. PRESENT STATUS OF SHANGHAI'S INDUSTRIES

178 Lest we should underestimate the present industrial importance of Shanghai in the light of what has been said above, attention should be called both to the degree of industrial recovery in Shanghai which has been reported by the Communists and the status of some of the city's industries.

464 According to the Shanghai Economic Weekly of February 5, 1953, using 1950 as the base year (100), for 1952 the index of the number of workers employed in Shanghai's light manufacturing industry stood at 138, that of electric power consumption by the same industrial group was reported at 153, and the 433 volume of sales was 199. Another indication of the degree of industrial recovery in

4. Cheng Chu-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, 1955, p. 45.

288 state-private industries.[36] Data on the
433 textile-machinery production of East China
475 are not available, but the total production of the seven plants during 1951-53 was reported to be 600,000 spindles and 18,500 automatic looms, with which 9 state-owned cotton textile mills have been equipped.[37]

V. CONCLUSION

178 Although East China remains a vitally important part of Communist China's industrial life and will be expected to supply both capital and consumer goods to a large segment of the country's population during the Five-Year Plan, it is no longer scheduled for intensive development in the future. There may be exceptions to this general statement, particularly in certain parts of Shantung, and possibly also in Fukien, once railway construction has established an effective overland route between Amoy and the Chekiang-Kiangsi Railway. However, on the whole, it may be said that East China's heyday in Chinese industry is over. The statement is especially true in the case of Shanghai.

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36. New China News Agency, Peking, Nov. 1, 1954.

37. Hsin-hua Yüeh-pao [New China Monthly], Peking, Feb. 1954, No. 2, pp. 169-70.

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178 Such a development represents not only the continuation of a historical trend but also the blueprint of current economic planning. It may be said that the management and direction of industrial activity in East China has followed the guiding principles laid down in the national economic plan, and the problem of relative emphasis in regional development is but one aspect of planning. No attempt will be made here, however, to describe the process of general economic planning since regional variations are not of importance.[38]

Because East China, especially Shanghai, was the most highly developed industrial area in China, there was a large concentration of private firms in this area. The process of socialization has accordingly faced a more serious test in East China than elsewhere. For some of the highlights in this regard, see the chapter on the socialist transformation of private industry and commerce.

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38. See Yuan-li Wu, op. cit., pp. 192-237.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

128 659 471 These faults are apart from the inherent difficulties of the problem. Until 1945 no one municipal authority had jurisdiction over the entire city, and it was impossible for any one survey to collect complete data, especially on matters such as wages, costs, and capital investment. A much greater difficulty was presented by the fact that something like 80 per cent of the manufacturing establishments in Shanghai employed fewer than 30 workers (and were therefore not liable to regulation or inspection under the National Factory Act of 1929) and operated in private houses. What statistics are used here must be read with the foregoing in mind, realizing that they are in nearly all cases approximations of limited reliability.[1]

471 While perhaps four-fifths of the total number of "factories" in Shanghai employed fewer than 30 workers, probably about two-thirds of the total industrial workers in the city were employed in factories with a labor force of over 30, and perhaps three-quarters of the total industrial production, by value, of the entire city was accounted for by these larger factories.[2] Most of the figures which will be cited here are based on investigations of these larger factories, and while they are to that extent incomplete, they do at least deal with the most important segment of Shanghai manufacturing in terms of labor force and of value of production.

The Pattern of Manufacturing

471 178 Estimates of the degree to which China's industry was concentrated in Shanghai before 1937 differ, but it is clear that Shanghai accounted for about half of the country's large-scale Western-type industrial production. Liu's figures[3] show in 1932–33 136 modern cotton mills in China, of which 64 were in Shanghai, 60 modern tobacco factories, of which 46 were in Shanghai, 83 modern flour mills, of which 41 were in Shanghai, and 2435 modern factories of all kinds in China, of which 1200 were in Shanghai. He estimated that 43 per cent of China's industrial workers in modern manufacturing were employed in Shanghai, and that the city accounted for 51 per cent of the value of China's industrial production.*

* Liu does not define "modern." According to his analysis of "modern" factories elsewhere in his work, the term means factories employing 30 or more persons and using power-driven machinery. However, on this basis his figure of 2435 "modern" factories for the whole of China in 1932–33 would seem too low.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Textile manufacturing was by far the leading industry in Shanghai in the period 1920–36, and included the spinning, weaving, and dyeing of cotton, wool, jute, flax, hemp, and ramie, and the spinning and weaving of silk. The pattern of manufacturing was in most respects typical of the early stages of industrial development, with textiles far in the lead and light consumer goods in general predominant. Shanghai, however, as the primary focus of the Westernization process in China in which a pre-industrial economy was suddenly confronted with the impact of a highly developed industrial economy, was also engaged to some extent in the production of capital goods to supply its own consumers'-goods production and that of most of the rest of China.

For the city as a whole in 1932–33, Liu estimated[4] that the textile industry accounted for 50 to 60 per cent of Shanghai's industrial workers and 40 to 50 per cent of the value of industrial output. Cotton spinning led the textile industries, followed by silk reeling, cotton weaving, wool spinning, and wool weaving in that order. Food industries were second, with 10 to 15 per cent of the industrial workers and 30 to 35 per cent of the value of industrial output. Flour milling was first in this category, closely followed by tobacco (cigarette manufacturing). Most of the rice entering Shanghai was milled in the hinterland collection centers and all of the relatively few rice mills in the city employed fewer than 30 workers.

Clothing industries ranked third, with 3 to 5 per cent of the value of the industrial output, leather and rubber goods fourth, with 2 to 3 per cent, paper and printing fifth, chemical industries sixth (including matches, soap, cosmetics, drugs, and production of industrial chemicals), and manufacture of machinery seventh.*

The Shanghai Municipal Council in its Report for 1935 published figures showing the distribution of factories and workers within the various industries located in the International Settlement, based on surveys conducted in 1934 and corrected to November 1935. In

* These figures for 1932–33 are representative for the period 1920–1936 despite the world depression, which affected Shanghai manufacturing relatively little and whose effect in Shanghai was delayed until late 1933 in most industries, with the exception of silk reeling and weaving, which were heavily dependent on the American market. See Liu Ta-chün, *The Growth and Industrialization of Shanghai* (1936).

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

466 and Industrial Division to secure improved industrial conditions.
471 Two contrary tendencies were observed. Owners of destroyed enter-
178 prises, previously operating either in the eastern district of the
633 Settlement or in provincial cities, in many cases showed a dis-
648 position to take advantage of new construction to erect better and more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

[9] See Chapter III.
[10] See Chapter IX.

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CHAPTER III

TOWARD HEALTH AND SAFETY IN INDUSTRY

464 466 CONDITIONS RULING IN industry in Shanghai during the twenty years since the first movement to eliminate child labour was initiated with the appointment of the Child Labour Commission have often been described.[1] From the point of view of an administrative programme, however, many things remain to be said. It is obvious that industry which was allowed to develop with little public supervision and in the virtual absence of a legal instrument with which control over it might be exercised, and in a country of low living standards where mechanical concepts have, till recently, developed but slowly, would not spontaneously have given the attention to safety, hygiene and working conditions which was achieved in western countries first through the intervention of authority and only latterly through a realisation by employers that "good conditions pay."

• 178 It is difficult to give an accurate picture of the extent of Shanghai's industrialisation. Prior to the complete occupation of the Settlement by Japanese forces in December 1941, figures showing investment, production, the value of turnover, and the like were not obtainable in the absence of compulsory powers in the Council's hands to require their submission. A first effort toward an industrial census for the International Settlement was planned in 1940, to be taken simultaneously with the population census of the Settlement scheduled for that year but postponed because of the then abnormal state of affairs. Consular authorities, trade commissioners, chambers of commerce and leading industrialists were

[1] The latest treatment of the subject, by Robert W. Barnett in *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941, deals with the general industrial picture, the extent of industrial employment, the effects on it of the hostilities which broke out in 1937 and the recovery which took place between 1938 and 1940. He describes in some detail the conditions ruling in small-scale enterprises, taking a sample area of dwellings converted to factory use and showing the kinds of industry present and the conditions under which work is carried on in them. He draws for much of this information on the annual reports of the Shanghai Municipal Council. Little would be gained by a recapitulation of the material there adequately presented.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

approached for their views on an industrial census, the last-named as to their willingness to supply needed information. With world-wide hostilities raging, the usual reluctance to supply confidential information was enhanced in most national groups. It was necessary therefore to abandon the plan, and in consequence no accurate measuring rod exists with which to assess Shanghai's industry.

During the first half of 1942, the Asia Development Board, the organ of the Japanese Military which dealt with economic questions, undertook a complete study of all industry, of whatever national ownership, with a view to its use in Japan's war effort. The results have naturally not been made available.

The great majority of factories and workshops in the Settlement were, prior to December 1941, of Chinese ownership. The larger plants and those employing the most workers were generally in foreign (Japanese and western) hands; and, of these, western interests owned the comparatively few plants which approximated "heavy industry." In general, foreign-owned plants were modern and well-operated. Except in the textile industry their hours of work were shorter than in Chinese plants. Earnings were somewhat higher also. It is believed that in Shanghai there were some 1,800,000 spindles in 38 Japanese-owned or Japanese-controlled cotton textile enterprises, 240,000 in five British, and 650,000 in 21 Chinese-owned cotton mills.[2] Individual cotton mills employed as a rule from 1,000 to 4,000 workers, some more. There were few other Chinese-owned plants with as many as 1,000 employees, and though a larger number of medium-size Chinese-owned industries existed, many of them were but extensions of domestic industry.

In the absence of sufficient small buildings erected for industrial purposes, hundreds of small Chinese factories and workshops were housed in buildings originally designed as dwellings and converted to industrial use. In the majority of cases, those who worked in these buildings lived in them without sleeping accommodations separate from their working quarters. A workshop by day was a dormitory by night; untying a bedding roll and spreading it out made sleeping quarters of the same few square feet in which the daytime tasks were performed. The housing congestion which is de-

[2] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,322,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

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ing plants or of fumes from chrome-plating vats cost money to run; motors to drive the fans had to use electric current. It was cheaper to shut them off when the inspector was not about. Unfortunately, workers had, for the most part, little comprehension of the less obvious aspects of industrial hygiene; only when experiencing actual discomfort were they likely to insist on the operation of the apparatus. 633 466

Industrial accidents were both frequent and serious. This was to be expected in plants where congestion and generally haphazard operation and management in themselves contributed to the dangers always associated with the operation of power-driven machinery. Machine guards were almost universally absent even in factories owned by foreign nationals who in their own countries would be required by law to install them. The number of fatal accidents between 1934 and 1941 averaged approximately 100 annually, while serious accidents reaching the attention of the Division numbered about 1,500. In the absence of a routine compulsory notification of industrial accidents, it may be assumed that the actual numbers were far in excess of these figures. Information concerning accidents came largely from the hospitals where the injured sought aid and from police and municipal ambulance services, and the figures cited under these circumstances refer for the most part only to the more severe cases.

Using information from these services, the Division from the inception of its work inspected the scenes of as many accidents as possible in order to instruct the occupiers of the premises in preventive steps. Even without statutory power of enforcement, much was accomplished in achieving safer conditions of work by thus seizing the psychological moment when even an otherwise indifferent employer was shaken by an accident, perhaps a fatality. Nevertheless, after several years of endeavour, whole factories were still without proper safety installations. Even if there should have been authority to compel the adoption of necessary safety measures, nothing short of individual inspection and instruction would have induced installation in the majority of cases. The concept of law as something to be obeyed because it is law was not prevalent.

If the outbreak of hostilities in 1937 destroyed much of the advance which had been made, the reconstruction period from 466 633 178

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1938 to 1941 presented unique opportunities which Council officials seized eagerly.[8] Better standards and more suitable installations followed the erection of hundreds of new plants. The required submission of plans to the Building Surveyor of the Public Works Department under the Council's Building Rules gave many opportunities for contact with factory owners in the early stages of the development of their projects, and permitted the exercise of considerable influence upon what emerged. The destruction of his plant had in some instances deprived a factory owner of his resources and had driven him into beginning again on a small scale with all the disadvantages of the small enterprises previously described, but it also produced a counter-tendency. Those who were able to obtain capital for rebuilding frequently constructed anew on a modern plan, thus realising at one stroke the improvement which would have taken a considerable time in their former, destroyed plants.

The reconstruction took place at a time when newer industrial thinking among some Chinese factory owners prevailed. The generation of Chinese pioneers who had entered the field of modern industry in the first two decades of this century had done so with little fundamental understanding of mechanical operations. The waste which has occurred in Shanghai factories in the last forty years from a lack of understanding of elementary principles of industrial operations must run into large figures. If machinery ran and if goods were produced—that was enough. The fact that machinery was misused, abused, wastefully operated, or rendered useless in a short time mattered comparatively little to men who had poor understanding of machinery or of its care and upkeep, and whose economic thinking for the most part was geared to immediate "profits" rather than the long-term remunerativeness of investment.

In many cases these older entrepreneurs had given their sons educational opportunities which they themselves had lacked, such as engineering training in universities in China and abroad. In the 1920's and 1930's the numbers of qualified Chinese engineers returning from abroad had grown considerably, and they were filtering into industry. Following the 1937 destruction there were enough well-trained engineers to undertake the planning of the

[8] See Chapter I.

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new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

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A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

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Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

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even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered.

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

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I. CUSTOMS AND CHARACTERISTIC WAYS OF LIFE

184 The Chinese imperial system was strikingly successful in fostering common basic attitudes among the peoples which it absorbed within its ever-widening sphere, but local and regional sub-cultures, brought into the imperial order at different times throughout more than two millenia did not lose all of their characteristic traits. In the East China Region, for example the oldest "Chinese" area was Shantung, portions of which were settled in the second millenium B. C. When centuries later the coastal areas of Fukien were absorbed by imperial China, the terrain and climate . the dependence on the seas and rivers for livelihood, meant that a way of life, a culture markedly different from any in North China, persisted and developed. A rough analogy may be drawn with Western Europe. Many basic attitudes and values are common to "Christian Europe" from Sicily to the Arctic. yet history and geography have made this area diverse in customs and ways of life. The diversity is less in the 1,000-mile long arc of the East China Region, partly because its cultures were never set off from one another by the nation-state boundaries that divide modern Europe.

841 181 There are other factors which give to most of the area we are now considering important uniformities in culture. The expansion of "Chinese culture" from Honan and Shantung into

24 the whole of south China was essentially the
181 steady outward push of an efficient agricultural technique which displaced the more primitive aboriginal food-gatherers and primitive slash-burn agriculturists, abosrbed most of these people into its operation and drove the remnants higher and higher into the hills. The characteristically Chinese agriculture is intensive; that is it uses large quantities of human labor in irrigating, fertilizing, and cultivating land for maximum yields. Its unit of socio-economic organization is the village, composed of those families which cultivate the land within easy walking distance of its center. It was in the villages of rural China spread over a vast area to exploit the land through a common technology, that the characteristic way of life developed. It is his family's village which is "home" to Chinese of all classes, no matter how far he may wander or how Westernized his life may have become. There are the ties with his own family's past, symbolized by the ancestral temple and the family or clan burial ground. There are the other families with which his own has built an enduring network of reciprocal favors and obligations. It is in the farming villages that Communist party workers now seek to bring about fundamental changes in the way of life and to break up the old complex of family and local loyalties.

621 What are the common patterns of village
181 life from the plains of Shantung to the narrow, crowded flood-plains of coastal Chekiang and Fukien? We shall sketch these before discussing

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variations represented by urban life.

A. The Pattern of Village Life

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First of all, life in the farming village is meager. In Shantung in 1932 there was .45 acres of cultivated land per person; the richer semi-tropical province of Chekiang had only .3 acres for each person.[1] Farm families save everything; fecal matter and refuse go into a pit near which a pig is kept, and at the time of spring fertilizing the material from the pit is mixed with topsoil or water and spread on the fields. Grass and grainstalks are carefully husbanded to be used as fodder for the farm animal, by no means one animal to a family and as fuel for cooking and rarely, for heating the house. Cloth is scarce and clothing is worn until it falls apart; after that the rags are used to make the soles of cloth shoes. The shortage of wood for all purposes has long been acute, and farm buildings are made of pounded earth, mud bricks, and, in the rice region, of bamboo lathe and mud plaster. Floors are of earth and only the dwellings of the wealthier farmers have glass windows. The dominant fact of life in the Chinese countryside is poverty. This has grown steadily worse during the last hundred years as factory-made goods destroyed village handicrafts, usury and tenancy increased, wars and ineffectual governments brought disruption and oppression, and overpopulation became steadily worse. "The

1. Geo. B. Cressey, Asia's Land and Peoples, New York, 1944, p. 87. Cressey cites C. C. Chang "An Estimate of China's Land and Crops "Nanking. 1932; Cressey p. 88:"...an average farm family of 6.2 persons must obtain its entire livelihood from a farm of 4.18 acres of which but 3.76 [cont'd]

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II. BASIC ATTITUDES

181 One of the principal reasons for the stability and long life of the old order in China was its special homogeneity. The imperial government fostered uniformity of attitudes and values, and Chinese statesmen belived this to be a more binding, durable, and cheaper cement for the imperial order than government coercion. Old China was primarily a way of life, a system of values and attitudes, and on this premise the state was organized. A foreigner who wished to become "naturalized" had only to show that he accepted Chinese attitudes and values; this he did by adopting Chinese dress and speech and patterns of behavior.

181 668 This characteristic of the old order is one of the reasons why we find no important regional variations in basic attitudes. The other reason is that the Communist government is as determined in enforcing a uniformity of values and attitudes. and far more resourceful than was the imperial government of the past.

There are, however, certain local variations in temperament and ethos which effect, to a minor degree, the basic attitudes and values. A few of these will be noted. For the variant attitudes and values of ethnic and religious minorities, see the chapters on Ethnic Groups and Religion.

181 There have been profound changes in basic attitudes over the last century and particularly 668 during the last five years. Change has been brought about by two factors. The first is the dis- 178 integration of the old social and political order resulting from its failure to adapt itself to the problems and pressures of the modern world. Consequently, people became criticial of the older attitudes and, in increasing numbers, adopted newer "modern" attitudes and values which were considered better suited to a modern China. The second is the power of the Communist state, which, in the last five years, has been used to inculcate a new and uniform set of values and attitudes.

181 These two factors are closely interrelated. Thus, the Communists have been making a sympa- 668 thetic use of individual and group-dissatisfaction with the old order to inspire and promote the acceptance of the new attitudes and values; the latter's appeal has been particularly strong with youth -- especially adolescents -- and with women who have been taught to regard the old social order as tyrannical and oppressive. The following will illustrate this point:

> Co-operative agriculture has
> organization,
> and women are not left out.
> In the old society we were badly
> mistreated,
> but the new society teaches
> friendship and love.[29]

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29. Fu-nu San-tzu Ching [Three-character Classic for Women], Hsin-hua Publishing House, 1950, Op. 21. [cont'd next page]

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In addition to capitalizing on discontent, the Communists have been making a peculiar use of traditional attitudes and values. Certain values from the old order still have a strong emotional appeal for the Chinese people. And the Communists seek to make the new order more acceptable by associating some of its elements with selected elements from the traditional culture. For example they insist that as a guiding principle of personal behavior the idea of "struggle" (tou-cheng) must replace that of "harmony"(ho).[30] People are taught to struggle for self-erfection and to engage in class struggle, in the struggle for a new China and in the struggle against deviation even when this involves attacking their friends. This is utterly contrary to the old ideal of harmony in personal relations, an ideal that means in practice a comfortable adjustment to one's natural and human environments. Yet in urging all to struggle, the Communists insist that the ultimate goal of all struggle is the Ta-t'ung-ching-yü -- the traditional utopian ideal of a harmonious, frictionless social order.[31]

[29. from previous page] Three-character rhymed verses were widely used in traditional China for the indoctrination of the young.

30. Cf. Arthur F. Wright, "Struggle vs. Harmony: Symbols of Competing Values in Modern China," World Politics, Vol. VI (Oct. 1953), pp. 31-44.

31. Mao Tse-tung, On People's Democratic Dictatorship, 3rd ed., Peking Foreign Languages Press, 1950, pp. 16-17. For Mao, of course, the term means ultimate world-wide Communist utopia.

181 In discussing certain attitudes and values
448 we should bear in mind that the power of the old and the appeal of the new vary not according to regions but according to social groups. It was among the population of modern cities like Shanghai that the old values were first challenged by the pressures of modern problems, but among the peasantry and rural gentry, despite many discontents and tensions, the old ways still prevailed.[32] Intellectuals and members of the new industrial and commercial groups were the first to discard traditional attitudes and dopt Western values; among other groups this process was slower. These variations affect Communist tactors to the extent that different kinds of persuasion are used with different groups. But the final goal is adoption of the attitudes and values decreed by the Communist leadership.

A. Good and Bad

183 In traditional China the prevailing belief was
577 that man was inherently good and that social harmful behavior occurred only when men lacked guidance or were placed in adverse circumstances. For example, if the ruler of the state or his officials or the father of the family failed to provide for the basic physical needs of individuals, their dependents were likely to rebel. Or if those in authority failed to provide instruction, particularly if they failed to set an example in conduct, then those subordinate to them would have no guideposts to the good and would fall into evil ways.

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35. For example, as later as 1941-43, one anthropologist found in rural Yunan that the traditional value of hsiao (filial submission) was
[cont'd next page]

517 import. Certainly the majority of those who devoted their full time to study considered themselves potential bureaucrats. To those who did not cherish the dream of becoming bureaucrats and who had other economic means, education was only an additional sign of their prestige.

The road to status and wealth through education and government service was often bypassed in time of chaos; military skills enabled individuals to obtain high positions in the bureaucracy. But military men seldom won social esteem until they had acquired cultivation, and such esteem generally accrued to their children, who were given the opportunity by reason of their parents' wealth to acquire learning under the tutelage of well-known scholars.

C. Social Organizations

571 182 Social organizations which had no basis in kinship were not recognized as approved parts of the social hierarchy or as approved means for gaining social prominence. However, they helped to supplement relationships otherwise neglected by the social order. Most of the traditional non-kin social organizations had an economic motivation. The success of such organizations, however, served as a disintegrating influence on the existing social system.

596 subject to the will of her husband and to that of her son when he became head of the house. While a man's parents lived, his wife was expected to be more subservient than he toward his parents. In her mother-in-law, the son's wife more often than not encountered a tyrant. The mother-in-law, rather than her son, governed and judged the actions of the son's wife.

B. Social Role

596 182 The principal social function of the family in China was the bearing, rearing, and training of children. Sons were more highly valued than daughters, because only the former remained with the family after marriage, contributing to its labor and income, and only sons could perpetuate the family and perform the yearly rites in honor of the father and the family ancestors after the father's death. Implicit in the ceremony was the idea that the ancestors had a life after death, watched over the family's fortune, and were comforted by the periodic ministrations of the family. For the living, the rites provided an occasion for awe and respect during which the continuity of the family over time was re-emphasized and the solidarity and duties of the family unit in the present reasserted.

The veneration of ancestors was so important to Chinese society that the absence of sons to carry on the yearly observances was regarded as a major failing on the responsible male's part and a tremendous catastrophe for the family. Concubinage and adoption were

511 most bankrupt countryside in Asia is the Chinese. The worst crisis of over-population China has yet had to face has been accompanied by a breakdown of traditional ideas and traditional authority so complete as to lead to a state of near anarchy."[2]

511 182 The characteristic way of life of the peasants has been slowly disintegrating under manifold pressures. In prosperous periods in the past a delicate balance of human and economic factors fostered a crowded, conformist, but on the whole harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

178 Despite all the fissures that have developed, it is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus much of the sweeping change that occured in city life under comparable pressures did not occur in the peasant villages.

527 262 The main economic and social unit of the village is the family and a special study is devoted to that subject. Here we should sketch the rhythm of village life and something of its annual cycle of activity.

[Footnote No. 1 cont'd.] "...acres are actually in crops.

2. Maurice Zinkin, Asia and the West, London, 1951, p. 111.

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Bad conduct was not, as in the West, violation of the laws of God but deviation from the age-old norms of acceptable social behavior. Specifically, behavior was categorized as "bad" if it went against such prescribed norms as the following: (1) hsiao, filial submission to fathers and elders; (2) chung, loyal and submissive devotion to superiors; (3) hsin, good faith among friends and associates; (4) jen, benevolence or fellow-feeling which should inform all social relationships; (5) i, righteousness in one's dealings with others; (6) Li (good form), accepted procedures in human relations; (7) lien, integrity; and (8) ch'ih, sense of shame.

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The laws of imperial China provided heavy punishments for violations of these norms; the most heinous crimes were those against hsiao, filial submission. Yet the ideal in the application of law was not blindfold justice but punishment administered with due regard for "human feeling" [jen-ch'ing] and for the specific circumstances surrounding the crime. This attitude is illustrated in the old proverb: "There is one thing worse than a dishonest official and that is an honest official,"

32.[continued] still, as it had been for centuries, "the foundation stone...of social organization,...the measuring stick of all behavior and of the worth of the individual.

183 which expressed disapproval of a rigorous enforcement of rules and regulations, of an enforcement
689 that fails to take into account "human feelings."[33]
The crteria for judging behavior as good or bad
577 were therefore neither religious nor legalistic, but were the prevailing normas in the community, the customary practices sanctioned by tradition and ratified by a high degree of community consensus.

577 In traditional Chinese goodness could be cultivated through practice, study, and contempla-
829 tion. Confucianism held that the path to goodness was open to all, that those who attained a high order of goodness should be a moral elite, a group of exemplars for others. This moral elite was also, in Confucian theory, the group which should hold and exercise poltical power and enjoy the rewards of status and wealth. This nation sanctioned the long political dominance of the scholar-official.

577 The Chinese Communists have laid out new standards of good and bad. In the words of their leading theoretician, their aim is "...to reform mankind into the completely selfless citizenry of a Communist society."[34] In setting the new standards the Communists have consciously and unconsciously selected concepts from traditional moral

33. Ruth Bunzel and John Weakland, "An Anthropological Approach to Chinese Communism Columbia Univ. Research in Contemporary Cultures, New York, 1952, pp. 80-81. Hereafter cited as Bunzel-Weakland.

34. Liu Shao-ch'i, "The Training of the Communist Party Member," first presented as a speech in 1939; cf. trans. in Boyd Compton, Mao s China, Seattle, 1952, p. 146.

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I. CUSTOMS AND CHARACTERISTIC WAYS OF LIFE

184 The Chinese imperial system was strikingly successful in fostering common basic attitudes among the peoples which it absorbed within its ever-widening sphere, but local and regional sub-cultures, brought into the imperial order at different times throughout more than two millenia did not lose all of their characteristic traits. In the East China Region, for example the oldest "Chinese" area was Shantung, portions of which were settled in the second millenium B. C. When centuries later the coastal areas of Fukien were absorbed by imperial China, the terrain and climate, the dependence on the seas and rivers for livelihood, meant that a way of life, a culture markedly different from any in North China, persisted and developed. A rough analogy may be drawn with Western Europe. Many basic attitudes and values are common to "Christian Europe" from Sicily to the Arctic, yet history and geography have made this area diverse in customs and ways of life. The diversity is less in the 1,000-mile long arc of the East China Region, partly because its cultures were never set off from one another by the nation-state boundaries that divide modern Europe.

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532 538 The Chinese, especially the Chinese Communists, often speak of literature and the arts as one. In the Communists' policy statements, what pertains to literature also pertains to the other arts. Therefore, as far as the theory and policy of the arts are concerned, no separate treatment is necessary.

532 538 184 In less sophisticated folk literature and folk art, however, East China exhibits some unique regional characteristics. But even in this respect, the East-China Region is by no means an integrated whole: Shantung is more closely related to the North China tradition, and is oriented toward Hopei rather than toward the provinces in the south; Fukien has South China characteristics not shared by other provinces in the region. Furthermore, in the mountains of southern Chekiang and western Fukien there are minority groups who have forms of intellectual and artistic expressions unlike those of the Han Chinese.

I. GENERAL CHARACTERISTICS OF LITERARY ACTIVITIES IN COMMUNIST CHINA

814 The reform of literature and art (wen-i cheng-feng) at Yenan in 1942[1] made the practice

1. Mao Tse-tung's speeches at the Party School in Yenan in February and at the Yenan Literary and Art Circles' meeting in May 1942 established the "line" of literature and art endorsed by the Central Committee of the Chinese Communist Party which has since been upheld as the creed of writers and artists in Communist

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Annex "A," Subparagraph 1r,
Sociological Background

ATTITUDES AND REACTIONS

000 The attitudes of an individual, although conditioned by the environment in which he lives and influenced by the persons with whom he comes in contact, are subject to changes that are well-nigh unpredictable; he may simultaneously adopt diametrically opposed attitudes without being aware of inconsistency. This fact, coupled with China's multitudinous regions and groups of people of varying characteristics, makes the task of gauging the attitudes of the Chinese people an exceedingly risky one at best. The Chinese, in general, are traditionally less articulate and less outspoken than Westerners. However, since attitudes manifest themselves in reactions, and some of the reactions of the Chinese people are observable even in the official Communist announcements, a few very general and broad conclusions may be drawn. In this discussion, attention is focused on the attitudes of the various groups of Chinese toward their country, the Communist government, and the ambitions and aspirations of the individual.

184 In sociological studies, occupational stratification is one recognized criterion for analyzing any society. In adopting this approach for our discussion, we do not propose to overlook the significance of grouping the people

184 according to other equally valid criteria such as sex, age, and income. Older people, for example, are generally more conservative, less willing to adapt to change, and less likely to show enthusiasm for the Communist program. The rich, who have more to lose, are generally more dissatisfied with the Communist regime than their poorer countrymen. These patterns of attitudes tend to cut across the occupational stratification. In view of the technical limitations imposed on this discussion, occupational stratification will be used, with allowance for the exceptions within each category.

I. FARMERS

565 184 The rich absentee-landowners of China, whose social status ranks with those of government bureaucrats and whose interests are identified with those of rich merchants, are all but nonexistent in Mainland China today. The Chinese farmer class consists chiefly of poor peasants and "middle farmers" holding small lots of land. These people have had little opportunity to identify themselves with the state or its destiny. However, because East China has received more official attention in economic development than have Central-South and Southwest China in the past decades, the farmers in this region are likely to be more aware of the existence of a community greater than their immediate environs. With the exception of those in southern Fukien, most of the farmers in East

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China find that only a minor language barrier separates them from the northern or western Chinese. The average East China farmer will not feel himself a stranger in Peking, for example as would a farmer from Canton or Yunnan. In those areas of East China which were overrun by the Japanese during World War II, there has been sufficient reason for the growth of a spirit of nationalism among the farming class. This is true in Shantung as in Southern Fukien, one of the routes followed by the Japanese in invading Central-South China.

The Communists have made persistent efforts to "educate and propagandize" the farmers. There is evidence that many farmers in East China have learned a few political terms; however, this does not mean that the farmers have developed a strong national feeling. On the contrary, some of the farmers may regard the Communist effort to "educate" them as unwelcome interference. Generally speaking, the young tend to show a more favorable response to Communist propaganda than their elders.

The idea that he is to be given land probably has generated apprehension even in the poorest peasant, who always wants to own land. To be sure, the gain through the process of land reform must have given the poor peasant some satisfaction, but subsequent grain taxes remain heavy and Communist efforts to collectivize the marketing of farm produce have met a great deal

184 565 of resistance. There is reason to believe that the poor farmer in East China today is less happy than he was in the days immediately after the completion of land reform. The possibility still exists that changes in government policy may regain for the regime some of the farmer's enthusiasm. However, the fact that authorities in Shanghai have had to initiate a drive to send many peasants back to their villages indicates that life in rural communities in East China does not offer incentive. As a result farmers continue to flood metropolitan centers in search of work and a better living.

657 565 Available reports show that neither the government nor the farmers are satisfied with the amount of relief and welfare work done thus far, nor with the manner in which this work is done. The Communists claim that the productive harvests in 1951-53 in East China were attributable to the completion of flood control projects on the Hwai River in Anhwei and on the I and Shu rivers in Shantung. Some of the farmers may believe this claim, but the majority will measure the "benevolence" of the new regime against the few benefits so far received.

186 565 The Chinese farmer's picture of a foreign culture is derived from contact with foreign missionaries. At one time foreign churches were established in all parts of East China with the exception of a few remote districts in southwestern Fukien. Government efforts to foster

186 xenophobia, supported by the effort of the ultra-
565 nationalistic segment of the Chinese elite, dated from the late nineteenth century. Some farmers in this region, particularly those in Shantung Province, are likely to remember, for instance, the stories about the Boxer Rebellion, which terrorized many foreigners. With relish, the Communists are re-telling such stories as specimens of "anti-imperialistic" expressions of the Chinese people. A very small number of farmers who have been less influenced by anti-foreign propaganda and who have received benefits from foreign missionaries may be disturbed by the deliberate mistreatment of missionaries on the mainland. Other farmers who regard the missionaries as an undesirable group may chuckle at the thought of the "foreign devils' downfall." But the majority of farmers have had little or no contact with foreigners; they are not particularly concerned with the latter's fate in Communist China.

184 The Chinese farmer has always hoped to
565 safeguard his family by acquiring land to provide a better education for his children and to maintain the respect of fellow villagers. Now that the farmer can no longer obtain as much land as he hopes, his interest turns to finding ways in which his children, through education, can advance on the socio-economic ladder. The fact that many young people from peasant families have been absorbed in the government "cadre" system may induce the Chinese farmer to look

184 more kindly upon the present regime. Of course,
565 there are exceptions among the farming population. Farmers active in secret societies, which are traditionally resistant to government control, may have an altogether different set of attitudes toward the nation, foreigners, and the individual's role in society. Mass uprisings in which secret societies played an important part indicate that sometimes these groups have distinctly anti-foreign or anti-government characteristics. Members of some of these groups may uphold a standard of loyalty to the individual above traditional loyalty to the family or to the state; others may condone banditry and defy all forms of established social order.

II. URBAN WORKERS

The group feeling of organized workers in China was aroused as early as the 1920's in industrial centers like Shanghai and Tsingtao, where organized labor was involved in many political movements. Many industrial workers have long realized that they were "in the group" and somewhat later came to the conclusion that they had to work "for the group" in those movements launched against foreign influence and private capital. Having been involved in these movements, the worker undoubtedly formed a more definite idea of the nation and its symbols than that of the average farmer.

The Communist avowed attempt to raise the status of the worker must have given the worker

184 a feeling of importance as he learned of the
565 Communists' economic reconstruction plan. He derives a measure of pride of achievement when a steel plant is ere ted or when a bridge is built, although he may not really believe that the workers, as the Communists say, are the masters of the new China. Other promosed benefits, including job security and welfare provisions, also add to the popularity of the Communist regime among the workers, despite the fact that most of these "benefits" still remain largely promises.

466 On the liability side of the Communist
565 policy toward the worker are the lack of substantial wage increases, a harsher work schedule and loss of leisure time, and an illusory welfare program which the Communists themselves admit cannot be brought into the hands of the worker until he has worked still harder to produce still more. Thus the worker's attitude toward the government and its policy must depend on how much he believes in a glorious "tomorrow" and how well he can put up with the physical hardship of "today." The recent let-up in "labor emu ation" drives and the sudden flurry of official warnings against driving the worker too hard appear to indicate that the laboring class is showing signs of possible exhaustion. In addition, the worker's attitude may also be greatly influenced by the rise of a new managerial class which is being fostered by the Communists and which, for whatever reasons, receives better treatment than do those who work on the

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III. STUDENTS AND INTELLECTUALS

517 184 565 Of all the groups of people in China, the intellectuals are probably the most varied in their attitudes. They do not constitute a "class," hence their attitudes do not show any distinctive "group" characteristics. There are those whose strong convictions make them active leaders of social and political movements in defiance of authoritarian rule; there are others whose education and experience make them flexible under pressure. Hence no dependable conclusion on the attitudes of the Chinese intellectuals as a group has been arrived at.

Though the attitudes of Chinese intellectuals differ, the great majority of them are exceedingly patriotic. It is therefore conceivable that to some of them, at least, the Communist emphasis on loyalty to the state rather than the traditional loyalty to the family must have a great appeal. There is reason to believe that most of them who accepted Communism in 1949 did so because they saw in the Communist program some hope of restoring China to a position of dignity and power. After five years of Communist rule, some of the intellectuals are probably elated by the truculence with which Red China has been conducting its foreign affairs, and by the feeling that China, at long last, has been unified and become a nation of importance. But on the negative side there are the restrictions on intellectual freedom imposed by the Communists.

517 Furthermore, the Communist policy of gradually
184 substituting the freshly trained and well-in-
565 doctrinated intellectuals for those who have had a "liberal" or "conservative" background must have created a sense of insecurity among many.

Traditionally, Chinese intellectuals aspired to high positions in the government, where they could attain wealth, social esteem, and influence. For those intellectuals who still harbor such personal ambitions, it must be heartening to see people with no seniority in either the Party hierarchy or the government bureaucracy among the ranks of the nation's leaders in all fields. For others, who have modified their personal ambitions and who sincerely wish to make their training useful to the country, something they have been unable to do for many years in the past, Peking's policy of finding a place for intellectuals in the national reconstruction program is a welcome move.

Since the early days of the Chinese Communist movement, the Communists have always had the enthusiastic support of students. Many loyal Communist cadres are recruited from among the students who, so far, have not shown any lack of enthusiasm for the Communist cause. However, while accepting Communism as their ideal, the students may not be able to suppress entirely a simultaneous impulse toward individualism.

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IV. BUSINESSMEN AND INDUSTRIALISTS

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441 Few industrialists are left in Communist China today, but small-businessmen and manufacturers, who have made up the larger part of China's urban population, continue to exist, although in reduced number. Commerce has always occupied an inferior position in traditional Chinese social strata, while industry is something relatively new and its position in Chinese society has yet to be clearly defined. In general, merchants and manufacturers, who had operated under government restrictions even in pre-Communist days, are cool-headed realists. They are not easily swayed by high-sounding phrases. There have been few occasions when symbols of the state could evoke intimate sentiment among the merchants and small manufacturers except, perhaps, at a time when foreign goods flooded the Chinese market and caused dislocation in the Chinese economy.

Under the Peking regime, businessmen and industrialists as a group fare badly (possibly not much better than rich landowners), and the general mood in industrial and commercial circles is most probably unfavorable toward the government. The Communists have made it clear that small businessmen and manufacturers are only tolerated in the transitional stage of the "New Democracy," and that there will be no room for private enterprise in the socialist society which is the ultimate goal of the Communist

184 441 regime. Meanwhile, these people have to carry a large share of the tax burden and face the stiff competition of state enterprises. There is evidence that the businessmen and manufacturers, accustomed as they are to government interference, are finding the controls imposed by the Communist government much more strict, making it increasingly difficult to manipulate or elude restrictive measures. This general mood of discontent is particularly observable in cities like Shanghai and Ningpo where business and industry had been the backbone of urban prosperity.

If profit has been the most common motive among businessmen and manufacturers, under the present circumstances they have been forced to abandon or at least restrain their ambitions. Some of those who were allowed to do so have made a second choice--that of changing their careers. The most sturdily rooted have escaped the wave of purges by co-operating with the Communist regime. In this connection the Communists have appointed a number of erstwhile influential financiers and industrialists to serve in the government; it may be merely a conciliatory gesture of the Communists to win the support of small business, but it does provide this class of people with one temporary alternative to their lost hope.

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184 An additional factor to provoke dissatis-
441 faction among the merchants is the control on foreign trade. Merchants in East China seaports, who have had the advantage of monopolizing a large portion of the nation's foreign trade, have been deprived of this opportunity because virtually all foreign trade is now handled by the government. Their role has been reduced to that of conducting limited export transactions supervised by the government, and there is no hope that they may be allowed to import Western manufactured goods.

V. WOMEN

562 The customary position of women in China
184 is subordinate to that of men. This tradition was so deep-rooted that it took superhuman courage for the first women to claim their "right"; and the pain of "emancipation" continues under the Communists.

To the "emancipated" belongs responsibility; this is at least theoretically true, and the Chinese women who have exchanged one form of drudgery for another are generally expected to have a degree of political consciousness similar to that of men of equal education and comparable environment. In many cases women prove to be even more "patriotic" than men as a result of the unprecedented government effort to show the women that they, too, can achieve enviable social recognition by a show of "patriotism."

562 184 How much improvement in the status of the women has been brought about by the Communists? Women are encouraged to participate in political activities; more tangibly and closer to their daily life, they are given child care, adult education, and other welfare benefits if they join the working force. If the increase in the number of women workers in factories can be taken as an indication of the women's own free choice, then women in Communist China may indeed feel favorably disposed toward the Communist regime. But upon closer observation their entry into factory work may have been out of financial necessity rather than free choice.

The much-publicized marriage law in Communist China embodies nothing new, but its vigorous and often arbitrary enforcement is unprecedented. Even this Communist law, seemingly for the benefit of women, has engendered mixed feelings. Acceptance of this law will mean the destruction of some of the most stubborn traditions in China (See discussion of the marriage law in the chapter on The Family).

Some women hold high posts in government, and there are "labor heroines" in all industries. Housewives in larger cities manage to live in leisure if they belong to the high income group. Younger housewives in families of modest income may have to work outside the home, but there is no indication that they resent it. The age-group differential asserts itself in the reaction of

562 women to the new regime; older women who had
184 learned to live in peace with the extended family system are likely to dread the Communist effort to reduce the extended family to the conjugal family; younger women are more apt to feel favorably disposed toward the Peking regime.

A sharp difference in attitude is to be observed between the women in Kiangsu (particularly in such larger cities as Shanghai and Nanking) and those in the more remote districts in Fukien. City life had caused changes in attitudes among women in Shanghai even before the Communists announced their policy with regard to women and their status in society. Most of the women in western Fukien villages remain more strictly tradition-bound and are less prepared to accept the ideas introduced by the Peking government.

VI. NATIONAL MINORITIES

563 A larger degree of assimilation of minority
184 nationalities is observed in East China than in Southwest or Central-South China. Hence there are fewer distinguishing features of the attitudes of minority nationalities in this region. Generally speaking, the minority groups in China have never felt any great loyalty toward the larger political entity of China. The Communist policy is to cultivate a feeling of kinship between these groups and the Han-Chinese. To substantiate this policy, the government has been trying to develop for

563 the minority groups their own languages and to
184 provide these people with more educational opportunities. There is a persistent effort to publicize the achievement of individuals belonging to minority groups. While this may be nothing more than a propaganda device, its effect on scattered minority nationalities in such places as Chien-ning and Ch'ang-ting in western Fukien is not to be underestimated.

VII. OTHER GROUPS

184 In addition to the groups discussed, there
662 are other groups which, although minor in numerical strength, are of importance because their attitudes do have significant bearing on the tensions in Chinese society.

It is evident that all Communist Party members and all government bureaucrats do not necessarily have the same attitudes, in spite of the fact that they are regimented by a well-controlled machine. High-ranking Communist officials exhibited intense feelings of patriotism and dedication to the "cause" in the early days of their careers. They are now working to strengthen the machine which brought them to power, thereby making certain that they will not be deposed. Granted that the behind-the-scene struggle for personal power in a Soviet system is most difficult to discern, there have been few signs of antagonism among the top leaders. A purge as violent as that which took place in

184 Russia in the 1930's at present cannot be
662 predicted for China. Overshadowed by the unique personal prestige and cohesive power of Mao Tse-tung, the high-ranking Communist leaders have yet to offer evidence of power-seeking at the risk of disrutping Party harmony and hegemony. This, of course, does not preclude the future development of discord among Party leaders. East China, where many of the Communist economic plans are being tried out, may prove to be a testing ground for Party unity. The downfall in 1954 of Jao Shu-shih, head of the East China regional government, might have far-reaching repercussions.

The personnel in lower Party echelons are subject to tremendous pressures from all sides. Even the most devoted Party workers are expected to prove their loyalty to Communism The fact that the Party relies on close surveillance and an atmosphere of fear in order to keep members in line indicates the existence of dissatisfaction and dissidence within the Party ranks. Expansion of industrial centers in East China necessitates the promotion of numerous lower-level Party functionaries. This certainly will tend to cause dissatisfaction among the old Party cadres when they see the rise of new cadres to positions equal to or higher than their own. Generally speaking, cadres assigned to rural areas are less enthusiastic about the regime than those in urban areas who live in more comfortable circumstances and have more frequent opportunities for advancement.

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184 Former Nationalist officials had their
6a2 darkest days during the Three-Anti and Five-Anti campaigns, when almost all lived under the imminent threat of violence and death. After these intensive campaigns had subsided, a few former Kuomintang personnel remained among the Communist government bureaucrats. There is no doubt that these former Kuomintang personnel are reminded of the necessity of proving their thorough conversion to Communism. A sense of insecurity affects this group more visibly than it does the "securely situated" segments of the Chinese population.

VIII. CONCLUSION

184 The Communist system of multiple control, which penetrates all aspects of life, and the Communist effort to maintain a strong tie with Russia are two major causes of dissatisfaction among the Chinese people. Regimentation, when carried to the extreme, provokes the resistance of the people. Subservience to the Soviet Union destroys the sense of national pride which the Communists have been trying to cultivate in China. There is evidence that Peking is attempting to reduce the possibility of friction between the Russians and the Chinese without damaging the ideological kinship and the diplomatic relationship between China and the Soviet Union. The activities of the wide-spread Sino-Russian Friendship Association, and the

184 continual propaganda on Russian aid to Communist China, indicate a sustained effort to create a favorable attitude toward Russia.

The general patterns of attitudes we have discussed can serve only as indications of the prevailing social mood among various groups. Sociologists agree that it is difficult to predict group response. This, it appears, must apply to a study of a people so various in temperament as the Chinese.

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missing elements as they go along. This characteristic accounts for the reason why a passage written in literary Chinese, when read aloud, can seldom be fully understood by a listener even though he may speak the dialect of the person reading.

Despite such a shortcoming, literary Chinese has been exerting a tenacious influence on the Chinese, especially the lettered segment of the population. It is literary Chinese that has kept China's classics alive and perpetuated the many pithy dicta of wisdom unsurpassed in the living language of the Chinese people despite dialectal barriers of any kind. Although the written national language has been gaining wider and wider acceptance, the great majority of government and commercial organizations are still using literary Chinese in the transaction of their business.

IX. LANGUAGE REFORMS

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Attempts to introduce language reforms in China began on a nationwide basis with the movement to unify the national language shortly after the establishment of the Chinese Republic in 1911. The movement was followed closely by efforts to reform the written language. Those who advocated such reforms were of the opinion that since the characters were so complicated and time-consuming for the average person to learn, and since literary Chinese was so unrealistic and impractical, something

212 185 had to be done to make the written language of China more effective, so that it could be within the grasp of the average Chinese citizen in a relatively short period of time.

A. Phonetic Symbols

198 185 One type of reform advocated the use of phonetic symbols as an aid to the illiterate to learn to read. However, since the sole function of these symbols is phonetic, they are effective when they are used as a guide to correct pronunciation in accordance with the standard of the national language for the purpose of leveling down dialectal differences in pronunciation. They are helpful only to those who have not yet acquired such a knowledge. They cannot possibly add anything to the attempt to make the Chinese language system simpler or more readily accessible to the illiterate masses.

B. Alphabetization

212 185 Another type of reform advocated was the alphabetization of Chinese in order to get away from ideographic writing. As a matter of fact, the use of the Roman alphabet for the transcription of sounds of the Chinese language is no novel suggestion. As early as the beginning of the sixteenth century, Matteo Ricci, a Jesuit missionary to China, began to transcribe the then Mandarin sounds with the Roman alphabet on the basis of the speech sounds of his own native Italian language. Later, other systems of romanization were devised by others to meet the needs of those speaking other

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Western languages. The most widely used system among English-speaking peoples is the so-called Wade-Giles system, originally devised by Sir Thomas Wade, a member of the British legation in China, and later revised by the British sinologist, Herbert A. Giles. Another system in current use in this country is devised by the linguists at Yale University, and it is known as the Yale System.

In 1928 the Chinese Ministry of Education adopted a system of romanization known as Gwoyeu Romatzyh or National Language Romanization, devised by a group of Chinese linguists and intellectual leaders such as Dr. Yuen Ren Chao, Dr. Lin Yutang, and others. Its distinguishing feature is that instead of indicating Chinese intonation by means of superior figures or diacritical marks, it spells the different tones of Chinese words with different letters: mai (second tone, Wade-Giles mai^{2}) "to bury"; mae (third tone, Wade-Giles mai^{3}) "to buy"; may (fourth tone, Wade-Giles mai^{4}) "to sell."

Between 1929 and 1931 another system of romanization known as Latinxua was devised ma mainly by Professor A. A. Dragunov, a linguist of Leningrad, primarily for teaching the Chinese workers in the USSR to read. It has been very popular, for obvious reasons, with the Chinese Communists, who have been doing all they can to promote it and popularize it. However, since the system makes no attempt, except in an ad hoc manner, to distinguish tones in Chinese, it is not only in-

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adequate and unsatisfactory, but often misleading.

C. Simplified Characters

Yet another type of proposal advocated the simplification of Chinese characters, especially the more complicated ones in common use, by reducing the number of their strokes. Advocates of this proposal believed that a simplified system of writing would make the whole process of learning to read and write Chinese much easier and less time-consuming. For example, ts'ai "then" has been reduced to look like 才, and 鐵 t'ieh "iron," to look like 铁. If a satisfactory principle of simplification that is philologically sound can be worked out, so that the simplified characters, if necessary, can be identified with the origina characters, the adoption of such a system amy turn out to be a boon to China's millions of illiterate people in their effort to become literate.

D. Basic Chinese

A fourth type of proposal advocated the reduction of the number of characters to be meant for general use in order to simplify the written language. For example, the series of textbooks for teaching the illiterate compiled by Dr. Yen Yang-ch'u, leader of the Mass Education Movement, who is better known abroad as James Y. C. Yen, represents an effort made in this direction. On the basis of some 1,200 characters chosen by him in

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212 terms of their frequency, he compiled texts
185 that he believed would enable China's illiterate people to meet their basic needs in expression. As another effort made more or less in the same direction, we may mention the list of characters chosen by Hung Shen, the famous dramatist. In 1935 he published his Method of Teaching and Using 1,000 Basic Chinese Characters. Instead of basing his choice of characters on frequency and limiting their usefulness and expressiveness to the rudimentary plane, he chose them on the criteria of their flexibility in forming compounds with other characters and their adequacy for general use in everyday situations.

X. DEVELOPMENTS UNDER THE COMMUNISTS

The Chinese Communists have been cautious in their efforts to reform the Chinese language. They frequently quote Stalin, that the language of a people cannot be artifically changed and that the evolution of any language has to follow a natural course.[1] However, to combat illiteracy the Communists also see the immediate need of simplifying the Chinese written language. In this regard the government policy is based on Mao Tse-tung's statement in his On New Democracy that, "under certain conditions, the written language of China must be reformed."[2]

1. See quotation, discussion in Ts'ao Po-han Yü-wen Wen-t'i P'ing-lun Chi [Critical Essays on the Language Problem], Shanghai, Tung-fang shu-tien, 1954, p. 95.

2. Mao Tse-tung, Mao Tse-tung Hsüan-chi [Selected Works of Mao Tse-tung], Vol. II, Peking, Jen-min ch'u-pan-she, 1952, p. 680.

212 185 Envisaged as an ultimate goal of language reform is the complete Latinization of the Chinese written language. In other words the characters will be replaced by the Latin alphabet. Communist promoters of Latinization often cite Lenin's pronouncement that, "Latinization is the great revolution of the East,"[3] to substantiate their argument.

192 185 The Communists are trying to cultivate a politically conscious proletariat in China; China's spoken language, as reflected in songs, plays, and speeches, is becoming more proletarian and drifting away from the set phrases and expressions traditionally used by the intellectual class. Extensive use of professional jargon and local expressions is the vogue of the day. Political and scientific terms, particularly those of Russian origin, are apparently on the lips of every Chinese who has had Communist indoctrination. 191 185 It must be noted that the Communists, in adopting many new terms heretofore unfamiliar to the average Chinese, are aware of the danger of corrupting their language. The People's Daily (the Pravda of China), in an editorial on June 6, 1951, urged the use of correct Chinese and stressed the need for the study of grammar so that " the Chinese language will not become corrupt and impure."[4]

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3. John de Francis, Nationalism and Language Reform in China, Princeton University Press, 1950, p. 90.

4. Quoted in Jen-min Chiao-yü [People's Education], Peking, March 1955, p. 28.

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As to the movement to eradicate illiteracy, the current trend is to promote accelerated methods of language teaching and to standardize the simplified characters already in use. One of the most publicized methods to accelerate language learning was introduced in 1948 by Ch'i Chien-hua, a cultural cadre attached to the armed forces. Ch'i champions the use of the "National Phonetic Symbols" (not to be confused with the Gwoyeu Romatzyh discussed earlier in this chapter) as the "walking stick" for new learners. The phonetic symbols are employed as a pronunciation aid to the students. This method was said to be so successful that the Communist government in May 1952 recognized Ch'i's contribution by inviting him to the capital and awarding him a citation.[5]

Simplification of written characters has received official blessing. When the Committee on the Study of Language Reform under the Ministry of Education compiled 798 such simplified characters and recommended that they be adopted, the recommendation was given immediate attention. On May 1, 1955 the Committee announced that 57 of the simplified characters would be adopted by six national periodicals for experimental purposes.[6] On October 15 1955, an All-China Conference on Language Reform was called by the committee to revise and enlarge the proposed list of simplified characters.[7]

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5. People's Education, May 1952. p. 4.

6. Hua-ch'iao Jih-pao [China Daily News], New York, May 2, 1955, p. 1.

7. Min-chu P'ing-lun [The Democratic Review], Hong Kong. Nov. 1, 1955, p. 577.

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The Latinization movement., although without much official promotion, is by no means dead. There are publications printed in this new form of Chinese. One ardent supporter of this movement, Ni Hai-shu, claimed that in 1949 there were over 300 such publications with a total circulation of about 500 000, already on the market.[8] In February 1952, there was evidence to show that active support of this movement was discernible in East China.[9]

There are other recent developments in language reform. One is the attempt to standardize the use of punctuation marks On October 5, 1951, the Government Administration Council issued a directive[10] on the correct use of punctuation marks. Since that time the general trend has been toward standardization.

Another development in language reform is the practice of writing Chinese horizontally and from left to right. Such a practice is not new, but the Communist government is the first regime to sanction it. Following lengthy discussions on such a practice, national publications like the Enlightenment Daily and New China Monthly, since January 1, 1955, have been printing their texts horizontally.

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8. Ni Hai-shu Chung-kuo Yü-wen Ti Hsin-sheng [The Rebirth of the Chinese Language], Shanghai, Shih-tai shu-pao ch'u-pan-she 1949, pp. 458-59; also see John de Francis, op. cit., pp. 131-34.

9. Hsin-wen-tzu Pan-yüeh-k'an [New Language Semimonthly], Shanghai. February 16, 1952, p. 28.

10. Jen-min Shou-ts'e [People's Handbook], 1952, Shanghai, Ta-kung pao, 1952, p. 437. [p. 136]

212 185 As to the languages of minority nationality groups, the over-all Communist policy is to help them create their own written scripts. The theory is that these people must first be given their own languages; then it will be easier for them to learn Chinese (Latinized Chinese, most probably). In East China, minority nationality groups are more scattered than those in Central-South and Southwest China; there has been no report on Communist attempts to reform the minority languages in this region.

XI. SPEAKERS OF FOREIGN LANGUAGES

191 Before 1949, the use of foreign languages, mainly English, was noticed in a few large port cities in East China such as Shanghai, Tsingtao, and Amoy. Contact with English-speaking people in such cities and inclusion of English in school curricula accounted for the popularity of English. However, with the exception of a few foreign missionary schools in which English was emphasized and taught by native speakers, instruction in English in the schools did not amount to much. This was true even of the colleges of the region. Although some college students could manage to read a publication in English with reasonable ease they could hardly converse in it. Generally speaking, it may be safely assumed that about one-tenth of the secondary school graduates and possibly one-third of the college graduates could read English, although not without some difficulty. The over-all percentage of those who could speak it would be even smaller.

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Reports on the results of the 1952 investigations of Marriage Law implementation were framed in equally incomparable area and time categories. One report covering northern Kiangsu during the first half of 1952 noted that the number of arranged engagements during the period totaled 39,911 or nearly three times the number of engagements "founded on free love," while 19,894 arranged marriages had taken place, exceeding the number of free marriages by 28 per cent.[28] Another report at about the same time gave a more complete picture for the whole province of Kiangsi from May 1950 to January 1952. In the province during that time, it was reported 121,000 free marriages had been arranged with the assistance of the All-China Federation of Democratic Women, more than 72,900 divorces had been instituted after the failure of reconciliation attempts, the marriages of 16,454 child brides had been annuled, 40,902 engagements arranged by parents had been terminated, and 33,634 couples had been aided in establishing harmonious homes by the intercession of the People's Government.[29]

D. Reorientation of Family Reform

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Between the time of the publication of these

28. C.B., 236, p. 14.
29. Ibid., p. 4.

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582 divorce figures in March 1952 and the end of
586 the year, the Communist approach to marriage
596 and family reform seems to have undergone a
185 change. There are indications that the regime's emphasis on new freedom for women and the prominent publicity given statistics on divorce had led to the Marriage Law being popularly termed the "Divorce Law."[30] At the same time, resistance in the rural areas to sudden changes in the old institutions of marriage and family relations were becoming evident to Party leaders as the result of the late 1952 investigations were tabulated.

A shift in the pace and in the propaganda emphasis on marriage and family reform was evident in Liu Ching-fan's report to the Government Administrative Council at the end of 1953. Although the better treatment and greater freedom given to woman was not to be neglected, greater emphasis was placed on the establishment of "harmonious" and "democratic" relationships within the family, whether originally of the old or new type, and to the positive benefits that would accrue to all members of the family as a consequence of reform.[31]

185 Analyzing the then current situation, Liu
581 noted that the people still maintained a feudal
596 ideology and consciousness in regard to many

30. China News Analysis, 5, p. 2.
31. C.B., 273, pp. 5-6.

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social problems, and that this attitude in respect to marriage problems was a "more universal and serious one." Liu admitted that the abolition of the feudal marriage system and the establishment of the new system was "a long term and difficult process in the ideological and social reform of the people." To accomplish this reform, he added, the regime would have to co-ordinate its efforts with the people's personal interests and levels of attainment, persuade the people patiently, and raise their level steadily. The process of implementing the Marriage Law, Liu concluded, would have to be made part of the regular tasks of the government and people's organizations at all levels and co-ordinated with the central tasks of production, construction, and elections.[32] These recommendations have become the principles by which the government still seems to be guided in marriage and family reform.

In the cities where modern influences had prepared the people for acceptance of new marriage and family principles, the regime encountered a different kind of problem. Just before International Women's Day, March 8, 1955, an authoritative statement in the Communist press added a new note to the usual references to lingering remnants of feudal obstruction and the

32. Ibid., pp. 4-6.

185 long-term nature of family reform. The
581 statement charged that bourgeois ideology had
596 reached into marriage and family relationships. The bourgeois influences detected were love of luxury and disparagement of labor, "carelessness" in choosing marriage partners or the desire for new partners after marriage, and devotion to self-interest. They had respectively given rise to the sins of marriage based on money, "the be-littlement of sexual relationships," and mal-treatment, desertion, and irresponsibility toward parents and children.[33]

185 The nation's young people were evidently
883 the most prone to this subversive influence. A campaign was launched in the large cities during the spring of 1955 to guard youth against "bourgeois concepts." In connection with the drive, the Communist press evidenced concern regarding romantic love, heart-break, unsolved marriage problems of workers in sparsely populated areas, and the attractions and diversions of a carefree social life in the cities. These things, the press warned, were subverting many young people from their primary duty of devoting their whole effort and attention to study and work in the national interest. The advice of the Communist editors "to place love in a secondary

33. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.

185 position in one's live" is hardly likely to solve
883 the problem.[34]

584 A different sort of problem confronted
185 youth in the countryside. Apparently the possibility was not present there for youth to develop love and marriage attachments through the ideal and officially sanctioned method of mutual participation in production, indoctrination, and study. A 1955 report on Marriage Law implementation admitted that "in the extensive rural districts... the conditions for adequate communal life and avenues for social intercourse" are lacking. As a result, "most marriages are still being contracted after both parties were first introduced to each other by third parties." The report hastened to explain that as the bride and groom gave their previous agreement to the marriage it was to be regarded as a marriage of free will and not to be confused with the old and outlawed practice of arranged marriage.[35]

E. Replacement of the Family's Social, Economic, and Political Role

596 A second step taken by the Communist regime
185 to change radically the nature and function of the Chinese family was accomplished with the establishment of organizations to regiment

34. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.
35. Ibid., 1002, p. 3.

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every phase of human endeavor. The labor unions in the city, the peasant associations, mutual-aid teams, and co-operatives in the country became the center not only of economic life, but of social, political, and indoctrination activities as well. Unions were organized in the cities almost as soon as they fell to the Communist armies, but the formation of comparable institutions in the countryside awaited the gradual process of land reform. Until it was completed in any area, no alternate organization to the family existed to assume its socio-economic role. This fact seems to explain why the Communists during the spring of 1953 limited their Marriage Law campaign in the countryside to those areas where land reform had been accomplished.

Special organizations were set up to train and absorb the energies of women and children who might otherwise be free of the constant direct influence of the government. These two groups were absorbed respectively into the All-China Federation of Democratic Women and into the Young Pioneers, the Federation of Democratic Youth, and the New Democratic Youth Corps.

Aside from its primary role as a unit for procreation and for child-care until the young reached an age when they would prove adaptable to molding by the state, the family was left only with the secondary duty of supporting the state

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596 training process. An editorial in the People's
Daily in mid-1955 pointed out the "deep solicitude"
185 of the goverment toward children, made manifest
by the establishment of nurseries and schools
and the teaching of proper attitudes toward
children and the correct methods for educating
them. "The new Socialist generation" was to
be brought up "physically strong, courageous,
honest, fond of study, patriotic, and imbued with
collective spirit." The editorial also stated
that trade unions were to help office employees
and workers to learn how to educate their
children: Teachers and directors of the Young
Pioneers were to assume the "important respon-
sibility" of guiding children in classrooms,
meetings, and extra-curricular activities.[36]

593 With the Communist regime's emphases on
youth, loyalty to the state, socialist construction,
577 and the rooting out of feudalistic and bourgeois
ideas, the problem of the proper attitude of youth
toward parents need clarification. An article
on the subject in the January 1955 issue of
China Youth emphasizes that "respect for one's
parents is part of...individual or social Com-
munist morals," but the attitude "must be
governed by the interests of the Revolution."
If the parents are counterrevolutionaries, they
should not be respected but treated as enemies;

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36. Ibid., 1064, pp. 11-13.

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457 668 The Communists did gain a favorable response from a part of the overseas element, but it was apparently not up to Communist needs and expectations, for various experiments and temporary shifts have marked the regime's subsequent policy toward the overseas Chinese and their dependents in China. New efforts to attract their sympat hy were initiated in early 1955. Much publicity was given to the reclassification of overseas landlords as "no longer enemies of the state" before the expiration of the five-year probationary period. Buildings expropriated from overseas Chinese for government use were reportedly being returned to their former owners or paid for. The press reiterated the theme that measures were being taken to assure the right to ownership of overseas remittances and their delivery into the proper hands.[56]

D. The Pace of Reform

185 596 In the pace of family reform, the East China Region is probably not as far behind the North and Northeast regions as in other changes instututed by the Communist regime. Although the North and Northeast regions have been longer under Communist control, industrialization and modern city life with their influences for change in family form and function have a longer history in Shanghai than elsewhere in China. The rural

56. See section entitled "Overseas Chinese," in S.C.M.P. during the first six months of 1955; for instance, 1024, pp. 13-15.

596 areas in the region uninfluenced by modern trends
185 are at least no more widespread or prevalent than elsewhere in China.

If and as the new regime fulfills its plans for industrialization and the organization of rural areas in co-operatives or collectives, more insistent pressures than mere propaganda will be brought to bear on the traditional family. But even this kind of force will not completely wipe out the old attitudes and loyalties of the elder generation. No such drawbacks characterize the heavily indoctrinated youth of today, more enthusiastic than their parents for the new order, but the urge manifested by many emancipated young people toward individualism and romanticism in love and marriage may pose a problem of equal calibre for the new masters of China

311 Note that the average farm in Fukien is only 10.21 shih-mou (1.7 acres), the smallest in this region; while that in Anhwei is 17.82 shih-mou (about 3 acres), the largest.

II. THE LAND-REFORM PROGRAM OF EAST CHINA

423 185 In February 1950, the provincial authorities of East China began preparations for the introduction of "Land Reform." In July 1950 work began on propaganda, the mobilization of the masses, the training of cadres, and the carrying out of exper ements in selected districts. In September 1950 and again in November, conferences were held to examine the result accomplished in the experimental areas.[3]

Since the middle of December 1950, the work of land reform had been developed extensively in the "new liberated areas," and the finishing touches had been put on the "old liberated areas." In April 1951, because of intensification of the "spring cultivation campaign," the Land Reform Movement was suspended for a time. Af ter the summer harvest, the holiday period of the peasants was utilized for the resumption of the "reform" campaign. By the end of September 1951, in both new and old "liberated areas,"

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3. Chieh-fang Jih-pao [Liberation Daily] Shanghai, November 29, 1951.

423 comprising in all 37,865 hsiang villages, the
185 redistribution of land was carried out.[4] In 17,903 of these hsiang, according to the official report, new title deeds were issued by November 1951. In the remaining areas comprising 5,403 villages, land redistribution was carried out during the winter of 1951 and the spring of 1952.[5]

As a result of land reform in East China, membership in peasant associations throughout the region increased from a little over 10,000,000 before the "reform" to 33,900,000 members, including 2,900,000 members of the "people's militia" and 15,000,000 members of the Women's Federation.[6]

During the Land Reform Movement in Fukien, some degree of preferential treatment seemed to have been given to families which had members overseas. According to a report, "During the 'Land Reform' Movement, the Fukien People's Government carried out faithfully the policy relating to the disposal of land and other property belonging to Chinese overseas. As a result, land and other values, such as production materials, had been distributed to the majority of overseas Chinese families, so that their difficulties were solved and they were enabled to participate in active production. Rich peasants, industrialists, and merchants, and also 'landlords' among the overseas Chinese, had their interests taken care of, and all were satisfied."[7]

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4. Liu Jui-lung "Hua-tung Ch'ü T'u-kai Pao-kao" ["Report on Agrarian Reform of East China"] Shanghai, [Liberation Daily,] Nov. 29, 1951.

5. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung pao, 1953, p. 149.

6. Liberation Daily, Shanghai, Nov.29, 1951. [7 see next page.]

423 185 Of the total 196 farm families in Hsieh-t'ang Ts'un of Fu-ch'ing Hsien, 70 households, or 35 per cent, were overseas Chinese families. The latter's population was 376, or 45.3 per cent of the total population 830. A comparison of their landholding after re-distribution with that held previous to Land Reform is shown in Table 2.

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7. Ta-kung Pao Ta-kung Daily, Hong Kong, December 29, 1951.

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Unit: S shih-mou
A = Acres

Table 2. Land Holdings of Overseas Chinese Families Before and After "Land Reform" in Hsieh-t'ang Ts'un, Fukien

Peasants	No. of Farm Households	Farm Population	Total Land Holdings Before "Land Reform"	Total Land Holdings After "Land Reform"	Percentage of Increase in Land Holdings after "Land Reform"
"Farm Laborers"	5	17	1.4 S (0.23A)	20.6 S (3.43A)	1,371
"Poor Peasants"	11	83	40.5 S (6.75A)	97.2 S (16.20A)	115
"Middle Peasants"	49	255	217.4 S (36.23A)	308.2 S (51.37A)	42
"Rich Peasants"	5	21	21.75 S (3.62A)	21.7 S (3.62 A)	no change
Total	70	376	281.1 S (46.83A)	447.7 S (74.62A)	

*/ Ta-kung Daily, Hong Kong, December 29, 1951.

423 According to the above table, five of the over-
185 seas Chinese farm households belonging to the hired-hand class were given a total of 20.6 shih-mou owned before land reform, representing a thirteenfold increase. The eleven "poor peasants" and forty-nine "middle peasants" households increased their land holdings by 115 and 42 per cent respectively as a result of land reform. Even the remaining five overseas Chinese households belonging to the "rich peasants" class were allowed to retain their original lands without requisition. It showed clearly that over 94.4 per cent of the overseas Chinese rural population in the village were benefited by land reform directly, while the remaining 6 per cent were given special consideration to retain all their lands. Similar conditions were reported in other areas of the provinces with large communities of overseas Chinese.[8]

But the methods applied in other rural areas of the region without overseas Chinese elements were totally different. In most cases violence and mob hysteria were engendered at the mass "accusation" and "anti-despot" meetings and trials. It was reported that thousands of landlords were killed or sentenced to prison terms. Others were detained to be "reformed through labor" over a period of five years. It has been estimated that in East China the Communist confiscated 1.6 million farm buildings, about 159.9 million shih mou (26.65 million acres) of land, 3.2 million heads of draft-animals, 319.8 million shih tan (17.59 million tons) of grain, 15.99 million pieces of farm tools, and 1.6 million

8. Ibid.

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farm buildings and sheds.[9]

Land reform in East China was practically completed in the beginning of 1952. Its progress is shown below:

Table 3. Progress of Land Reform by Rural Population. */

Period	Rural Population
Before Spring 1950	45,000,000
Spring 1950-Summer 1951	60,000,000
Summer 1951-Spring 1952	17,500,000
Total	122,500,000

*/ People's Handbook, published by Ta-kung Daily, Tientsin, 1953.

After land reform, 60 to 70 per cent of the rural population in East China were benefited, especially the "farm laborers" and "poor peasants" who were given an average of 1.5 to 2 shih-mou of land each. In some cases, the individual portion exceeded 3 shih-mou (1/2 acre) each; and even in more densely populated areas the per capita share dropped to 1 shih-mou (1/6 acre).[10]

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9. Liberation Daily, Shanghai, April 23, 1950; People's Daily, Peking, July 7, 1952; Tsu-kuo Chou-k'an [China Weekly], Hong Kong, March 9, 1953, No. 10, p. 12.

10. Ta-kung Daily, Hong Kong, Dec. 29, 1951.

III. COLLECTIVIZATION IN EAST CHINA

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The number of agricultural producers' co-operatives in Communist China was 400,000 at the end of 1954, but it had been increased to 670,00 by the time of the "spring plowing" of 1955, as reported by Li Fu-ch'un, Vice-Premier of the People's Republic of China.[11] The information concerning the regional development of the agricultural producers' co-operatives was not available. If we calculate according to the percentage of rural population, East China should have developed, approximately, 187,600 units[12] by the spring of 1955, with a membership of 4,200,000 farm households, representing 15 per cent of the total households of the region. It was reported that the speed of development was too rapid for the peasants to follow, and most of the cadres were lacking in serious study of the wo and became blindly optimistic and impatient. Some peasants were forced into "co-operativization" and afterwards withdrew from it.[13] Therefore, the training of competent cadres to direct the work seems to be the key to success of the whole movement. Special attention is given to education in the Party line in rural districts.[14]

Regarding the state-owned and state-operated farms in East China, the Communists claim that

11. NCNA, Peking, July 11, 1955.

12. East China's rural population is about 28 per cent of that of the whole country.

13. Far Eastern Economic Review, Hong Kong, July 28, 1955, Vol. XIX, No. 4, p. 104.

14. Ibid.

474 the progress made since 1950 is considerable.
185 As of 1952, there were 718 different types of state farms in the region, including 6 large-sized mechanized farms, 347 middle-sized "district farms," and 371 hsien and municipal farms.[15] According to the Communist directives, the development of hsien farms has recently been greatly encouraged. At present (1955), there is at least one state farm in each hsien and the number of large-sized state farms must have been increased

The data on the six large state farms of East China are tabulated below.

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15. Kung-fei T'u-kai Pen-chih Chi Ch'i Yen-pien [The Nature and Development of Communist Land Reform] Sixth Section of the Central Reform Committee of the Kuomintang, Taipei, 1952, p. 31.

Table 4. The Leading State Farms of East China, 1952*

Name of Farm	Location	Area Shih-mou	Area (Acres)	Description
Kuang-pei State Farm	Shantung	-	-	Largest of the region and mechanized
Tung--hsin State Farm	Northern Kiangsu	16,000	(2,667)	Mechanized and best-managed
P'ang-shan-hu State Farm	Southern Kiangsu	9,307	(1,551)	With fertile lands
Lien-hu State Farm	-	-	-	Has electrical irrigation system
Huang-t'ien State Farm	Hangchow	8,000	(1,333)	Mechanized and best in Chekiang
Lai-wu-hsien State Farm	Shantung	-	-	Best-managed; received award from the Ministry of Agriculture

*/ Kung-fei T'u-kai Pen-chih Chi Ch'i Yen-pien [The Nature and Development of the Communist Land Reform], Taipei, Sixth Section of Central Reformatory Committee of the Kuomintang, 1952, p. 60.

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474 185 In order to push the collectivization movement more effectively, the Communists made much use of propaganda claiming the superiority of the co-operative type of farming over that of individual farming. Table 5[1] below shows the production results of these methods of farming.

[1] [Table 5 is missing. -- Analyst]

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IX. THE FIVE-YEAR PLAN AND CHINESE LABOR

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493 The Chinese Communists began their first Five-Year Plan in 1953. According to the plan,[56] China's industrial output is to double in value by 1957. Lai Jo-yü, chairman of All-China Federation of Trade Unions, in a speech delivered on July 21, 1955 to the National People's Congress, said, "The enthusiasm and creative spirit of the working masses are the most important guarantees to the realization of the Five-Year Plan. Labor emulation is the concentrated expression of labor enthusiasm and creative spirit of the working masses as well as the basic method of socialist construction."[57] Lai's speech indicated that "labor emulation," as the Communists have termed it, will help to increase production, but it is certain to put a still heavier burden on the shoulders of the Chinese workers.

In the first Five-Year Plan, the Communists scheduled no heavy industrial projects for the East China Region. Apart from the Huai-nan coal mines and the Ma-an-shan iron mines in Anhwei Province, the regime was unwilling to invest added capital in enterprises in this region. But as the center of light industry

56. Far Eastern Economic Review, Hong Kong, July 14, 1955, p. 42.

57. Ta-kung Daily, Tientsin, July 22, 1955, p. 3.

185 in China, Shanghai was to play an important
433 part in the plan, especially as a training center for skilled labor.

Early in 1953, in response to the call of the All-China Federation of Trade Unions for "labor emulation," more than two hundred state enterprises in Shanghai announced their production plans for the year. The Shanghai Electric Appliance Plant had sets its 1953 production goal 46 per cent above the 1952 record for production. The 1953 production plans of over 50 textile mills in East China showed an increase over 1952 records.[58] In 1954, the total value of production in 73 light industries in Shanghai surpassed the 1953 production by an average of 19.46 per cent.[59] A machine-tool factory in Tsinan, Shantung Province, completed its quota for 1953 some 52 days ahead of schedule.[60] In 1954, workers in local industries in Chekiang Province developed a "technical renovation campaign," increasing labor productivity by 20 per cent.[61] These sporadic reports indicate how the "labor emulation" drive in East China has accelerated since the start of the Five-Year Plan. But enthusiasm alone cannot teach a worker to handle a machine or obtain for him a new one. It is of greater importance to raise the technical level of the workers and to train skilled labor. This task has been assigned to the industries of Shanghai under the first Five-Year Plan.

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58. People's China, Feb.1,1953,p.34.
59. Ibid., Feb. 15, 1954, p. 26.
60. Ibid., Dec. 16, 1953, p. 35.
61. NCNA, Hanchow, Jan. 9, 1955.

177 instrumental in shaping the destinies of modern China. Nanking, first capital of the Republic and seat of the Nationalist Government, was the measure of this new leadership and the penetration of western political and social ideas. The growth of a new Chinese middle class and professional influence in the twentieth century was most directly attributable to Shanghai and vicinity, where Western economic dominance was more overtly apparent than elsewhere in China. Neither Shantung, which had been closely identified with traditional Chinese civilization, nor Fukien, which had been slow in accommodating to Chinese civilization and tended toward isolation, contributed significantly to the leadership of the new forces in China. But Shantung symbolized China's humiliation by the force of Western arms and provided the spark of Chinese nationalism, while the rugged terrain of Fukien provided a refuge from the Kuomintang for the Communist Party between 1927 and 1934 while it worked out the technique of rural revolution and guerrilla warfare.

186 B. Lin Tse-hsü and Li Hung-chang

The initial reaction of the scholar class to the western intrusion in China was typified by Lin Tse-hsü (1785-1850), a native of Fukien. Commissioned by the Chinese emperor to stamp out the importation of opium at Canton in 1839, Lin adopted an uncompromising

186 attitude in the firm belief that he represented the only civilized nation on earth and a righteous and moral cause. His firm stand stirred up resentment among the British promoters of empire, helped precipitate the Opium War, and resulted in his official exile. Before and after his banishment he was aware of the material advances of the West and saw the necessity of China's possession of modern ships and weapons to withstand the "rebellious barbarians."[29]

178 The superiority of Western arms and technology was even more evident to Li Hung-chang, a native of Anhwei who carried the burden of China's foreign relations in the last three decades of the nineteenth century. He was a leading figure in the formation of China's first modern army and navy, the construction of some of the country's first arsenals and shipyards, the promotion of modern mining, textile industries, and railroad and telegraph systems, and the advocacy of educating Chinese abroad. Yet, he refused to institute changes in China's political, economic, and social system, believing it was based on a superior culture, and his efforts at modernization were sabotaged by graft, corruption, and arbitrary interference in official circles, extending up to the throne.[30]

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29. Fairbank and Teng, op. cit., pp. 23-30.
30. Ibid., pp. 68-76, 78, 86-88, 91-93, 108-12, 118-21.

184 565 of resistance. There is reason to believe that the poor farmer in East China today is less happy than he was in the days immediately after the completion of land reform. The possibility still exists that changes in government policy may regain for the regime some of the farmer's enthusiasm. However, the fact that authorities in Shanghai have had to initiate a drive to send many peasants back to their villages indicates that life in rural communities in East China does not offer incentive. As a result farmers continue to flood metropolitan centers in search of work and a better living.

657 565 Available reports show that neither the government nor the farmers are satisfied with the amount of relief and welfare work done thus far, nor with the manner in which this work is done. The Communists claim that the productive harvests in 1951-53 in East China were attributable to the completion of flood control projects on the Hwai River in Anhwei and on the I and Shu rivers in Shantung. Some of the farmers may believe this claim, but the majority will measure the "benevolence" of the new regime against the few benefits so far received.

186 565 The Chinese farmer's picture of a foreign culture is derived from contact with foreign missionaries. At one time foreign churches were established in all parts of East China with the exception of a few remote districts in southwestern Fukien. Government efforts to foster

186 xenophobia, supported by the effort of the ultra-
565 nationalistic segment of the Chinese elite, dated from the late nineteenth century. Some farmers in this region, particularly those in Shantung Province, are likely to remember, for instance, the stories about the Boxer Rebellion, which terrorized many foreigners. With relish, the Communists are re-telling such stories as specimens of "anti-imperialistic" expressions of the Chinese people. A very small number of farmers who have been less influenced by anti-foreign propaganda and who have received benefits from foreign missionaries may be disturbed by the deliberate mistreatment of missionaries on the mainland. Other farmers who regard the missionaries as an undesirable group may chuckle at the thought of the "foreign devils' downfall." But the majority of farmers have had little or no contact with foreigners; they are not particularly concerned with the latter's fate in Communist China.

184 The Chinese farmer has always hoped to
565 safeguard his family by acquiring land to provide a better education for his children and to maintain the respect of fellow villagers. Now that the farmer can no longer obtain as much land as he hopes, his interest turns to finding ways in which his children, through education, can advance on the socio-economic ladder. The fact that many young people from peasant families have been absorbed in the government "cadre" system may induce the Chinese farmer to look

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In this progress they were aided by the decline of the imperial government of China, the Ch'ing, or Manchu, dynasty. The military and economic impact of the West during the nineteenth century accelerated the decay of the Ch'ing, which had ruled China since 1644. The imperial government's attitude toward the foreigners at the time the first treaty ports were established was still, despite the Anglo-Chinese war of 1841–42 and its humiliating defeat for China, that these Western barbarians must be kept on the margins of the empire and that they must not be treated as equals by receiving them at Peking. Negotiations at each treaty port for the establishment of foreign settlements or concessions were accordingly left in the hands of local officials, but by the time it became apparent that the foreigners could not be contained by such methods, the Ch'ing government was too weak to prevent their further encroachment. It was the hesitancy of the foreign offices at home rather than the lack of opportunity in China which stopped the process short of colonialism.[4]

With the downfall of the imperial system and the rise of republican China under the leadership of the Nationalist party, Chinese nationalism became increasingly jealous of Shanghai as a foreign creation which was an excrescence on the Chinese body politic. While the Chinese were wrong in assuming that twentieth-century Shanghai was primarily a foreign creation, they were right in fixing on the city as the outstanding symbol of the economic exploitation of China by Western commercialism, and as the principal reminder of China's unequal-treaty status with the Western powers. This reaction against Shanghai and against what it stood for was one of the few points on which Nationalists and Communists have consistently agreed. Despite the fact that he and prominent members of his party earned considerable wealth out of the Shanghai economy, and despite the profitable existence in Shanghai of a major segment of China's manufacturing and trading firms as well as its leading banks, Generalissimo Chiang Kai-shek (Chairman of the Nationalist party) had this to say about the treaty-ports in 1943:

> year after year our country's life was increasingly concentrated in these areas. . . Within the concessions the only ones that prospered were the compradores (Chinese agents for foreign firms) . . . and no productive enterprises developed in these ports because they could not absorb people

from the agricultural villages . . . Economic reconstruction must have 186
its foundation in the national economy. . . This abnormal development 648
of the national economy could not be adapted to the defense needs of the state. . . The main communication routes were based on these easily blockaded cities . . . the imperialists could have strangled the country's economic life. . . The state could not protect itself and the people could barely exist. . .[5]

The Communist condemnation is even more specific:

Shanghai must break off its dependence on the imperialist economy and must be changed from a city where imperialism, compradores, and bureaucrats oppress and exploit the people to one which produces for the domestic market and serves the people. . . Shanghai is the concentrated, typical expression of the colonial or semi-colonial nature of old China's economy. Its so-called prosperity in the past was not founded on an independent, sound economic basis, but on bureaucratic capitalism and on imperialism and its compradores. Shanghai's production was mainly for the selfish interests of a handful of foreign exploiters and domestic compradores and bureaucrats. Most of Shanghai's key enterprises were in the hands of foreigners or Chinese bureaucratic capitalists. The raw materials and power of many industries had to depend on foreign supplies. Such colonial or semi-colonial economic status must be discarded before Shanghai can become a truly prosperous new peoples' city. . .[6]

The Communist armies took Shanghai on May 27, 1949, and in 166
the following months plans were discussed for the relocation of some 648
of Shanghai's manufacturing and population to inland centers where 656
they would be less exposed to outside attack and where their economic activity would redound more generally to the welfare of the country as a whole. These plans were given additional impetus by the Nationalist blockade of the coast and by the United Nations embargo which has followed it, which at present writing appear to have curtailed industrial production in the city to a considerable extent. Writing in late August of 1949, the then mayor of Shanghai, General Chen Yi, stated that the official Communist program for Shanghai was to "change (its) industrial policy from that of dependence on imperialism to that of serving the Chinese people." In order to accomplish this end, and to minimize the effects of the blockade, "we must evacuate the population of the city systemati-

212 185 Envisaged as an ultimate goal of language reform is the complete Latinization of the Chinese written language. In other words the characters will be replaced by the Latin alphabet. Communist promoters of Latinization often cite Lenin's pronouncement that, "Latinization is the great revolution of the East,"[3] to substantiate their argument.

192 185 The Communists are trying to cultivate a politically conscious proletariat in China; China's spoken language, as reflected in songs, plays. and speeches, is becoming more proletarian and drifting away from the set phrases and expressions traditionally used by the intellectual class. Extensive use of professional jargon and local expressions is the vogue of the day. Political and scientific terms, particularly those of Russian origin, are apparently on the lips of every Chinese who has had Communist indoctrination. 191 185 It must be noted that the Communists, in adopting many new terms heretofore unfamiliar to the average Chinese, are aware of the danger of corrupting their language. The People's Daily (the Pravda of China), in an editorial on June 6, 1951, urged the use of correct Chinese and stressed the need for the study of grammar so that " the Chinese language will not become corrupt and impure."[4]

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3. John de Francis, Nationalism and Language Reform in China, Princeton University Press, 1950, p. 90.

4. Quoted in Jen-min Chiao-yü [People's Education] , Peking, March 1955, p. 28.

212 185 As to the languages of minority nationality groups, the over-all Communist policy is to help them create their own written scripts. The theory is that these people must first be given their own languages; then it will be easier for them to learn Chinese (Latinized Chinese, most probably). In East China, minority nationality groups are more scattered than those in Central-South and Southwest China; there has been no report on Communist attempts to reform the minority languages in this region.

XI. SPEAKERS OF FOREIGN LANGUAGES

191 Before 1949, the use of foreign languages, mainly English, was noticed in a few large port cities in East China such as Shanghai, Tsingtao, and Amoy. Contact with English-speaking people in such cities and inclusion of English in school curricula accounted for the popularity of English. However, with the exception of a few foreign missionary schools in which English was emphasized and taught by native speakers, instruction in English in the schools did not amount to much. This was true even of the colleges of the region. Although some college students could manage to read a publication in English with reasonable ease they could hardly converse in it. Generally speaking, it may be safely assumed that about one-tenth of the secondary school graduates and possibly one-third of the college graduates could read English, although not without some difficulty. The over-all percentage of those who could speak it would be even smaller.

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The Communist policy is to discourage the use of English or any other Western language except in advanced and specialized studies. But as late as 1953, knowledge of simple English was still required for enrollment in colleges.[11] It appears reasonable to assume that the number of senior middle school and college students able to read or speak English has not changed much. Foreign language instruction has been eliminated from the junior middle school and primary school curricula.[12] Although the study of Russian has been encouraged by the Communists, it is doubtful if much has been achieved during the past five years.

There is no statistical information on the number of people able to read or speak English in East China, but if the curricula[13] for senior middle schools and colleges are any indication then there could not possibly be more than 70,000. As to the number of people in this region who can speak or read other Western languages, there is even less information to serve as a basis for conjecture.

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11. I-chiu-wu-ssu-nien T'ou-k'ao Ta-hsüeh Chih-tao [Guide to Taking College Entrance Examinations in 1954] Hong Kong, Hsüeh-sheng shu-tien 1954 pp. 98-100.

12. Wu-nien-lai Ti Kung-fei Chiao-yü Kung-tso [Communist Education in the Past Five Years], Taipei, Sixth Section, Central Committee, Nationalist Party, 1955, p. 16.

13. Total number of senior middle school graduates in China from 1949 to 1953 was 216.000. It is believed that of this number no more than one-third could be in this region. People's Handbook, 1955, pp. 571-73.

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B. Ideological Orientation and Its Effect on the People's Attitudes

The ideological orientation of the Communist educational system is seen in the basic policies and the major movements instituted in Chinese education during the past five years. Through "education" the Communist expect to teach the Chinese people to hate "American imperialism" and to respect the Soviet Union as "the leader in the revolutionary bloc of nations." The social sciences taught in schools are oriented on the basis of Russian socialism, "because China must learn from the Russian revolutionary experiences." In technical courses Russian techniques are singled out as "advanced experience." Hostility toward all non-Communist traditions and ideals is stressed. Any person, Chinese or foreign, who is not sympathetic toward Communism is assumed to be either an actual or potential enemy, and is to be treated as such.

There is a lack of subtlety in the Chinese Communists' attempt to reconcile their theory of patriotism with their pro-Russian propaganda line. When they directed the teachers to abandon the use of English except in foreign language classes, they defended their position by saying that Russian would be taught in certain schools in order to expedite the process of translating certain Russian works into Chinese, but that even this practice would be terminated as soon as the goal was attained.[65]

65. People's Education, Feb. 1952, p. 7.

876 Since learning a foreign language is no easy
191 matter, the substitution of Russian for English has been a controversial point and may remain an unresolved issue of the Communist ideological orientation in education.

C. Inadequacies in Communist Education

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Lack of teachers, as has been noted, will continue to hamper the development of education and the improvement of the standards of the school in East China. Lack of educational equipment can only be partially solved by improvisations. In this regard, East China appears to be better off than Central-South or Southwest China. The large-scale construction of school buildings has begun in Hangchow and Shanghai.[66] Lack of financial support for students will cause many to abandon their education, and it is doubtful if government subsidies are sufficient to help many students. Above all, the lack of well-trained administrators will be the greatest obstacle to the Communists' efforts to achieve progress in education.

Despite Communist efforts to run the schools according to a centralized plan, the lack of a clear-cut policy leads to the "piracy" of teachers and students. Government agencies in need of technical personnal often call away teachers or students without notifying school authorities. Although there is no recent information on this practice, the situation was serious enough in 1951 for the Government Ad-

66. Kuang-ming Jih-pao [Enlightenment Daily], Peking, November 26, 1954, p. 3.

212 185 Envisaged as an ultimate goal of language reform is the complete Latinization of the Chinese written language. In other words the characters will be replaced by the Latin alphabet. Communist promoters of Latinization often cite Lenin's pronouncement that, "Latinization is the great revolution of the East,"[3] to substantiate their argument.

192 185 The Communists are trying to cultivate a politically conscious proletariat in China; China's spoken language, as reflected in songs, plays. and speeches, is becoming more proletarian and drifting away from the set phrases and expressions traditionally used by the intellectual class. Extensive use of professional jargon and local expressions is the vogue of the day. Political and scientific terms, particularly those of Russian origin, are apparently on the lips of every Chinese who has had Communist indoctrination. 191 185 It must be noted that the Communists, in adopting many new terms heretofore unfamiliar to the average Chinese, are aware of the danger of corrupting their language. The People's Daily (the Pravda of China), in an editorial on June 6, 1951, urged the use of correct Chinese and stressed the need for the study of grammar so that " the Chinese language will not become corrupt and impure."[4]

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3. John de Francis, Nationalism and Language Reform in China, Princeton University Press, 1950, p. 90.

4. Quoted in Jen-min Chiao-yü [People's Education] , Peking, March 1955, p. 28.

197 Chekiang and southern Kiangsu provinces. About 32,000,000 people are speaking this dialect.

D. Hui-chou

Although comparatively small, this dialect group is independent of other groups. There are some 10,000,000 people in southern Anhwei Province speaking it.

E. Min

Speakers of Min can be generally distinguished. Northern Min is spoken by about 8,000,000 people in Fukien Province north of Amoy; southern Min prevails south of Amoy with about 5,000,000 speakers in this region.

III. DISTINGUISHING FEATURES OF THE DIALECTS

A. Northern Mandarin

197 Dialects of Northern Mandarin have in common the following distinguishing features:

194 1. There are two kinds of stop affricative consonants which are not voiced and voiceless as b, d, g, dz, and p, t, k, ts in English, but voiceless unaspirated and voiceless aspirated, commonly expressed in phonetic symbols of the Wade-Giles system of Romanization as p, t, k, ts, and p', t', k', ts' respectively. Roughly speaking, p, t, k sound like English p, t, k, in speak, still, and skill; and p', t', k' sound like English p, t, k in peak, till, and kill. Voiced consonants

197 such as b, d, g in English do not exist in
194 Northern Mandarin.

2. There is a set of retroflex affricatives and fricatives distinguishable from dental affricatives and fricatives. For example:

Chu (pig) : tsu (to rent)
Ch'eng (city wall): ts'eng (story, layer)
Shan (hill) : san (three)

3. The guttural nasal ng does not occur in in the initial position of a word as it usually does in many other dialect groups.

4. A vowel scheme such as the following exists:

	Front	Central		Back	
	Unrounded	Rounded		Unrounded	Rounded
High	i	ɨ			u
Mid	e		ə	ə̂	o
Low			a		

With an additional symbol for the apical vowel, the above scheme will suffice to indicate all the vowel sounds of these dialects. Ordinarily, e and ə, or ə̂ and o are not distinguishable.

5. Only two final nasals, n and ng are found (except in Shansi Province), and they are distinguishable regardless of the vowel preceding them.

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Lan (indigo)	:	lang (wolf)
Chen (true)	:	cheng (to steam)
Min (people)	:	ming (name)
Sun (grandchild)	:	sung (loose)
Ch'tn (a crowd)	:	ch'iung (poor, impoverished)

6. There are four tones. The pitch of the first tone is high-level; that of the second, high-rising; that of the third, low-dipping; and that of the fourth, high-falling. Graphically, these four tones may be represented as follows: ˥, ˧˥, ˨˩˦, and ˥˩, respectively. However, the dialects spoken in Shansi and areas adjacent to it have an additional fifth tone, which is always associated with a glottal stop in a final position. Another characteristic of these dialects is that n and ng rarely occur after the vowels a and e.

7. A few variations from the standard Northern Mandarin are noted in this dialect group as spoken in East China.

a) Tonal changes

In different areas the tonal patterns vary as follows:

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	First Tone	Second Tone	Third Tone	Fourth Tone
Standard Northern Manadarin	High-level	High-rising	Low-dipping	High-falling
Dialects in western Shantung, northern Anhwei and Kiangsu	Mid-rising	High-falling	High-level	Low-falling-rising
Dialects in eastern Shantung	Low-falling	High-falling	Rising	Mid-level

b) Palatal Differentiations

In some scattered areas in this region, Mandarin palatals are divided into dental sibilants followed by i or ü, and gutturals followed by i or ü. In these areas, certain Mandarin homonyms are pronounced with distinguishable variations

as follows:

	Standard Mandarin	East China Variation
wine	chiu	tsiu
nine	chiu	kiou
fun	ch'ü	ts'ü
to go	ch'ü	k'ü
to wash	hsi	si
to like	hsi	hi

In some areas in southern Shantung, the standard Northern words chao (to search for), ch'a (to investigate), and shan (mountain) are pronounced tso, ts'a, and san, respectively.

B. Eastern Mandarin

Although basically similar to Northern Mandarin, Eastern Mandarin has its clearly distinguishable features, of which the major ones are:

1. Lack of differentiation between initials l and n.

Speakers of Eastern Mandarin tend to pronounce these two initials interchangeably without distinguishing between them. To them, such standard Northern Mandarin words as nan (south) and lan (indigo), ni (you) and li (reason), nu (anger) and lu (road), and nü (female) and lü (brigade) are homonymous twins.

2. Absence of final n, and often final ng after the vowels a and e.

For example, kuan (officer) in standard Northern Mandarin is pronounced by the residents of Nanking as kua but with a nasalized a. In this connection, the finals ng and n after the vowel i are usually pronounced ng in Eastern Mandarin, such as ping (guest), which is pronounced as pin in standard Northern Mandarin.

3. Presence of a fifth tone.

In addition to the four tones used in standard Northern Mandarin, Easter Mandarin has a fifth tone -- short high-level -- which is associated with a final glottal stop. This tone comes from the ancient "entering" tone which has merged into other tones in standard Northern Mandarin.

4. Lack of retroflex initials.

The retroflex initials in such words as shan (mountain), ch'ung (worm), and chu (to cook) in standard Northern Mandarin, are pronounced in Eastern Mandarin with a dental sibilant; thus, they become san, ts'ung, and tsu, respectively.

C. Wu

1. In addition to the usual unaspirated and aspirated voiceless stops in standard Northern Mandarin, another set of "voiced" stops are found in the Wu initial system. The voiced stops as initials originally existed in all Chinese dialects, but they gradually disappeared

197 from all other dialects except Wu. In Wu
these voiced stops are not fully voiced but
• 194 are pronounced with voiced aspiration. In
the following illustration, the dialect of
Soochow is chosen as representative of Wu.

	Mandarin	Wu
to accompany	p'ei	be (e as in "set")
same	t'ung	tung
mad	k'uang	kuang

2. Ancient voiced affricatives and fricatives have been kept partially voiced in Wu. At the same time, certain dialects in this group tend to mix voiced affricatives with fricatives as shown in the following comparison:

	Mandarin	Wu
room	fang	vang
to follow	ts'ung	zung
dam	cha	za

3. Some Mandarin zero-initials, immediately followed by u (pronounced as in "pull") and originated from an ancient labio-dental nasal, are in most dialects of Wu either m vernacularly or v literarily.

	Mandarin	Wu
197 literary	wen	men (or ven)
•194 stocking	wa	ma
ten thousand	wan	man (or van)
tail	wei	mi (or vi)
have not	wu	vu

4. Mandarin j becomes a voiced fricative or a nasal in Wu; thus Mandarin jih (day) becomes zih or nih.

5. Many dialects of the Wu group have in general preserved the ancient guttural nasal initial, with a variety of palatalized n before high front vowels. Northern Mandarin words e (forehead), wai (outside), and i (to doubt) are pronounced as nge, ngai, and ni, respectively, in Wu.

6. In the final system of Wu, many Mandarin diphthongs are simplified into simple vowels; thus Mandarin lai (to come) becomes le (e as in "set"), and Mandarin kuai (unusual) becomes kua in Wu. Many Mandarin finals lose their nasals in Wu; thus Mandarin nan (difficult) becomes ne (e as in "set"), and t'ien (sky) becomes t'ie in Wu.

7. Wu dialects have as many as eight tones. The eight tones may be characterized as fully falling (˥˩), low rising (˨˧), low falling-rising (˨˩˦), low falling (˨˩), mid rising (˧˦), falling-rising (˩˧˦), short high-level (˥), short low-rising (˨˧). Certain dialects in this group have only seven tones as a result of not distinguishing between the rising and falling tones for words with voiced initials.

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8. Local variations in Wu are more noticeable than those in the Mandarin group, as the following comparison will show:

	Soochow (in Kiangsu)	Hangchow (in Chekiang)	Wen-chou (in Fukien)	Chin-hua (in Chekiang)
I, me	ngau (a as in "sofa", u as in "pull")	ngo (o as in "sorry")	ng	nga (a as in "ask")
we	ni	ngo man	ng le	ng liang
he	li	t'a	k'i	k'o (o as a in "all", pronounced with an "entering" tone)

D. Hui-chou

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Although Hui-chou dialects are spoken in a relatively small area in East China, they are sufficiently different to constitute almost a separate group. The dialect spoken in An-ch'ing, former capital of Anhwei Province, is perhaps most representative. Its special characteristics are as follows:

1. There is no initial h before u; thus Mandarin hu (tiger) becomes fu in Hui-chou.

2. The ancient initial ng has been preserved in Hui-chou; thus Mandarin i (to doubt) becomes ngi in Hui-chou.

3. Palatals are used in place of many retroflexes; thus Mandarin chu (pig) becomes tsü in Hui-chou.

4. Very few diphthongs are found in Hui-chou; for instance, Mandarin tai (to substitute) becomes ta.

5. Mandarin finals n and ng following the vowel a lose their nasal quality in Hui-chou; thus Mandarin wan (to finish) becomes wao (o as in "sorry"), and Mandarin yang (sheep) becomes io.

6. There are six tones in Hui-chou, one of which is originated from the ancient "entering" tone and is always accompanied by a glottal stop.

F Min

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The Min dialect group is usually divided into Northern Min and Southern Min. Northern Min is represented by the dialect of Foochow, while Southern Min is typified by the dialect spoken in Amoy. In general, all Min dialects have the following features:

1. There is no labial fricative sound. For example, Mandarin f is replaced by h, p, or p'. Hence Mandarin fa (law) becomes Foochow huak, Amoy huat, and Swatow huap; Mandarin fan (cooked rice meal) becomes Foochow puong and Amoy pong; and Mandarin fang (fragrant) becomes p'ang for most major Min dialects.

2. Words with dental or retroflex affricative initials in other dialects are replaced by dental stop initials. Thus, Mandarin ch'ih (pond), ch'ou (to extract), and chung (middle) become tie, t'iu, and tüng, respectively, in Foochow, and ti, t'iu, and tiong in Amoy.

3. Ancient voiced stops and affricatives have lost their voiced quality as has happened to those of the Mandarin dialects. But, unlike Mandarin, they have all become unaspirated instead of being both aspirated and unaspirated as conditioned by tones. Thus, Mandarin p'o (old woman), po (to bind), t'i (topic, title) tan (but), ts'ao (trough), and chin (to exhaust) becomes po, puok, te, tang, tso, and tseing in Foochow, and po, pak, te, tan, tso, and tsin in Amoy.

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4. There are generally seven or eight tones, and a very elaborate system of tone sandhi, especially in Northern Min.

Besides the above-mentioned common features of the Min group, Northern Min has the following unique characteristics:

1. Vowels vary according to tones. There are seven tones in Northern Min: high-level, fully falling, mid-level, low-rising, low-level, rising-falling, and short high-rising.

2. There is only one nasal final in Northern Min; thus Northern Min ng takes the place of both ng and n in Mandarin.

3. Northern Min is noted for its system of tone sandhi. Each of its seven tones has three or four different variations, depending upon the tone of the word that follows.

Southern Min, which is spoken in Amoy and in areas south of Amoy, further characterizes itself by the following features:

1. There is a tendency to oralize the nasal initials when they are not immediately followed by nasalized vowels or the nasal ng. Thus, b, l, g and m, n, ng are distributed complementarily in general.

2. Nasalized vowels and diphthongs are popular in daily speech, although usually not recorded in dictionaries dealing only with literary pronunciations.

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3. Tone sandhi is very common, but its system is not as elaborate as that of the dialects of Foochow. Each tone has only one sandhi form, regardless of the tone of the word following.

IV. DEGREE OF AUDITORY INTELLIGIBILITY

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Although it is rather difficult to point out the exact degree of mutual auditory intelligibility of the dialects spoken in East China, the previous section dealing with their distinguishing features should have made it reasonably clear that speakers of Northern Mandarin and Eastern Mandarin are generally understandable to one another for all practical purposes. However, speakers of those two groups of dialects may experience great difficulty in trying to understand or make themselves understood by the speakers of Min, Wu, or Hui-chou dialects. It must be noted that the differences of the dialects tend to diminish in the "twilight zones" between the dialectal areas in East China, and residents of these areas usually understand two or more dialects in addition to the one appropriate in their home place.

The existence of two systems of pronunciation in non-Mandarin dialects merits attention. A non-Mandarin dialect speaker is likely to employ a "literary" system of pronunciation when he reads a printed text, but will use a "vernacular" system to pronounce the words in conversation. For example, in Wu the "literary" v initial becomes "vernacular" m. In Foochow the difference between these two

212 complicated and clumsy Chinese script and the high incidence of illiteracy in China, although other equally convincing factors, too, must have contributed substantially to that fact.

VIII. LITERARY CHINESE

212 195 Besides the many different dialects, many of which have their own written counterparts of varying degrees of completeness, there is yet another language in China known as the literary language, as it is usually called by Western writers. It is the language of China's undying classics, owing its preservation to the inflexible and conservative system of writing of the country. As such, it has no standard pronunciation of its own. In other words, it has as many standards of pronunciation as there are dialects in China. That is to say that if a passage written in literary Chinese is read by a speaker of Northern or Southwestern Mandarin, Kan-Hakka, Cantonese or Southern Min, it will sound like the dialect he speaks. Moreover, in grammar and syntax, literary Chinese is so different from any of the dialects that it is almost a different language, entirely free from the influences of the changes that have taken place in the dialects. Hence, it is possible for a lettered Chinese at the same time to speak his own dialect and write literary Chinese without any strange feeling on his part at all. As a language, literary Chinese is noted for its conciseness, frequently leaving out many things which are ordinarily expressed, thus creating a kind of ambiguous terseness all its own, requiring its readers to fill in the

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missing elements as they go along. This characteristic accounts for the reason why a passage written in literary Chinese, when read aloud, can seldom be fully understood by a listener even though he may speak the dialect of the person reading.

Despite such a shortcoming, literary Chinese has been exerting a tenacious influence on the Chinese, especially the lettered segment of the population. It is literary Chinese that has kept China's classics alive and perpetuated the many pithy dicta of wisdom unsurpassed in the living language of the Chinese people despite dialectal barriers of any kind. Although the written national language has been gaining wider and wider acceptance, the great majority of government and commercial organizations are still using literary Chinese in the transaction of their business.

IX. LANGUAGE REFORMS

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Attempts to introduce language reforms in China began on a nationwide basis with the movement to unify the national language shortly after the establishment of the Chinese Republic in 1911. The movement was followed closely by efforts to reform the written language. Those who advocated such reforms were of the opinion that since the characters were so complicated and time-consuming for the average person to learn, and since literary Chinese was so unrealistic and impractical, something

162 Yao people mentioned in Chinese historical
144 records, and are related to the Yao people in Kwangsi. Today, these remaining aborigines are called She Yao, Hsia, or more commonly, She.

162 The total She population is now estimated at 200,000. The great majority are found in Fukien particularly in the Wu-i mountain region of Chien-ning and Ch'ang-ting districts. Only about 44,000 are at present living in the southern section of the Kuo-ts'ang mountain chains near Li-shui in Chekiang Province.[8] Lan, Lei, Chung, and P'an are the four surnames of the She people; intermarriage is approved only
241 among families bearing these names.[9] They are poor slash-and-burn farming folks like the Miao and Yao in South China.(This type of agriculture entails burning off the natural vegetation on the mountain slopes to enrich the soil for planting; but the fertility of the soil is exhausted after two to four years, and the farmer
• 197 must move on.) Those who work for the Han landlords usually speak the local Chinese dialects.[10]

563 Regionally as well as nationally, the She people are still as much neglected by the Communist administration as they were during

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7. The Yao people of Chekiang and Fukien fled to remote mountain regions after the Yao suppression campaign of Wang Shou-jen during the Ming dynasty. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.

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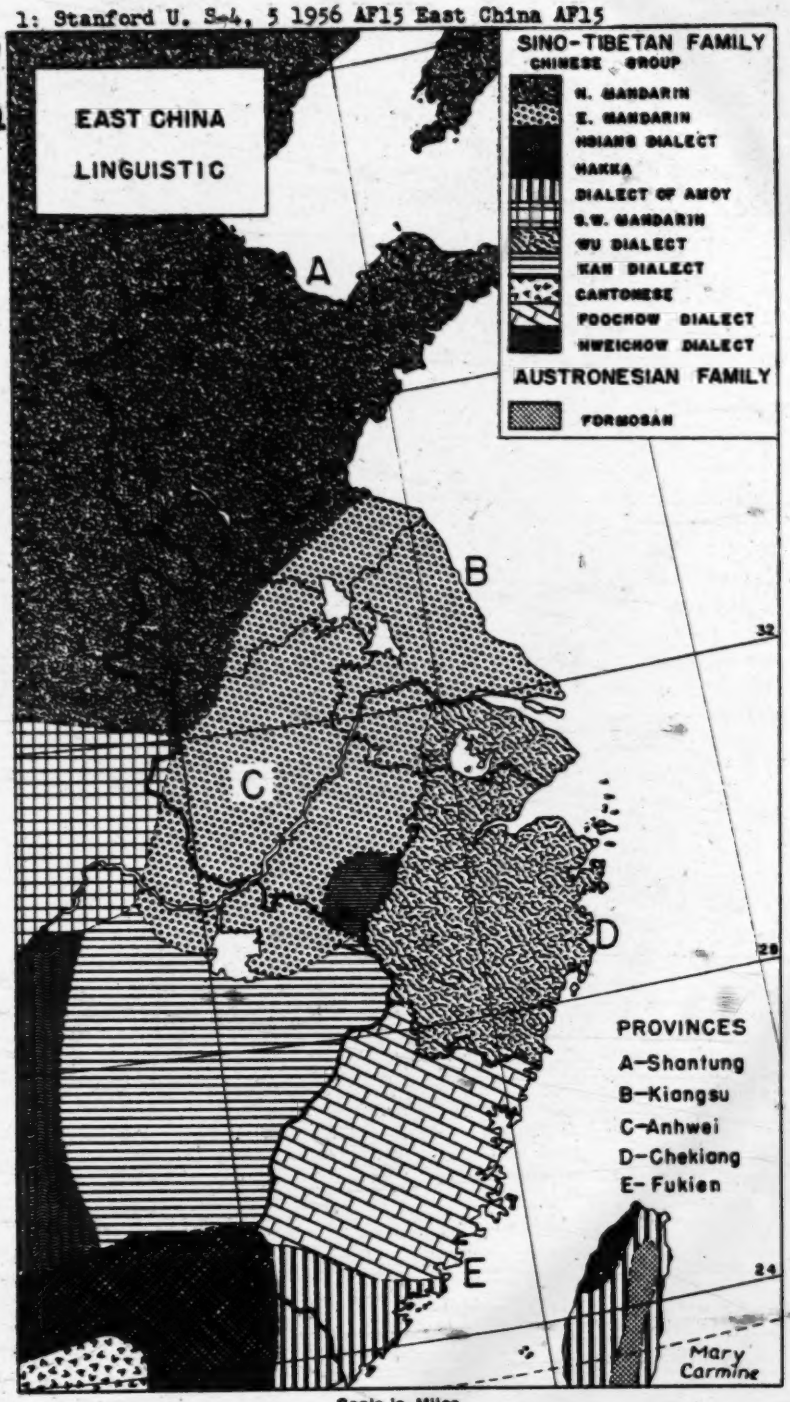

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Annex "A," Subparagraph le, Sociological Backgroun
LANGUAGES

I. MAJOR DIALECT GROUPS

197 In this region, there are no significant groups of people speaking non-Chinese languages The Chinese dialects spoken are: Northern Mandarin, Eastern Mandarin, Wu, Hui-chou, (Hweichow) and Min.

II. GEOGRAPHICAL DISTRIBUTION AND NUMERICAL STRENGTH OF SPEAKERS

A. Northern Mandarin

Northern Mandarin, the largest Chinese dialect group, spreading throughout the northern part of China, is spoken in the province of Shantung and north of the Hwai River in Kiangsu and Anhwei provinces, where local dialectal variations do not, of themselves, form a subunit of this major dialect group. It has approximately 72,000,000 speakers.

B. Eastern Mandarin

Eastern Mandarin is spoken by some 35,000,000 people in central Anhwei, parts of mrthern Kiangsu, and the area around Nanking and Chen-chiang (Chinkiang) south of the Yangtze River in Kiangsu Province.

C. Wu

The name of this dialect group is derived from the ancient Wu kingdom, which occupied

•197 Chekiang and southern Kiangsu provinces. About 32,000,000 people are speaking this dialect.

D. Hui-chou

Although comparatively small, this dialect group is independent of other groups. There are some 10,000,000 people in southern Anhwei Province speaking it.

E. Min

Speakers of Min can be generally distinguished. Northern Min is spoken by about 8,000,000 people in Fukien Province north of Amoy; southern Min prevails south of Amoy with about 5,000,000 speakers in this region.

III. DISTINGUISHING FEATURES OF THE DIALECTS

A. Northern Mandarin

197 Dialects of Northern Mandarin have in common the following distinguishing features:

194 1. There are two kinds of stop affricative consonants which are not voiced and voiceless as b, d, g, dz, and p, t, k, ts in English, but voiceless unaspirated and voiceless aspirated, commonly expressed in phonetic symbols of the Wade-Giles system of Romanization as p, t, k, ts, and p', t', k', ts' respectively. Roughly speaking, p, t, k sound like English p, t, k, in speak, still, and skill; and p', t', k' sound like English p, t, k in peak, till, and kill. Voiced consonants

197 194 such as b, d, g in English do not exist in Northern Mandarin.

2. There is a set of retroflex affricatives and fricatives distinguishable from dental affricatives and fricatives. For example:

Chu (pig) : tsu (to rent)
Ch'eng (city wall): ts'eng (story, layer)
Shan (hill) : san (three)

3. The guttural nasal ng does not occur in in the initial position of a word as it usually does in many other dialect groups.

4. A vowel scheme such as the following exists:

	Front Unrounded	Front Rounded	Central	Back Unrounded	Back Rounded
High	i	ü			u
Mid	e		ə	ə̂	o
Low			a		

With an additional symbol for the apical vowel, the above scheme will suffice to indicate all the vowel sounds of these dialects. Ordinarily, e and ə, or ə̂ and o are not distinguishable.

5. Only two final nasals, n and ng are found (except in Shansi Province), and they are distinguishable regardless of the vowel preceding them.

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Lan (indigo)	:	lang (wolf)
Chen (true)	:	cheng (to steam)
Min (people)	:	ming (name)
Sun (grandchild)	:	sung (loose)
Ch'un (a crowd)	:	ch'iung (poor, impoverished)

6. There are four tones. The pitch of the first tone is high-level; that of the second, high-rising; that of the third, low-dipping; and that of the fourth, high-falling. Graphically, these four tones may be represented as follows: ˥, ˧˥, ˨˩˦, and ˥˩, respectively. However, the dialects spoken in Shansi and areas adjacent to it have an additional fifth tone, which is always associated with a glottal stop in a final position. Another characteristic of these dialects is that n and ng rarely occur after the vowels a and e.

7. A few variations from the standard Northern Mandarin are noted in this dialect group as spoken in East China.

a) Tonal changes

In different areas the tonal patterns vary as follows:

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	First Tone	Second Tone	Third Tone	Fourth Tone
Standard Northern Manadarin	High-level	High-rising	Low-dipping	High-falling
Dialects in western Shantung, northern Anhwei and Kiangsu	Mid-rising	High-falling	High-level	Low-falling-rising
Dialects in eastern Shantung	Low-falling	High-falling	Rising	Mid-level

b) Palatal Differentiations

In some scattered areas in this region, Mandarin palatals are divided into dental sibilants followed by i or ü, and gutturals followed by i or ü. In these areas, certain Mandarin homonyms are pronounced with distinguishable variations

as follows:

	Standard Mandarin	East China Variation
wine	chiu	tsiu
nine	chiu	kiou
fun	ch'ü	ts'ü
to go	ch'ü	k'ü
to wash	hsi	si
to like	hsi	hi

In some areas in southern Shantung, the standard Northern words chao (to search for), ch'a (to investigate), and shan (mountain) are pronounced tso, ts'a, and san, respectively.

B. Eastern Mandarin

Although basically similar to Northern Mandarin, Eastern Mandarin has its clearly distinguishable features, of which the major ones are:

1. Lack of differentiation between initials l and n.

Speakers of Eastern Mandarin tend to pronounce these two initials interchangeably without distinguishing between them. To them, such standard Northern Mandarin words as nan (south) and lan (indigo), ni (you) and li (reason), nu (anger) and lu (road), and nü (female) and lü (brigade) are homonymous twins.

2. Absence of final n, and often final ng after the vowels a and e.

For example, kuan (officer) in standard Northern Mandarin is pronounced by the residents of Nanking as kua but with a nasalized a. In this connection, the finals ng and n after the voweli are usually pronounced ng in Eastern Mandarin, such as ping (guest), which is pronounced as pin in standard Northern Mandarin.

3. Presence of a fifth tone.

In addition to the four tones used in standard Northern Mandarin, Easter Mandarin has a fifth tone -- short high-level -- which is associated with a final glottal stop. This tone comes from the ancient "entering" tone which has merged into other tones in standard Northern Mandarin.

4. Lack of retroflex initials.

The retroflex initials in such words as shan (mountain), ch'ung (worm), and chu (to cook) in standard Northern Mandarin, are pronounced in Eastern Mandarin with a dental sibilant; thus, they become san, ts'ung, and tsu, respectively.

C. Wu

1. In addition to the usual unaspirated and aspirated voiceless stops in standard Northern Mandarin, another set of "voiced" stops are found in the Wu initial system. The voiced stops as initials originally existed in all Chinese dialects, but they gradually disappeared

197 from all other dialects except Wu. In Wu
194 these voiced stops are not fully voiced but are pronounced with voiced aspiration. In the following illustration, the dialect of Soochow is chosen as representative of Wu.

	Mandarin	Wu
to accompany	p'ei	be (e as in "set")
same	t'ung	tung
mad	k'uang	kuang

2. Ancient voiced affricatives and fricatives have been kept partially voiced in Wu. At the same time, certain dialects in this group tend to mix voiced affricatives with fricatives as shown in the following comparison:

	Mandarin	Wu
room	fang	vang
to follow	ts'ung	zung
dam	cha	za

3. Some Mandarin zero-initials, immediately followed by u (pronounced as in "pull") and originated from an ancient labio-dental nasal, are in most dialects of Wu either m vernacularly or v literarily.

	Mandarin	Wu
•197 literary	wen	men (or ven)
194 stocking	wa	ma
ten thousand	wan	man (or van)
tail	wei	mi (or vi)
have not	wu	vu

4. Mandarin j becomes a voiced fricative or a nasal in Wu; thus Mandarin jih (day) becomes zih or nih.

5. Many dialects of the Wu group have in general preserved the ancient guttural nasal initial, with a variety of palatalized n before high front vowels. Northern Mandarin words e (forehead), wai (outside), and i (to doubt) are pronounced as nge, ngai, and ni, respectively, in Wu.

6. In the final system of Wu, many Mandarin diphthongs are simplified into simple vowels; thus Mandarin lai (to come) becomes le (e as in "set"), and Mandarin kuai (unusual) becomes kua in Wu. Many Mandarin finals lose their nasals in Wu; thus Mandarin nan (difficult) becomes ne (e as in "set"), and t'ien (sky) becomes t'ie in Wu.

7. Wu dialects have as many as eight tones. The eight tones may be characterized as fully falling (˥˩), low rising (˨˧), low falling-rising (˨˩˦), low falling (˨˩), mid rising (˧˦), falling-rising (˧˩˧), short high-level (˥), short low-rising (˨). Certain dialects in this group have only seven tones as a result of not distinguishing between the rising and falling tones for words with voiced initials.

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8. Local variations in Wu are more noticeable than those in the Mandarin group, as the following comparison will show:

	Soochow (in Kiangsu)	Hangchow (in Chekiang)	Wen-chou (in Fukien)	Chin-hua (in Chekiang)
I, me	ngau (a as in "sofa", u as in "pull")	ngo (o as in "sorry")	ng	nga (a as in "ask")
we	ni	ngo man	ng le	ng liang
he	li	t'a	k'i	k'o (o as a in "all", pronounced with an "entering" tone)

D. Hui-chou

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Although Hui-chou dialects are spoken in a relatively small area in East China, they are sufficiently different to constitute almost a separate group. The dialect spoken in An-ch'ing, former capital of Anhwei Province, is perhaps most representative. Its special characteristics are as follows:

1. There is no initial h before u; thus Mandarin hu (tiger) becomes fu in Hui-chou.

2. The ancient initial ng has been preserved in Hui-chou; thus Mandarin i (to doubt) becomes ngi in Hui-chou.

3. Palatals are used in place of many retroflexes; thus Mandarin chu (pig) becomes tsü in Hui-chou.

4. Very few diphthongs are found in Hui-chou; for instance, Mandarin tai (to substitute) becomes ta.

5. Mandarin finals n and ng following the vowel a lose their nasal quality in Hui-chou; thus Mandarin wan (to finish) becomes wao (o as in "sorry"), and Mandarin yang (sheep) becomes io.

6. There are six tones in Hui-chou, one of which is originated from the ancient "entering" tone and is always accompanied by a glottal stop.

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2. Words with dental or retroflex affricative initials in other dialects are replaced by dental stop initials. Thus, Mandarin ch'ih (pond), ch'ou (to extract), and chung (middle) become tie, t'iu, and tüng, respectively, in Foochow, and ti, t'iu, and tiong in Amoy.

3. Ancient voiced stops and affricatives have lost their voiced quality as has happened to those of the Mandarin dialects. But, unlike Mandarin, they have all become unaspirated instead of being both aspirated and unaspirated as conditioned by tones. Thus, Mandarin p'o (old woman), po (to bind), t'i (topic, title) tan (but), ts'ao (trough), and chin (to exhaust) becomes po, puok, te, tang, tso, and tseing in Foochow, and po, pak, te, tan, tso, and tsin in Amoy.

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4. There are generally seven or eight tones, and a very elaborate system of tone sandhi, especially in Northern Min.

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1. Vowels vary according to tones. There are seven tones in Northern Min: high-level, fully falling, mid-level, low-rising, low-level, rising-falling, and short high-rising.

2. There is only one nasal final in Northern Min; thus Northern Min ng takes the place of both ng and n in Mandarin.

3. Northern Min is noted for its system of tone sandhi. Each of its seven tones has three or four different variations, depending upon the tone of the word that follows.

Southern Min, which is spoken in Amoy and in areas south of Amoy, further characterizes itself by the following features:

1. There is a tendency to oralize the nasal initials when they are not immediately followed by nasalized vowels or the nasal ng. Thus, b, l, g and m, n, ng are distributed complementarily in general.

2. Nasalized vowels and diphthongs are popular in daily speech, although usually not recorded in dictionaries dealing only with literary pronunciations.

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194 3. Tone sandhi is very common, but its system is not as elaborate as that of the dialects of Foochow. Each tone has only one sandhi form, regardless of the tone of the word following.

IV. DEGREE OF AUDITORY INTELLIGIBILITY

197 Although it is rather difficult to point out the exact degree of mutual auditory intelligibility of the dialects spoken in East China, the previous section dealing with their distinguishing features should have made it reasonably clear that speakers of Northern Mandarin and Eastern Mandarin are generally understandable to one another for all practical purposes. However, speakers of those two groups of dialects may experience great difficulty in trying to understand or make themselves understood by the speakers of Min, Wu, or Hui-chou dialects. It must be noted that the differences of the dialects tend to diminish in the "twilight zones" between the dialectal areas in East China, and residents of these areas usually understand two or more dialects in addition to the one appropriate in their home place.

The existence of two systems of pronunciation in non-Mandarin dialects merits attention. A non-Mandarin dialect speaker is likely to employ a "literary" system of pronunciation when he reads a printed text, but will use a "vernacular" system to pronounce the words in conversation. For example, in Wu the "literary" v initial becomes "vernacular" m. In Foochow the difference between these two

•197 systems is even more noticeable; thus "literary" huang (rice) becomes "vernacular" puong. The situation is further complicated by the fact that some non-Mandarin dialect speakers freely mix "literary" with "vernacular" pronunciations in daily conversation.

V. THE NATIONAL LANGUAGE OR KUO-YÜ

Since there is no standard spoken Chinese and since the various Chinese dialects in general are sufficiently different to make them mutually unintelligible to various degrees, many difficulties naturally arise. The Chinese themselves have long felt the need for a national language that will help them solve such difficulties. Consequently, as early as 1911, a movement was launched to unify the national language, and a system of thirty-nine phonetic symbols which were later reduced to thirty-seven was devised primarily for the purpose of indicating speech sounds. In the following year the pronunciation of Northern Mandarin as typified by the dialect of Peiping was adopted as the standard for the new national language. With the strong support of the government and educational leaders, the movement soon gained momentum and swept the entire country. Gradually more and more speakers of other dialects began to make an effort to learn the new national language or kuo-yü.

During the years of China's war of resistance against Japan when people speaking various dialects were squeezed into the hinter-

197 land, dialectal barriers were gradually broken down. A situation like that proved to be favor able to the further popularization of the national language. Although it may be exaggeration to say that now the national language has replaced the local dialects in the Central-South Region, it is neverless true that kuo-yü is gaining wider acceptance than ever before.

VI. THE CHINESE WRITTEN LANGUAGE

212 Despite the fact that the Chinese people in this region speak different Chinese dialects, the fact still remains that they use one and the same system of writing. China's written language consists of thousands of uniformly understood logographs or "characters" as they are commonly called. They can be understood only with reference to their ancient forms.

A. Pictographs

Chinese characters are traditionally classified into six main categories, the first of which is pictographs. The characters in this category all originated from simple pictures: jih⊖ (now written 日) is the character for "the sun;" yüeh ☽ is the character for "the moon," (now written 月). However, they have long lost their function of picturing things and become merely conventionalized visual symbols of spoken words.

B. Ideographs

212 185 had to be done to make the written language of China more effective, so that it could be within the grasp of the average Chinese citizen in a relatively short period of time.

A. Phonetic Symbols

198 185 One type of reform advocated the use of phonetic symbols as an aid to the illiterate to learn to read. However, since the sole function of these symbols is phonetic, they are effective when they are used as a guide to correct pronunciation in accordance with the standard of the national language for the purpose of leveling down dialectal differences in pronunciation. They are helpful only to those who have not yet acquired such a knowledge. They cannot possibly add anything to the attempt to make the Chinese language system simpler or more readily accessible to the illiterate masses.

B. Alphabetization

212 185 Another type of reform advocated was the alphabetization of Chinese in order to get away from ideographic writing. As a matter of fact, the use of the Roman alphabet for the transcription of sounds of the Chinese language is no novel suggestion. As early as the beginning of the sixteenth century, Matteo Ricci, a Jesuit missionary to China, began to transcribe the then Mandarin sounds with the Roman alphabet on the basis of the speech sounds of his own native Italian language. Later, other systems of romanization were devised by others to meet the needs of those speaking other

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V. MASS ORGANIZATIONS AS MEDIA OF PUBLIC INFORMATION AND PROPAGANDA

203 208 575 The Communists are fond of using the word "network" for all activities pertaining to public information and propaganda. Already discussed in this study are the news-gathering network, radio network, library and book-distribution network, the motion-picture-showing and cultural-center network. Included in the Communist term of "cultural network," however, are many mass organizations, all contributing to the over-all public information, education, and propaganda scheme.[58]

One of these organizational networks is the Sino-Russian Friendship Association. Established on October 5, 1949, in Peking, this organization expanded rapidly and by February 1952 had 64,200 large and small branches with a total membership[59] of 23,000,000. Under the over-all direction of Liu Shao-chi, whose position in the Party hierarchy is said to be second only to that of Mao Tse-tung, this association through its omnipresent branches organizes, indoctrinates, and propagandizes people of all professional strata. The daily contribution to public information and propaganda takes the form of group discussions and meetings.

58. A list of 96 such national mass organizations is found in People's Handbook, 1955, pp. 7-8.

59. People's Handbook, 1952, p. 258.

203 208 575 At these small group gatherings, Soviet theories and practices are discussed. When there is a national propaganda campaign, the association mobilizes all its branches to give concerted support to the government. These mass organizations have their own "cultural departments," which in reality are information and propaganda units. Altogether the "cultural network" of an average size hsien may easily contain 4,000 units, with over 30,000 people actively participating.[60] When applied to cities like Shanghai and Nanking in East China, these figures are but moderate estimates.

V. PERSONAL CONTACT

203 208 Any study of public information and propaganda in Communist China would be greatly amiss if it discounted the importance of personal contact. This particular medium of communication is essential to the Communist public information and propaganda scheme, and it works most effectively in a country like China where 80 per cent of the population is illiterate.

The Central Committee of the Chinese Communist Party, on January 1, 1951, issued a directive on the "Establishment of a Propaganda Network Aimed at the Masses." The directive points out that" (a) in the past propaganda work has been neglected; no permanent

60. Chao Ts'ung, op. cit., p. 36.

•203 208 personnel had been assigned to conduct person-to-person propaganda, counteracting rumors and clarifying government policies; (b) all Party branches henceforth will assign propaganda officers; all guiding agencies in the Party will appoint reporting officers; enthusiastic activists, although non-Party members, may also be enlisted as propaganda officers; (c) under the direction of the Party, propaganda officers will conduct propaganda through personal contact, and will report on the people's reaction and response; (d) the reporting officers, all responsible Party members serving at the various Party and government agencies, will make political reports to mass assemblies at least once every two months. Their reports are subject to clearance by Party authorities.[61]

Execution of the foregoing directive in East China resulted in the registration of 650,000 propaganda officers by the end of 1951. The reporting officers during the same period gave political talks to some 19,790,000 people.[62] It was admitted by the same Communist source, however, that "some of these propaganda officers were not sufficiently effective."

In the summer of 1953, Communist authorities moved to strengthen the system of

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61. Chien-li Hsüan-ch'uan-wang [Establishing a Propaganda Network], Shanghai, Hua-tung jen-min ch'u-pan-she, 1951, pp. 1-6.

62. People's Handbook, 1952, p. 437.

203 personal propaganda by establishing what might
208 be described as "coaching stations" for propaganda officers. At these stations propaganda officers met twice a month, each session lasting about two hours. With the help of well-seasoned agitators acting as coaches, the propaganda officers received on-the-spot instructions on how to operate most effectively. In June 1953 over 50 per cent of the sub-districts and hsiang in East China had such stations in operation.[63]

Anti-Communist sources conclude that the establishment of such "coaching stations" is a testimony to the collapse of the Communist person-to-person propaganda system.[64] Communist reports, on the other hand, claim that propaganda and reporting officers have come to be regarded by the people as "information bureaus," "thought doctors," and "messengers of Chairman Mao Tse-tung." If these titles reflect the popular conception of these propaganda officers, then there is reason to believe the claim that personal contact has exerted decisive influence on the masses in the movements to suppress counterrevolutionaries, carry out land reform, "Resist-America-Aid-Korea," and increase industrial and agricultural production.[65]

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63. Chin Ta-k'ai "Chung-kung Hsüan-ch'uan-wang Ti Fa-chan Chi Ch'i P'o-ch'an" ["The Development and Collapse of the Chinese Communist Propaganda Network"], in China Weekly, No. 70, May 3, 1954, p. 12.

64. Ibid.

65. People's Handbook, 1952, pp. 436-37.

203 208 The significance of the part played by personal contact in the Communist propaganda scheme is well described in a People's Daily editorial. The Party had been relying on separate propaganda campaigns to achieve its goals, the editorial said, and Party members had thought constant personal contact not essential to the success of propaganda. Now everyone admits that "propaganda officers are trail-blazers without whom no work can be undertaken."[66]

VII. CONCLUSION

A. The Extent of the System

208 The Communist propaganda machine, which uses all types of public-information media, is co-ordinated with mechanical precision. The highest policy-making body in the Party hierarchy decides on the issues to be propagandized; an order from this body is enough to start a chain reaction. Take the 1951 movement to "suppress counterrevolutionaries," for example: the decision was made in Peking in February 1951. To borrow a cliche from the Communists, the movement "spread like a forest fire,": and by October of the same year, all the tools of propaganda had been brought into play. Major newspapers, radio stations,

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66. People's Daily, Peking, January 1, 1, 1952, p. 3.

Annex "A," Subparagraph 2g,
Political Background

PROPAGANDA AND PUBLIC INFORMATION

I. INTRODUCTION

208 In Communist China, agencies for the dissemination of public information places stress on propaganda and education. As it is true of all Communist countries, the Chinese People's Republic is guided by the inviolable principle that all facts and issues must be selected and interpreted in the light of Marxist theories and the current Party line. Limited by source materials of a regional character, the following discussion on public information and propaganda in East China will attempt to cover only the basic facts about the formal structure, operation, and government control of the principal media of mass communication in the region. Wherever possible, exemplary cases in each medium will be included.

II. PRESS

A. News Services

204 Before the Communists occupied the East China Region in 1949, the Nationalist government-operated Central News Agency played the leading role in supplying the newspapers in this area with material. Services of foreign press associations were available; dispatches by such major institutions as the Associated Press, United Press,

204 International News Service, Reuters of England, Agence France, and Tass (the Soviet News Agency) frequently appeared in local newspapers. The Chinese Communist official outlet, the New China News Agency, also had branches in such large cities as Shanghai and Nanking. During the Nationalist-Communist conflict, the New China News Agency was subjected to varying degrees of government suppression in Nationalist areas. In Communist areas, the New China News Agency was the only active news service because the Central News Agency had been forced to close.

Upon the occupation of East China, the Communists moved to drive out the foreign news services and expand the New China News Agency. Under the direct control of the Information Administration of the State Council in Peking, this Communist news agency soon established its branches in both military and civil subdivisions, as shown in Table 1.

Table 1. Hierarchy of the New China News Agency */

	Branch HQ	Branch Office	Section	Corr. Cntr.	Liason Office
Civil....	Region	Province	Muni.	Hsien	Hsiang
Military..	Field Army Corps	Army	Regi-ment	Bat-talion	Company

*/ Jen Chung "Lun Chung-kung Ti Hsin-wen Kung-tso" ["On the Chinese Communist Press"] Tsu-kuo Chou-k'an [China Weekly] , Hong Kong, March 29, 1954, pp. 7-9.

204 In addition to the permanent branches, the New China News Agency also sends out teams of correspondents to news centers. At the site of the Hwai River project in Anhwei Province, or on the construction groun of the Tzu-po industrial area in Shantung Province, temporary offices of the New China News Agency are established to keep the nation informed of the progress of these projects.

The organization of the New China News Agency is highly centralized. Through the chain of command shown in Table 1, every staff member is placed under rigid government and Party control. Careful selection of correspondents is the first step adopted by the agency to insure the allegiance of its employees to the government and the Party. According to some anti-Communist sources, the correspondent must submit his ideas and outlines for approval before he writes them; the finished articles go through another thorough screening before they are released.[1]

Another news agency, the China News Service, established branches in East China in October 1952. The head of this agency, Chin Chung-hua, was a member of the East China Military and Politica Committee (supreme authority in East China until 1954) and vice-chairman of the cultural department under the committee. The agency

1. Jen Chung, "Chung-kung Pao-chih Ti Nei-yung Chi Pien-p'ai" [The Contents and Layouts of Chinese Communist Newspapers"], Tsu-kuo Chou-k'an [China Weekly], No. 71, May 10, 1954, pp. 14-15.

204 serves mainly as an interpreter of news events in China for foreign consumption.

B. Newspapers

1. Development and Control The Communist press in the East China Region had its origin in late 1946 in such newspapers as the Ta-chung Jih-pao [Masses Daily], published for the "old liberated area in Shantung Province," and at least two other dailies of the same name published at Chiao-tung and Lin-i. These newspapers were designed to glorify the "achievements" in the Communist-liberated areas and contained a large percentage of reports on the Land Reform Movement. As the Communist Army advanced southward from Shantung Province, an organized effort was exerted to Sovietize the existing newspapers and to quash those which failed to reflect the Communist line. By early 1950, when the Communists had already consolidated their position in East China, the official press policy was to "readjust the relations between the government and independent newspapers, carry out criticism and self-criticism in the press, and further promote the close tie between the press and the masses."[2] Translated, the foregoing Communist jargon means that strict observation of the Party line on the part of the existing non-government organs was yet to be achieved.

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2. Report by Shu T'ung, Commissioner of Culture and Education, East China Military and Political Commitee. Cheng-fu Kung-tso Pao-kao Hui-pien [Compendium of Government Reports], Peking, Jen-min ch'u-pan-she, 1951, p. 564.

204 208 What is the official Communist Party line concerning the press? This question has been answered by Lenin himself in his much-quoted statement: "A newspaper is not only a collective propagandist and a collective agitator; it is also a collective organizer."[3] Later Mao Tse-tung echo his ideological master by saying: "The duty of a Party newspaper is not only to propagandize and agitate, but more specifically it must serve as the messenger transmitting the Party's policies."[4] Chairman Shu T'ung of the Cultural and Educational Commission, East China Military and Political Committee, was translating this press policy into action when he said in 1950 that the relations between government and "independent" newspapers needed readjustment.

The Communists in East China have followed this press policy. In March 1952, the Chieh-fang Jih-pao [Liberation Daily], this region's leading newspaper, tonge-lashed the Su-nan Jih-pao [South Kiangsu Daily] for having failed to take the cue from the Party. As a result the latter published a lengthy "self-criticism" as a gesture of repentance.[5] In 1953, Chairman Shu T'ung again reiterated that the cardinal mission of the press was

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3. Alex Inkeles, Public Opinion in Soviet Russia, Cambridge, Harvard University Press, 1950, p. 135.

4. The Communist Propaganda Work, Ta-lu Fei-ch'ing Nien-pao [Annual Reports on Communist China], Taipei, Chung-kuo hsin-wen ch'u-pan-ssu, 1954, p. 148.

5. Chieh-fang Jih-pao [Liberation Daily], Shanghai, March 20, 1952.

204 to "strengthen and uphold the practice of criticism
208 and self-criticism and set up a clear propaganda line."[6] In January 1954, Communist authorities in this region sent Chang Ch'un-ch'iao, president of the Liberation Daily, to Moscow for two months to study the operation of Pravda. This was the latest action in the Communist effort to run East China newspapers in absolute conformity with the orthodox Party line.

To implement this policy the Communists had, until June 1954, a Cultural and Educational Commission under the East China Military and Political Committee. Shu T'ung, chairman of the commission, is a veteran Communist authority on cultural and educational affairs. His experience dates back to 1939 when he served as head of the political department of the Shansi-Chahar-Hopei Border Region Government. Since 1949 he has been in charge of the propaganda department for the Communist Party's East China branch. Under this commission and directly responsible for the press administration in this region was the Information and Publications Bureau, with Chang Ch'un-ch'iao as its chief. Within the region, each province had an information and publications department. These were the tools which the Communist Party and the Peking regime used to control the regiona press. Since the dissolution of the East China Military and Political Committee in 1954, the provincial information and publications departments have become directly responsible to their superiors in Peking and to the propaganda

6. Ibid., Feb. 22, 1953.

204 departments at the corresponding levels of the
208 Communist Party hierarchy.

These government and Party agencies work closely with the leading newspapers, and the lesser newspapers closely watch the metropolitan ones for cues. The information and publications department relays Peking's instructions, passes on the issues to be emphasized or suppressed, and generally supervises the entire press operation.

The Communists began tightening their control on export of newspapers in the winter of 1951. By the spring of 1953, all except a few official and national newspapers were placed on the contraband list. Since then it has been extremely difficult to secure accurate data on the number of newspapers and their circulation in any region of the Mainland. Earlier statistics show that in 1950 at least nineteen "government" newspapers in this region had been merged into other larger government organs.[7] At present, scattered reports show that at least one major newspaper is published in each province in East China.

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7. Shu T'ung, loc. cit.

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Table 2. Major Newspapers in East China */

Name of Newspaper		Place of Publication
Che'chiang Jih-pao	[Chekiang Daily]	Hankow, Chekiang Province
An-hui Jih-pao	[Anhwei Daily]	Hofei, Anhwei Province
Hsin-hua Jih-pao	[New China Daily]	Nanking, Kiangsu Province
Ta-chung Jih-pao	[Masses Daily]	Tsinan, Shantung Province
Fu-chien Jih-pao	[Fukien Daily]	Foochow, Fukien Province
Chieh-fang Jih-pao	[Liberation Daily]	Shanghai, Kiangsu Province
Shang-hai Hsin-wen Jih-pao	[Shanghai Daily News]	Shanghai, Kiangsu Province
Wen hui Pao	[Wen-hui Daily]	Shanghai, Kiangsu Province
Hsin-min-pao Wen-k'an	[New People Evening News]	Shanghai, Kiangsu Province

*/ Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung pao 1955, p. 553.

204 All the newspapers listed in Table 2 went through a thorough reorganization of personnel and management in 1952. The former leading paper in Shanghai, the Ta-kung Pao [Ta-kung Daily], was ordered to move to Tientsin and was merged with the Chin-pu Jih-pao [Progress Daily]. The English-language Shanghai News went out of business at the end of December 1952. But the reorganization and merger still left Shanghai with the largest newspaper concentration in East China. Subsequently the Communists in Shanghai carried out their principle of "specialization and centralization" in the publishing industry; each of the major papers in Shanghai began to specialize in one field of news. The Shanghai Daily News was to focus its attention on local news, aiming at the commercial and industrial life of Shanghai. The Wen-hui Daily was assigned to report on education, catering to the students. The New People's Evening News would cover recreation, physical education, and other social activities in Shanghai.[8]

Many local papers on the levels of the administrative district and hsien have been established or reorganized, but it is doubtful if there are many newspapers published below the hsien level. Lack of facilities is one reason, and the Communist policy on expansion of the press is

8. Chin Ta-k'ai, "Chung-kung Ti Ch'u-pan K'ung-chih" ["The Chinese Communist Control on Publications"], Tsu-kuo Chou-k'an [China Weekly], Hong Kong, No. 56, Jan. 25, 1954.

204 another. Communist authorities have repeatedly said that they want no "blind expansion." Chairman Shu T'ung has warned the newspapermen in East China against "preoccupation with quantity."[9] It is very clear that for the time being the Communists prefer fewer but well-manipulated large newspapers to many smaller ones which might complicate the problem of control. Wherever the regular daily press cannot serve directly, the Communists are using wall newspapers, mimeographed bulletins, and a number of other forms of news dissemination operating in conjunction with the radio.

According to the Communist plan, the calculated expansion of the press has as its ultimate goal a newspaper for each level of political subdivisions from the provincial down to the village. Cutting across these levels there are also some trade journals which, while emphasizing the technical aspects of respective trades, are by no means less intense in their political coloring. In July 1950, the labor unions in this region were publishing a total of sixteen periodicals, ranging from dailies to monthlies.[10]

2. Contents and Readership

Besides using the New China News Agency hand-outs to fill the national, international, and regional news columns, newspapers in this region also observe the official policy of "cultivating" their own correspondents. These correspondents, often unpaid, are students, members of labor union staffs, secretaries of

9. Liberation Daily Feb 22, 1953.

10. Chung-kuo Kung-jen [Chinese Worker's Monthly], No. 6, Peking, July 15, 1950, p. 6-65.

204 peasants' associations, and Party cadres assigned to various quarters of the community. A comparison of several newspapers in this region shows that there is some variation in the display of national and regional news items, but this variation tends to diminish when any one of the Peking high officials makes a speech or when issues like the Three-Anti and Five-Anti campaigns are the order of the day.

What do the newspapers contain? To give a clearer answer to this question, issues of a typical daily have been analyzed, with the results shown in Table 3.[11]

11. For discussion on the format of newspapers, see the chapter on Language.

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Table 3. Contents of the Liberation Daily (June 1952) */

Type of Material	Percentage of Total Space
Editorials	4.5
International news	13.2
National news	8.9
Regional news	10.7
Local news	9.7
Features	18.6
"Letters to the editor"	7.6
Graphic materials	6.9
Advertising	13.3
Reader's reference	3.9
Market reports	2.7

*/ Because the layout of the Chinese newspaper is different from that of the English-language newspaper, the percentage figures are here arrived at by measuring each item in square inches instead of column-inches.

204 Because it is the leading newspaper in this region, the Liberation Daily should carry more regional news than other newspapers. However because Shanghai is the economic center of East China and the current central theme of the press is economic reconstruction, many regional reports on economic activities actually have a local setting. For instance, one item on the reduction of loan interest at the Shanghai People's Bank is undoubtedly of regional significance and, judging by its repercussions, may even be of national concern.[12] The peculiar situation of Shanghai, therefore, gives much of the local news in this newspaper a greater-than-local appeal. Another difficulty encountered in the foregoing survey is the fact that news items often resemble feature stories. The reports are usually lengthy and contain a good deal of editorializing. Even the headlines are long-winded and "loaded," such as the one on page 2 of the June 20th issue -- "The Mutual-Aid-Team Delegates from Ch'u-hsien upon Visiting the Mechanical Harvester in Operation Realize the Greatness of the Laboring Class."

There is no "society column" in any of the major newspapers, unless the commencement speech at the local party cadre school or the report on the proceedings at the local factory

12. Liberation Daily, June 25, 1952, p. 2.

204 mass meeting can be so considered. There is no sports page; news items having any bearing on physical education are either speeches by the director of the Physical Education Department or brief statistical summaries of athletic events without any "color material." Crime and murder news is suppressed. Fire and other disasters appear in the press only when there is a possible "sabotage" angle to be exploited for propaganda effect. Unlike leading newspapers in many other areas, the Liberation Daily carries more advertisements. This is again on account of Shanghai's position as an economic and manufacturing center.

In June 1952, the Korean peace talks were under way at Kaesong, and in the Liberation Daily, almost all the international news items concerned Korea. At about the same time the Three-Anti and Five-Anti campaigns were still going on, hence the frequent appearance in the advertising column of warrants seeking the apprehension of corrupt officials.

The "Letters to the editor" column is a common feature for many newspapers in this region. The Liberation Daily prints a few such letters in every issue. Sometimes the newspaper carries a digest of several letters on the same subject; at other times the paper prefaces several letters on the same subject with a critical analysis or reply; at still other times the paper merely prints its editorial reply without reproducing the letters. The letters are presented as "unaltered originals." Among these appearing in the June 1952 issues,

204 many were highly critical of certain government agencies or personnel, but none touched upon the over-all Communist policy. As a rule, if the criticisms are substantial, they could constitute a basis for action on a high level to correct the condition criticized. One of the letters involving what amounts to a miscarriage of justice at the local court was published on the front page with a two-column headline, instead of being put in the usual column provided for such letters on one of the inner pages.[13] Because the victim who paid for the court's mistake with his life was a worker and Shanghai was heralded as a citadel for the workers, the Liberation Daily supported the plaintiff in its editorial column. Consequently, the local court was penalized.

The "Readers' Reference" column is a unique feature of the Liberation Daily. The column contains a few highlights of the day's news, usually summarized items of significant propaganda and "mass education" value. There are also questions, querying the reader on his understanding of the news report. It is to be noted that the word "reader" in this column does not mean the ordinary reader, but rather the leader of a newspaper reading group who has the job of interpreting the news for his group. The column provides him guidance.

Most of the schools include newspaper-reading in their curricula. Factories and government offices organize newspaper-reading and discussion groups which are co-ordinated by the "social service department" of the newspaper. This department offers guidance and aid to the newspaper-reading groups by sending news analysts to preside

13. Liberation Daily, June 20, 1952, p. 1.

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204 over the reading sessions. The analyst interprets the news for the group and cultivates the enthusiasts in the group to become leaders of new reading groups. In May 1950, the Hsin-hua Jih-pao [New China Daily] in Nanking increased its "social service department" staff by 116, each in charge of scores of reading groups.[14]

3. Circulation and Sales

Subscriptions to the newspaper in East China are handled through either the local post offices or the China Publications Distribution Company, a government-supervised organization which has branches throughout Mainland China. This, however, does not rule out the possibility of allowing smaller local papers to manage their own subscriptions and sales. If subscribed through the post office, the paper is delivered with the mail. Street sales, handled by bookstores and sidewalk stands, constitute a part of the distribution. There is no evidence of news-vendors or delivery boys, who, before 1949, roamed the streets of East China.

The street-sale price of the Liberation Daily in 1953 was JMP$ 600 per copy. This was the price for about six ounces of rice or one and one-half ounces of pork at that time in Shanghai. Students and members of the armed forces are entitled to reduced group subscription rates The Communists in East China are following the national practice of making the newspapers financially self-supporting, not only for purposes of economy, but because they believe that if the

14. Jen Chung, "Lun Chung-kung Ti Hsin-wen Kung-tao ["On The Chinese Communist Press"], Tsu-kuo Chou-k'an [China Weekly], Hong Kong, Mar 29, 1954, p. 7.

204 the papers are sufficiently "popularized" they will have the support of the masses, and government subsidy will become unnecessary. There are reports on the Communists' success in this endeavor, but none of these reports bear specifically on any particular paper in this region.

With the help of postal delivery, the distribution and sale of newspapers in East China have been facilitated. In September 1951, at least one newspaper was available in each of the 700 villages of one (unnamed) county in Kiangsu Province. An average of 4.5 copies were bought by each village every day in another (unnamed) county in Shantung Province.[15] This degree of achievement, however, was not satisfactory to the Communists, for in January 1952 they reiterated the call for an increase of newspaper circulation in East China. In bringing out the facts shown in Table 4, the Communists were placing emphasis on national newspapers rather than those exclusively serving this region.

15. New China News Agency dispatch from Peking, Sept. 15, 1951, quoted in Survey of China Mainland Press, No. 176, Hong Kong, American Consulate-General, Sept. 17-18, 1951.

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Table 4. Circulation of East China Periodicals */

Name of Publication	Proposed Circulation	Circulation in November 1951
For a Lasting Peace, For a People's Democracy.....	17,845	2,864
People's Daily [Peking]	63,919	46,100
Liberation Daily	143,500	105,200

*/ Liberation Daily, December 28, 1951, p. 1.

The first two publications listed in Table 4 are national. Explanations given by East China Communist Party cadres indicate that in 1951 the personnel in charge of cultural works erred in stressing promotion of local newspapers while neglecting national Party newspapers. For the total circulation figure of all the newspapers in East China, the 1951 proposed target was 1,420,000; and for the magazines, 560,000. This[16] circulation was 30 per cent short of the proposed figures at the end of 1951.

16. SCMP, No. 107, May 24-25, 1951, pp. 26-27; Liberation Daily, Dec. 28, 1951, p. 1.

204 Three newspapers, all published in Shanghai, and all of a regional nature, had circulation records[17] of over 110,000 each in June 1952. At that time the total circulation of all dailies[18] in Shanghai stood at 1,099,000. By February 1953, success claimed by the Communists in East China in their newspaper-promotion campaign necessitated an official order to "suspend subscriptions to periodicals because of exhaustion of quota."[19] The suspension order specifically mentioned such national periodicals as Shih-chieh Chih-shih [World Knowledge], also known as [World Culture], Jen-min Chiao-yü [People's Education], Hsin-hua Yüeh-pao [New China Monthly], and Chung-kuo Chin-yung [Chinese Finance]. This again indicates that the Communist emphasis was on national publications, and the promotion campaigns in East China were possibly more successful with national periodicals.

C. Magazines, Pamphlets, and Books

214 While the daily press is the most orthodox means of mass communication the world over,

17. These dailies are: Liberation Daily, Wen-hui Daily, Lao-tung Daily. See Liberation Daily, June 2, 1952, p. 3; and Hua-ch'iao Jih-pao [China Daily News], New York, Sept. 7 1955, p. 2.

18. Ibid.

19. Liberation Daily, Feb. 26, 1953, p. 4.

214 system in East China is well-organized and the current trend is toward further expansion of this centralized system.

204 3. Contents and Readership The most popular publications are light literature, cartoons, periodicals and pamphlets.[25] Two popular booklets, Continuous Production in Capitalism and China's Highways are 5" x 7" in size and contain less than one-hundred pages each.[26] The former is one of a series on political and economic sciences; the latter appears in a group of such pamphlets on popular science and engineering. In these pamphlets, political and technical matters are interpreted in the simplest possible terms. Illustrations are used but they include no elaborate color plates to increase the cost of printing; thus the pamphlets can be made available to people of lower income. Although not periodicals, these series are published at regular intervals.

The number of major magazines available in 1954 in Shanghai, which has remained the center of periodical publications in East China, are shown in Table 6.

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25. National survey in early 1950 showed that popular literature, with 43 titles, topped list of periodicals then in circulation. See Hsin-hua Yüeh-pao [New China Monthly], Vol. I, no. 5, Peking, Mar. 1950, pp. 1255-58. Another national survey in Feb. 1951 showed that popular literature with 1673 titles ranked first in all book categories published from Nov. 1949 to Dec. 1950.

26. [See following page.]

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Table 6 Major Magazines Available in Shanghai (1954)*/

Subject Matter	Number
General	3
World Affairs	3
Economics	3
Agriculture	1
Industrial and engineering	19
Communications	4
Education	5
Children	5
Women	2
Popular science	7
Medical science, health	11
Linguistics	5
Literature	11
Pictorial	2
Total	81

*/ Ch'ün-mo Luan-wu Ti Shang-hai-shih [Shanghai Where the Demons Dance in Confusion], Taipei the Sixth Section Central Committee, Nationalist Party, 1954, pp. 20-21.

26. Sun Huai-jen, Tzu-pen-chu-i Ti Tsai-sheng-ch'an [The Continuous Production in Capitalism], Shanghai, Hua-tung jen-min ch'u-pan-she, 1954; Mao Shou-chin and others, Kung-lu Ch'ang-shih [Common Knowledge about Highways], Shanghai, Hua-tung jen-min ch'u-pan-she, 1951.

217 4. Libraries and Cultural Centers Small libraries have been established throughout this region to cater to the workers, farmers, and shopkeepers. In November 1950, 216 libraries were open to the public in northern Kiangsu Province, and there were some eighty small libraries in the city of Shanghai. The plan for 1951 was to add 2,500 similar libraries in the farm areas, 1,000 in factories, government offices and schools, and 3,000 in units of the armed forces within the region.[28] By July 1951, rural libraries in East China[29] numbered 1,400 and those in factories totaled 400.

The cultural center is a version of the Communist cultural "palace" on a smaller scale. Both are provided for Communist-conducted cultural activities such as discussion group meetings, political rallies, and reading classes. The larger centers have facilities for showing motion pictures. Most reserve some space for reading rooms.

In conjunction with the libraries and cultural centers, there are also popular science education centers. Through exhibits, movies, lectures, and other available means, these centers strive to furnish the public with a basic knowledge of the natural sciences.

208 D. Application and Effectiveness of the Press
204 As a Propaganda Medium

28. SCMP, No. 20, Nov. 30, 1950, p. 7.
29. Ibid., No. 136, July 17, 1951, p. 15.

208 Communist cultural and educational work-
204 ers are ready to claim success in bringing the press closer to the masses. There is evidence to support the conclusion that Communist press control in East China is thorough, in spite of the fact that Shanghai before 1949 had the largest number of independent newspapers of all the cities in East China. Under a rigid system of control, the effectiveness of the press as a medium of public information and propaganda is restricted or aided by certain characteristics.

1. Thought reform. The remolding of a newspaperman's thought is not a new subject in East China. One of the recent official expressions on this subject was pronounced at the Shanghai Branch of the East China Study Committee. The committee was organized by leaders of the cultural circles in this region to study Marxist, Leninist, and Maoist theories. The occasion was a meeting held by the committee to discuss thought reform among newspapermen. At the end of the meeting, the following conclusions were reached: (a) freedom of the press was wavering objectivism without a definite viewpoint; (b) effort to improve the appearance of the newspaper such as the format and graphic beauty was but trifling formalism; (c) the belief that a journalist was "a king without a crown" was anarchism that defied government organization and discipline.[30] The last reference to the professional freedom of

30. Chin Ta-k'ai, "Chung-kung Ti Ch'u-pan K'ung-chih" ["The Communist Control on Publications,"] China Weekly, No. 56 Jan. 25, 1954, pp. 7-9.

208 a newspaperman as a "king without a crown"
204 was an expression popular in Chinese press circle By reaching the conclusion the Communist have fired a salvo at all the traditional standards and principles held by the newspapermen. A new professional standard is established for Chinese journalists -- to report the facts selected for them in order to educate the readers to support government policy.

2. Easy to read and believe. The Communists are always keenly aware of the importance of making newspapers easy to read. Early in their underground days they used as a motto O. A. Piatnitskii's remark that "revolutionary newspapers must be written in plain and popular language so that they can be understood by the masses."[31] Especially in Shanghai, where a concentration of workers presented the first challenge to Communist propaganda agents, the newspapers and other publications catering to uneducated and semi-educated readers are carrying out the long-established Communist policy of "explaining the political problems in the simplest possible terms."[32] Local expressions and trade jargons are freely adopted. To a person trained in classical Chinese and accustomed to

31. Translation appears in Hung-chi [Red Flag], Jan. 15, 1932. Osip Aronovich Piatnitskii, author of such standard treatises on Communist propaganda and agitation as World Economic Crisis: the Revolutionary Upsurge and Tasks of the Communist Parties, and World Communists in Action, was idolized by Chinese Bolsheviks in early 1930's.

32. Red Flag, March 10, 1932.

208 reading the serious writings of pre-Communist
204 days, the new language of the Communist press would sound strange if not silly. But the new style does increase the popular appeal of the publications.

3. Opportunity to learn through propaganda. The Communists also bring to the public a good quantity of much-needed rudimentary knowledge on the natural sciences and public health, and sanitation. The unskilled laborer, who had no opportunity to learn anything except what he acquired in his daily routine, now can gain something from the special columns and feature stories in the newspapers. The Liberation Daily prints regular columns on literature, health, and science Smaller newspapers in East China have their columns tailored to suit the literacy level and specific need of their respective reader groups. In addition, there is at least one magazine catering to each of the professional strata in East China, and for each periodical on a certain subject, there are dozens of pamphlets published every year to reach readers of varying degrees of education. The propaganda angle in most of these publications is obvious. Even in the most technical treatises, the general slant is to contrast the present with the past. The evils of the past are blamed on the "reactionary Kuomintang" or "American imperialism." The present is praised and the credit goes to Mao Tse-tung or to Communism. Take the case of an article on tractors, for example. The articles does not openly attack the technical excellence of American

208 tractors; but it insists that America gave guns to
204 the Nationalists, not tractors to the peasants. Having described Russian-made tractors, the article concludes with the assertion that Mao Tse-tung and the Russians are working to bring tractors to the peasants. The technical aspects of the subject are not neglected, but the propaganda line is skilfully underscored throughout the text. Readers who need the technical information contained in articles of this sort are continually exposed to a propaganda bombardment.

4. Cultivation of News Reading. It would be greatly misleading to compare the Chinese Communist press with the American press and to judge the former's effectiveness thereby. The Chinese press has never permeated community life to the degree that the American press has. Except for small sections of China's urban population, no Chinese would feel at a loss if he had no morning paper to read at the breakfast table. By and large the Chinese Communists are cultivating the newspaper-reading habit The entirely new experience of reading the newspapers or of having them explained is exciting to the average man on a lower Yangtze River farm or in the southern Fukien hills. It is believable that Li Ch'un-yü, a 52-year-old worker at a P'eng-lai factory in Shantung Province, pasted the day's newspaper above his head and read it every morning and every night; or the woman worker Shen Mei-li of the Shanghai Textile Factory felt that her day's work was not done until she had finished reading the newspaper.[33] Li and Shen

33. Liberation Daily, June 2. 1952, p. 3.

have no previous experience with which to contrast the present one; therefore, they do not know what might be expected of a newspaper. To people like Li and Shen, the press in East China obviously has a great appeal. As to the section of the urban population which has had some experience in reading non-Communist newspapers, some people have embraced Communism and therefore welcome the Communist press, and others are forced to accept the Communist press, because there is no alternative. The only section of the population which probably does not want to read the Communist press at all is the storekeepers and some of the middle-class readers in larger cities. Having been among the supporters of what might be described as China's yellow journalism, which had a limited popularity in the larger cities in pre-Communist days, these people have no incentive to read the dull and drab Communist newspapers.

5. Delayed reporting. Another general criticism against the Chinese Communist press is that it contains no news and that it is history. With the unwieldy system of checking and double-checking, news dispatches are often delayed. The report on Malenkov's downfall, for instance, did not reach this region until announced by Tass three days later. But lack of promptness in reporting certain political events apparently does not impair the effectiveness of the controlled East China press, and certainly will not reduce its appeal to the unsophisticated masses.

6. Limited circulation. Quantity may not be a reliable criterion to gauge the effectiveness of the press in East China. According to Commu-

nist statistics in 1951 there was one copy of a daily newspaper to every 150 persons, and one copy of a magazine to every 280 persons. While this may appear to be limited circulation, other methods of news dissemination supplement the regular press.

7. Slanting the news and restricting coverage. Two developments may fatally damage the effectiveness of the press in East China. The newspapers in this region, like those in many other areas, slant the news for propaganda purposes. No gross inaccuracies have been reported, but as the readers become more sophisticated, inaccuracy of news reports will destroy confidence in the press.[34] The Communists have also attempted to restrict the circulation of local newspapers to their respective districts.[35] This was done under the pretext of avoiding duplication and waste in the distribution of newspapers. While the move may be necessary in view of East China's planned economy at the present stage, the effectiveness of the press as a medium of mass communication is curtailed when the newspapers cannot freely purvey news from one locality to another. Magazines, pamphlets, and books in this region are as yet free from this restriction.

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34. Jen-min Jih-pao [People's Daily] , Peking, Sept. 26. 1951.

35. Central News Agency dispatch, quoted in Review of Hong Kong Chinese Press, No. 174 Hong Kong American Consulate-General, Sept. 19-20, 1953.

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III. RADIO

A. Facilities and Control

•207 The development of radio networks in East China followed a series of official directives. Upon the establishment of the Peking regime in 1949, the Common Program, which formed the basis of Communist China's Constitution, specified that "People's radio and publication work shall be developed."[36] A central agency in charge of radio administration was established in Peking. In April 1950 the information administration at Peking issued a directive on the "establishment of a radio broadcast receiving network." The provincial and special administrative district authorities in East China issued in the same year their instructions on the establishment of broadcast receiving networks. According to these announcements, the radio networks (broadcasting as well as receiving) were to come under the joint jurisdiction of the local People's government, the Communist Party's local branch, and the regional radio station which directly received instructions from the Central People's Radio Station in Peking. After the "regional" administrations were abolished in 1954, it is presumed, provincial and municipal radio stations receive direct instructions from Peking, but they are still

36. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Language Press, 1949, p. 18.

207 subject to control by local People's governments and the Communist Party's branch offices.

The mutiple system of control is necessary in the eyes of the Communists, because the Peking regime has made it amply clear that radio is one of the most effective instruments of mass education to prepare the masses for the "socialist construction of China."

One characteristic of radio control in China and in other Communist countries is its extent, covering not only the broadcasting networks but receiving stations as well. Organizing "receiving stations" may serve two purposes: one is to ameliorate the shortage of facilities, the other is to insure that available facilities are used in a manner approved by the government. The services of private owners of radios are enlisted by the government to expand the radio network. These owners are called "friends of radio." They receive free program announcements from the government and some free maintenance services. In turn they are expected to reciprocate by reporting the listener's reactions to the government. Each of these privately owned radios may serve as a receiving station, or as a base for a listeners' group, if the owner is willing. In addition, the Communist authorities have been trying to place enough sets in the hands of trained cadres who will man the official receiving stations.

The receiving stations are established on the hsien (county), city, hsiang (group of villages) and, at certain places, down to the individual

•207 village level. Within a larger city, more than one station may be maintained on the public square, at the public library, in schools, government offices, factories, and other industrial institutions. Outlying industrial and mining districts also have them. The Communists assign high priority to the development of receiving stations in industrial centers as an essential measure dovetailed with the over-all propaganda system. Each complete receiving station is equipped with a radio set and manned by a monitor (called a "receiving officer") who records news and other important broadcasts, and a technician who is responsible for the maintenance of the set.

As a supplement to the receiving stations, whose audiences are limited in number, there are public address systems either directly hooked up to the radio receivers or operated separately. The Communists call these systems "wire broadcast" (one type of radio diffusion exchange) in contradistinction to "wireless." When a "wire broadcasting" station is operated separately, the receiving officer organizes a separate program based on the news and important broadcasts he has monitored. To these materials he adds whatever answers to local needs. In a large factory, the public address system may have a number of loud speakers distributed among the departments on the premises.

The receiving officer at a station without supplementary public address systems is usually required to run a news bulletin. The frequency of issuing the bulletin may range from daily to semi-weekly, and the method of publication also varies

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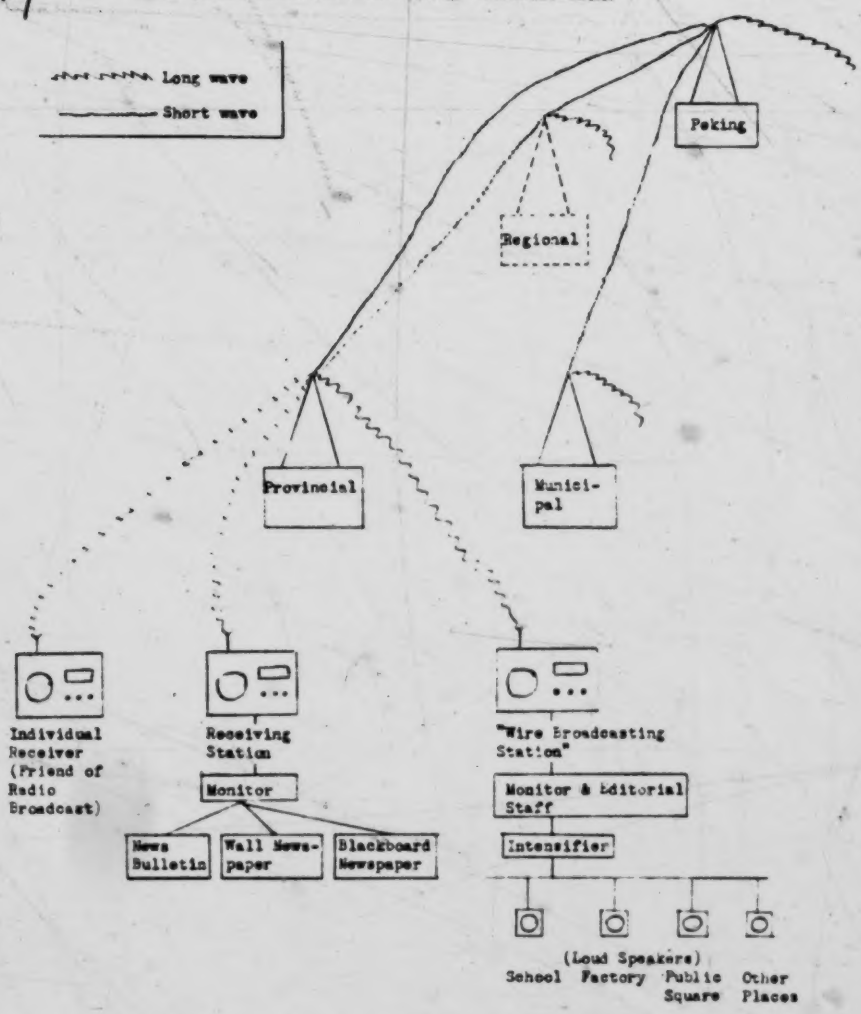
RADIO BROADCASTING AND RECEIVING IN COMMUNIST CHINA



Similar receiving arrangements are repeated at all levels.

(Chart faces p. 647)

207 according to the location of the station and the audience it serves. Whatever limitation of supplies dictates, the radio receiving officer may also be required to run a "blackboard newspaper" which is nothing more than a conspicuously placed blackboard on which are summarized the news items he has monitored.

A few terms in connection with the Communist radio work may be somewhat puzzling to the Western observer. Lieh-ch'e Kuang-po [broadcast on the train] is a "wire broadcasting" system installed on a train for the benefit of the passengers. T'u Kuang-po [native broadcast] and Wu-ting Kuang-po [rooftop broadcast] are Communist cadres shouting through megaphones (trumpet funnels) the monitored news items. When they do so at a street corner, they are performing "native broadcasting." If they appear on the rooftops they constitute a "rooftop broadcast." These cadres are identified with "propaganda officers," about whom more will be said later. All these forms of broadcasting are in use in East China

The relationship between these broadcasting stations and receivers and the chain of control can best be demonstrated in the chart following

207 Recent statistics on radio facilities in East China are not available. Earlier reports, however, show that this region had the largest concentration of radio stations and receiving equipment among all the areas in China. In the city of Shanghai alone, there were two government stations and 22 private station[37] in 1951. A year later, as the government stations expanded their operation and radio control began to assert itself, three private stations went off the air and three others were merged with their competitors; thus only 16 stations were still maintained by private interest in Shanghai in 1952.[38]

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37. Hsia Yen (chief of the Cultural Bureau of the Shanghai Municipal Government), "Shanghai Wen-chiao Kung-tso Kai-k'uang Yü Chin-hou Jen-wu" ["Cultural and Educational Work and Its Future Mission in Shanghai"], Compendium of Government Reports, p. 612.

38. Jen-min Shou-ts'e, 1952 [People's Handbook, 1952], Shanghai, Ta-kung pao, 1952, p. 436.

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Table 7. Independent Radio Broadcasting Stations in Shanghai (1952) */

Name	Kilocycles
Ya-mei, Lin-chi	670
Yüan-ch'ang	750
Ho-chung	750
Ta-lu, Ta-chung-hua	930 and 92,332
Hu-cheng	1,070
Ta-hu	1,070
Tung-fang, Hua-mei	1,310 and 65,490
Min-sheng	1,340
Chung-hua-tzu-yu	1,340
Ta-chung	1,370
Chiu-chiu	1,370
Chin-tu	1,400
Chien-ch'eng	1,430
Hsin-sheng	1,430
Ta-chung-kuo	1,460
Ya-chou	1,490

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207 By late 1953 government interests had invaded more than ten of the private broadcasting companies in Shanghai, and it is doubtful if there are any totally independent stations left in that East China metropolis.[39] Among the government stations the East China Regional People's Broadcasting Station, operating on 800, 5,985, and 9,730 kilocycles, presumably has been relegated to a provincial status to serve Kiangsu Province upon the abolishment of the Greater Administrative Region political subdivisions in China in 1954. Although caution has been voiced by Communist officials against "blind expansion of radio networks" there are indications that more government stations, possibly at least one major station to each province, have been established since 1952. But, instead of continuing with the construction of more broadcasting stations, the emphasis has been rather on the development of receiving stations in the industrial cities in East China. In October 1951 Communist China had altogether 2,254 such stations in the cities.[40] This number increased to 3,519 by March 1954.[41] In East China even the smallest hsien in the most inaccessible area has at least one receiving station, and there is frequent mention in the East China press of reactions to these stations by worker-audiences.

B. Operation and Audience

The programs of these broadcasting stations

39. Chin Ta-k'ai, loc. cit.

40. Jen-min Hua-pao (People's Pictorial), Peking, Oct. 1951.

41. Jen Chung, loc. cit.

207 are organized to deliver and explain a political message to the audience. The pattern is fixed and changes in content occur only at the command of the central authority. If the current issue is "Resist-America-Aid-Korea," then the programs are permeated with anti-American propaganda. If it is "Production Emulation to Greet Labor Day," then every speech or news item has something to do with labor models and labor "heroes." The following is a survey of the features described as "important" by the East China Regional People's Broadcasting Station and the Shanghai Municipal People's Broadcasting Station:

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• 207 Table 8. Percentage of Important in East China Radio Programs */

Subject Matter	Regional Station	Municipal Station
	(in per cent)	
Popular Science. .	48.6	20.0
International situation	24.3	6.8
Political and Economic affairs	2.8	5.1
Life of peasants and workers....	2.5	13.1
Industrial and comm'l progress	10.8	22.8
Thought reform.....	2.9	5.8
Children's programs	0	13.8
Three-Anti Campaign	2.7	5.2
Program broadcast in local dialects	0	5.7
Water conservation	5.4	1.7

*/ Based on program announcements in the June 1952 issues of the Liberation Daily.

Popular science programs include lectures on public health and sanitation designed to give the audience a basic knowledge of common diseases and their prevention. Both stations in Shanghai in June 1952 were engaged in propaganda, their main subject being the so-called "germ-warfare" supposedly waged by American troops in Korea. Items bearing on the international

207 situation stressed the Soviet peace movement, with frequent reference to the "Resist-America-Aid Korea" Movement. The talks on political and economic affairs voiced Communist theories and policies, rendered in terms understood by the average citizen of East China. Because the Communists at this stage prefer not to explain ideology in the abstract, this part of the programs is comparatively light. At the hours assigned to telling stories about the life of the peasants and workers living under a Communist regime, program directors interview workers from farms and factories who relate their own experiences. The farmer tells of how happy he was when he received a tractor. The lathe operator gives an account of the recreational facilities in his factory, made available by the generosity of Mao Tse-tung. The shopkeeper explains how he learned to read at one of the public night schools. The Municipal Station which serves the immediate vicinity of Shanghai features more programs of this sort than does the Regional Station which serves a larger and more varied audience.

The extensive coverage of industrial and economic progress includes items on production records, "heroic feats" by labor models, and the development of co-operative stores. The thought-reform program is generally aimed at the youth; at least, it was so in June 1952. College and occasionally high-school students appear on this program to explain how they freed themselves from "bourgeois and feudalistic" ideas. The Regional Station refrains from presenting children's programs and leaves them to the municipal and

207 and other stations of local nature. Music and songs eulogizing the country and Mao Tse-tung constitute the bulk of children's programs; the remainder consists of stories exhorting the young listeners to behave themselves like "good children of the Communist Party." Adapted fairy tales, of both Chinese and Western origin, are offered to the young audience.

The Three-Anti Campaign was not the central issue in June 1952; the emphasis was placed on increasing production. Programs having direct bearing on the Movement, therefore, did not consume too much radio time. Like children's programs, features in dialect for minority nationalities are the concern of local stations. The programs devoted to the publicizing of water conservation projects on the Municipal Station is apparently limited by the fact that Shanghai continually bristles with industrial activities, and stories on industrial developments crowd out the by-now familiar accounts of the Hwai River and lower Yellow River projects.

In addition to regularly scheduled features, the usual pattern of the programs also includes music, drama and Chinese traditional opera, all tailored to support the central theme of the day. News briefs are given the same treatment as they are in the press. It is worth noting that European classical music has not been completely barred from the programs. The Shanghai Municipal Station, for instance, featured the works of Beethov A special program to teach Russian was inaugurated by the East China Regional Station in 1952. According to the announcement, the action was taken by

207 popular request after more than 14,000 listeners registered a wish to learn the language.[42] This program was designed to serve audiences of three language levels -- beginner, intermediate, advanced -- three times each day for each level, totaling three and a half hours.

Other provincial and municipal stations rebroadcast verbatim important regional programs. Announcers normally use Mandarin. No commercials or dramatic serials are broadcast; calisthenics lessons are usually presented every morning and musical programs are broadcast at convenient hours so that audiences may gather to sing songs. Literacy hours are also featured on some stations; small groups are organized to follow these programs in order to gain facility in reading.

C. Application and Effectiveness of Radio as a Propaganda Medium

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The Communists in East China claim that their radio networks, with the minor shortcomings noted, have been a success. To examine this claim critically, it is necessary to take into consideration the observations outlined below.

1. Station Control. The control of broadcasting stations has been thorough, even in a place like Shanghai where private interests may still maintain a toehold in radio operation. However, since every aspect of radio is closely supervised by the government and the Party, the

42. Liberation Daily, June 15, 1952, p. 3.

207 entire system soon showed signs of the weaknesses that generally bedevil an unwieldy bureaucracy. Every move originates from Peking and meticulously follows the orthodox Party line. No station manager is allowed to use his own initiative; if he tries, he will be accused of deviation and subject to extreme penalties.

207 2. Expansion of radio. Lack of facilities remains a stumbling block to radio expansion. In addition to such measures as "wire broadcasting stations," radio news bulletins, blackboard and wall newspapers, the Communists in East China are sending radio teams to the countryside. These mobile teams carry radio sets with them and, upon reaching a village, organize listening groups to hear some of the special programs. This measure has proven effective when the Communists have a special campaign to carry out.

While impressive results may have been achieved during such campaigns, lack of facilities makes success necessarily sporadic. The Communists admit that: (a) the listening groups are not very well-organized, for they die out as soon as they are formed. (b) The programs are not closely related to the issues foremost in the minds of the audience in the various localities. (c) There is an acute shortage of radio personnel to carry out successfully the mission assigned by the Regional Station. (d) Local radio personnel fail to keep close contact with their superiors, and the blame for this lack of co-ordination must be shared by both parties. (e) Local governments, particularly those of outlying hsien, are not sufficiently aware of the importance of radio work, and much

207 that could be accomplished has therefore been neglected.

3. Need of trained personnel. The Communists in this region assign only trusted Party members to key positions in the radio network, but there are apparently not enough well-trained personnel (technical and otherwise) to meet the need. As a result, each provincial broadcasting station has been conducting a personnel training program. While much may have been done to improve them, these training programs were begun in 1950-51 with a great deal of unsound expediency. Many of the radio receiving officers are given only two months' training. During this short period, these candidates were supposed to "elevate the level of their political understanding and formulate a new revolutionary outlook on life." Actually, some of these trained receiving officers failed even to acquaint themselves with Mandarin, resulting in complaints against their inability to understand the messages broadcast from Peking or from provincial stations. Radio technicians are, in most cases, given a six-month training course. Their doubtful competence, plus the shortage of radio parts, has caused many receiving stations to operate sporadically.

4. Student broadcasters. One impressive success of the Communist radio program is to be found among the students. Radio listening has been made a part of the regular school curriculum. With Communist Youth Corps members

•207 acting as leaders, daily news items are discussed and debated until the students are found to be in favor of the Communist regime. When the news that Seoul had fallen into Allied hands was broadcast in 1951, receiving officers were directed to explain the development as a strategic necessity, not as a sign of defeat, lest the students become skeptical about the Communist slogan that "the United States is but a paper tiger." There are evidences that most of the students were convinced by this line of argument.

207 208 5. Propaganda. A national hookup used to support propaganda campaigns is probably the most effective means of dissemination. Co-ordinated with the press, these radio programs receive advance attention and the masses are psychologicall prepared for the scheduled programs. In the Communist Land Reform Movement, this technique was employed to increase agitation against the landlords. In the "Aid-Korea" Movement and the subsequent "Germ Warfare" campaigns, students and soldiers were encouraged to broadcast their hatred of "American warmongers." One skillful propaganda twist was employed during the campaign to "oppose America's effort to revive Japanese militarism" in 1951. The Communists in East China mobilized those who had lived under Japanese occupation or had encountered Japanese troops during World War II. Japanese atrocities were publicized. Atrocities were presented as eye-witness accounts. In conclusion, all these broadcasts ended with the warning that "the United States must not be allowed to support the Japanese militarists in re-enactment of the

207 tragedies visited upon the Chinese people in
208 1937-45." Such propaganda stirred up national resentment against both the Americans and the Japanese. During this particular propaganda campaign, the Communist claimed that over three-fourths of Nanking's population were reached by national-hookup "live" broadcasts.[43] Similar technique was used in the Three-Anti and Five-Anti campaigns, when citizens were urged to report on "corrupt officials" and inefficiency in government agencies. A national survey showed that from March 1 to May 31, 1951, the forty-nine people's broadcasting stations throughout Mainland China organized 380 such nation or regional hookup broadcasts. Over 36,000,000 people were said to have listened to the programs, and the stations received 186,000 letters, telegrams, and telephone calls as evidence of the people's respone.[44] Photographs are available in Communist publications showing old peasant women crying under a loudspeaker which is supposedly relaying a live broadcast of the mass trials; or a youth shouting in response to the call for suppression of counterrevolutionaries; or a young country girl beaming broadly upon hearing the news of the promulgation of the Marriage Law. These pictures, of course, may be the opposite of what the captions claim. But there is no denying that the Communists have succeeded in a large measure in mastering the art of mass persuasion and that radio is being fully exploited in Communist China.

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43. People's Pictorial, October 1951.

44. Ibid.

668 241 cadre was the instrument of land redistribution and brought into the countryside the first major change decreed by Peking. The cadre organized the Peasants' Association in the village and manipulates its meetings and its officers It was the cadre who worked up sentiment and organized the "speak bitterness" meetings in the days of the Land Reform Movement -- occasions used to the full to attack the old familial order in the villages. It is the cadre who organizes the "struggle meetings" in which villagers are made to engage in criticism and self-criticism in order to undermine the old values and instill the new.

The cadres also pushed the organization of "mutual-aid teams" for the sharing of labor and equipment, an effort that struck at the familial organization of farm labor and apparently met with serious difficulties.[16] More recently the cadre has been the instrument for the concerted attempt to build producer co-operatives in the countryside. In such major efforts as the attempt to put Hunan rice farming on a two-crop basis (hitherto only done further south), the cadres were reportedly responsible for training 100,000 farmers.[17]

873 208 The cadre carried on the effort to destroy traditional mores. He publicizes the new marriage law, discourages or prevents arranged marriages,

16. W. W. Rostow The Prospects of Communist China, Cambridge, 1954, p. 84.

17. Reported by New China News Agency, Changsha, April 20 1955; Survey of China Mainland Press (SCMP), No. 1036, April 28, 1955.

208 lectures on sanitation, and sometimes with the
873 help of radio, films, and mobile theatrical units dramatizes the issues of the day, the need for the farmer to sacrifice, to send his sons to the army, to contribute labor to community projects, to inform on his neighbors, to buy bonds, and so forth. The cadre establishes "winter schools" in which the peasants are given intensive political indoctrination practical training, and instruction in reading and writing. Hunan reported that 2,500,000 peasants were enrolled in these schools in the winter of 1955.[18]

425 The age-old drive of the vigorous peasant to
668 increase his family's land holdings is checked by fear lest he be re-classified as a "rich peasant" and be subject to higher taxes and other pressures. Yet what the Communists deplore as the peasant's "spontaneous capitalistic tendency" has not been crushed and the landholdings of the more enterprising grow in size.[19]

474 The effort to force various forms of co-opera-
668 tive work has not been completely successful.

> "...when a serious team-use of labor, tools and farm animals was attempted, a variety of unsatisfactory results emerged; quarrels among the families interfered with efficient output; no one assumed responsibility for the upkeep of communal property; the claims of inefficient members violated the sense of equity of the more efficient..."[20]

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18. People's Daily, Jan. 30, 1955; SCMP 984, pp. 30-31.

19. Rostow op. cit., p. 152, cites the Peking People's Daily, Feb. 15, 1954.

20. Rostow op. cit., p. 84.

[p. 223]

656 key centers in the village area, guard and help
668 to ship government grain, assist in the extermination of "bandits," and attend militia "cultural" and organizational activities. A parallel scheme is instituted in the city. Urban residents are generally expected to render certain services in the areas where they live. In addition to attending regular meetings, they are expected to serve as patrols whenever patrols become necessary.

668 Controls imposed by security agencies
• 208 and other organizations, including large-scale rationing programs and constant investigations, contribute to public discontent. However, the Communists recognize the limits of public inconvenience and growing dissatisfaction. They stress the employment of a mass-line policy, which, to some extent, will absorb mass complaints, and they mobilize their propaganda machine for better effect.

B. Tension within Organizations

668 Although the various control agencies
578 employed by the Party to supervise and to ensure the execution of Party directives within a government organization help to maintain Party supremacy, their functions and responsibilities often overlap, resulting in confusion

Annex "A," Subparagraph 2g,
Political Background

PROPAGANDA AND PUBLIC INFORMATION

I. INTRODUCTION

208 In Communist China, agencies for the dissemination of public information places stress on propaganda and education. As it is true of all Communist countries, the Chinese People's Republic is guided by the inviolable principle that all facts and issues must be selected and interpreted in the light of Marxist theories and the current Party line. Limited by source materials of a regional character, the following discussion on public information and propaganda in East China will attempt to cover only the basic facts about the formal structure, operation, and government control of the principal media of mass communication in the region. Wherever possible, exemplary cases in each medium will be included.

II. PRESS

A. News Services

204 Before the Communists occupied the East China Region in 1949, the Nationalist government-operated Central News Agency played the leading role in supplying the newspapers in this area with material. Services of foreign press associations were available; dispatches by such major institutions as the Associated Press, United Press,

204 What is the official Communist Party line
208 concerning the press? This question has been answered by Lenin himself in his much-quoted statement: "A newspaper is not only a collective propagandist and a collective agitator; it is also a collective organizer."[3] Later Mao Tse-tung echo his ideological master by saying: "The duty of a Party newspaper is not only to propagandize and agitate, but more specifically it must serve as the messenger transmitting the Party's policies."[4] Chairman Shu T'ung of the Cultural and Educational Commission, East China Military and Political Committee, was translating this press policy into action when he said in 1950 that the relations between government and "independent" newspapers needed readjustment.

The Communists in East China have followed this press policy. In March 1952, the Chieh-fang Jih-pao [Liberation Daily], this region's leading newspaper, tonge-lashed the Su-nan Jih-pao [South Kiangsu Daily] for having failed to take the cue from the Party. As a result the latter published a lengthy "self-criticism" as a gesture of repentance.[5] In 1953, Chairman Shu T'ung again reiterated that the cardinal mission of the press was

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3. Alex Inkeles, Public Opinion in Soviet Russia, Cambridge, Harvard University Press, 1950, p. 135.

4. The Communist Propaganda Work, Ta-lu Fei-ch'ing Nien-pao [Annual Reports on Communist China], Taipei, Chung-kuo hsin-wen ch'u-pan-ssu, 1954, p. 148.

5. Chieh-fang Jih-pao [Liberation Daily], Shanghai, March 20, 1952.

204 to "strengthen and uphold the practice of criticism
208 and self-criticism and set up a clear propaganda line."[6] In January 1954, Communist authorities in this region sent Chang Ch'un-ch'iao, president of the Liberation Daily, to Moscow for two months to study the operation of Pravda. This was the latest action in the Communist effort to run East China newspapers in absolute conformity with the orthodox Party line.

To implement this policy the Communists had, until June 1954, a Cultural and Educational Commission under the East China Military and Political Committee. Shu T'ung, chairman of the commission, is a veteran Communist authority on cultural and educational affairs. His experience dates back to 1939 when he served as head of the political department of the Shansi-Chahar-Hopei Border Region Government. Since 1949 he has been in charge of the propaganda department for the Communist Party's East China branch. Under this commission and directly responsible for the press administration in this region was the Information and Publications Bureau, with Chang Ch'un-ch'iao as its chief. Within the region, each province had an information and publications department. These were the tools which the Communist Party and the Peking regime used to control the regiona press. Since the dissolution of the East China Military and Political Committee in 1954, the provincial information and publications departments have become directly responsible to their superiors in Peking and to the propaganda

6. Ibid., Feb. 22, 1953.

204 departments at the corresponding levels of the
208 Communist Party hierarchy.

These government and Party agencies work closely with the leading newspapers, and the lesser newspapers closely watch the metropolitan ones for cues. The information and publications department relays Peking's instructions, passes on the issues to be emphasized or suppressed, and generally supervises the entire press operation.

The Communists began tightening their control on export of newspapers in the winter of 1951. By the spring of 1953, all except a few official and national newspapers were placed on the contraband list. Since then it has been extremely difficult to secure accurate data on the number of newspapers and their circulation in any region of the Mainland. Earlier statistics show that in 1950 at least nineteen "government" newspapers in this region had been merged into other larger government organs.[7] At present, scattered reports show that at least one major newspaper is published in each province in East China.

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7. Shu T'ung, loc. cit.

217 4. Libraries and Cultural Centers Small libraries have been established throughout this region to cater to the workers, farmers, and shopkeepers. In November 1950, 216 libraries were open to the public in northern Kiangsu Province, and there were some eighty small libraries in the city of Shanghai. The plan for 1951 was to add 2,500 similar libraries in the farm areas, 1,000 in factories, government offices and schools, and 3,000 in units of the armed forces within the region.[28] By July 1951, rural libraries in East China[29] numbered 1,400 and those in factories totaled 400.

The cultural center is a version of the Communist cultural "palace" on a smaller scale. Both are provided for Communist-conducted cultural activities such as discussion group meetings, political rallies, and reading classes. The larger centers have facilities for showing motion pictures. Most reserve some space for reading rooms.

In conjunction with the libraries and cultural centers, there are also popular science education centers. Through exhibits, movies, lectures, and other available means, these centers strive to furnish the public with a basic knowledge of the natural sciences.

208 D. Application and Effectiveness of the Press
204 As a Propaganda Medium

28. SCMP, No. 20, Nov. 30, 1950, p. 7.
29. Ibid., No. 136, July 17, 1951, p. 15.

208 204 Communist cultural and educational workers are ready to claim success in bringing the press closer to the masses. There is evidence to support the conclusion that Communist press control in East China is thorough, in spite of the fact that Shanghai before 1949 had the largest number of independent newspapers of all the cities in East China. Under a rigid system of control, the effectiveness of the press as a medium of public information and propaganda is restricted or aided by certain characteristics.

1. Thought reform. The remolding of a newspaperman's thought is not a new subject in East China. One of the recent official expressions on this subject was pronounced at the Shanghai Branch of the East China Study Committee. The committee was organized by leaders of the cultural circles in this region to study Marxist, Leninist, and Maoist theories. The occasion was a meeting held by the committee to discuss thought reform among newspapermen. At the end of the meeting, the following conclusions were reached: (a) freedom of the press was wavering objectivism without a definite viewpoint; (b) effort to improve the appearance of the newspaper such as the format and graphic beauty was but trifling formalism; (c) the belief that a journalist was "a king without a crown" was anarchism that defied government organization and discipline.[30] The last reference to the professional freedom of

30. Chin Ta-k'ai, "Chung-kung Ti Ch'u-pan K'ung-chih" ["The Communist Control on Publications,"] China Weekly, No. 56 Jan. 25, 1954, pp. 7-9.

208 a newspaperman as a "king without a crown"
204 was an expression popular in Chinese press circle By reaching the conclusion the Communist have fired a salvo at all the traditional standards and principles held by the newspapermen. A new professional standard is established for Chinese journalists -- to report the facts selected for them in order to educate the readers to support government policy.

2. Easy to read and believe. The Communists are always keenly aware of the importance of making newspapers easy to read. Early in their underground days they used as a motto O. A. Piatnitskii's remark that "revolutionary newspapers must be written in plain and popular language so that they can be understood by the masses."[31] Especially in Shanghai, where a concentration of workers presented the first challenge to Communist propaganda agents, the newspapers and other publications catering to uneducated and semi-educated readers are carrying out the long-established Communist policy of "explaining the political problems in the simplest possible terms."[32] Local expressions and trade jargons are freely adopted. To a person trained in classical Chinese and accustomed to

31. Translation appears in Hung-chi [Red Flag], Jan. 15, 1932. Osip Aronovich Piatnitskii author of such standard treatises on Communist propaganda and agitation as World Economic Crisis: the Revolutionary Upsurge and Tasks of the Communist Parties, and World Communists in Action, was idolized by Chinese Bolsheviks in early 1930's.

32. Red Flag, March 10, 1932.

208 reading the serious writings of pre-Communist
204 days, the new language of the Communist press would sound strange if not silly. But the new style does increase the popular appeal of the publications.

3. Opportunity to learn through propaganda. The Communists also bring to the public a good quantity of much-needed rudimentary knowledge on the natural sciences and public health, and sanitation. The unskilled laborer, who had no opportunity to learn anything except what he acquired in his daily routine, now can gain something from the special columns and feature stories in the newspapers. The Liberation Daily prints regular columns on literature, health, and science Smaller newspapers in East China have their columns tailored to suit the literacy level and specific need of their respective reader groups. In addition, there is at least one magazine catering to each of the professional strata in East China, and for each periodical on a certain subject, there are dozens of pamphlets published every year to reach readers of varying degrees of education. The propaganda angle in most of these publications is obvious. Even in the most technical treatises, the general slant is to contrast the present with the past. The evils of the past are blamed on the "reactionary Kuomintang" or "American imperialism." The present is praised and the credit goes to Mao Tse-tung or to Communism. Take the case of an article on tractors, for example. The articles does not openly attack the technical excellence of American

208 tractors; but it insists that America gave guns to
204 the Nationalists, not tractors to the peasants. Having described Russian-made tractors, the article concludes with the assertion that Mao Tse-tung and the Russians are working to bring tractors to the peasants. The technical aspects of the subject are not neglected, but the propaganda line is skilfully underscored throughout the text. Readers who need the technical information contained in articles of this sort are continually exposed to a propaganda bombardment.

4. Cultivation of News Reading. It would be greatly misleading to compare the Chinese Communist press with the American press and to judge the former's effectiveness thereby. The Chinese press has never permeated community life to the degree that the American press has. Except for small sections of China's urban population, no Chinese would feel at a loss if he had no morning paper to read at the breakfast table. By and large the Chinese Communists are cultivating the newspaper-reading habit The entirely new experience of reading the newspapers or of having them explained is exciting to the average man on a lower Yangtze River farm or in the southern Fukien hills. It is believable that Li Ch'un-yü, a 52-year-old worker at a P'eng-lai factory in Shantung Province, pasted the day's newspaper above his head and read it every morning and every night; or the woman worker Shen Mei-li of the Shanghai Textile Factory felt that her day's work was not done until she had finished reading the newspaper.[33] Li and Shen

33. Liberation Daily, June 2. 1952, p. 3.

208 have no previous experience with which to contrast
204 the present one; therefore, they do not know what might be expected of a newspaper. To people like Li and Shen, the press in East China obviously has a great appeal. As to the section of the urban population which has had some experience in reading non-Communist newspapers, some people have embraced Communism and therefore welcome the Communist press, and others are forced to accept the Communist press, because there is no alternative. The only section of the population which probably does not want to read the Communist press at all is the storekeepers and some of the middle-class readers in larger cities. Having been among the supporters of what might be described as China's yellow journalism, which had a limited popularity in the larger cities in pre-Communist days, these people have no incentive to read the dull and drab Communist newspapers.

5. Delayed reporting. Another general criticism against the Chinese Communist press is that it contains no news and that it is history. With the unwieldy system of checking and double-checking, news dispatches are often delayed. The report on Malenkov's downfall, for instance, did not reach this region until announced by Tass three days later. But lack of promptness in reporting certain political events apparently does not impair the effectiveness of the controlled East China press, and certainly will not reduce its appeal to the unsophisticated masses.

6. Limited circulation. Quantity may not be a reliable criterion to gauge the effectiveness of the press in East China. According to Commu-

208 nist statistics in 1951 there was one copy of a
204 daily newspaper to every 150 persons, and one copy of a magazine to every 280 persons. While this may appear to be limited circulation, other methods of news dissemination supplement the regular press.

7. Slanting the news and restricting coverage. Two developments may fatally damage the effectiveness of the press in East China. The newspapers in this region, like those in many other areas, slant the news for propaganda purposes. No gross inaccuracies have been reported, but as the readers become more sophisticated, inaccuracy of news reports will destroy confidence in the press.[34] The Communists have also attempted to restrict the circulation of local newspapers to their respective districts.[35] This was done under the pretext of avoiding duplication and waste in the distribution of newspapers. While the move may be necessary in view of East China's planned economy at the present stage, the effectiveness of the press as a medium of mass communication is curtailed when the newspapers cannot freely purvey news from one locality to another. Magazines, pamphlets, and books in this region are as yet free from this restriction.

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34. Jen-min Jih-pao [People's Daily] , Peking, Sept. 26. 1951.

35. Central News Agency dispatch, quoted in Review of Hong Kong Chinese Press, No. 174 Hong Kong American Consulate-General, Sept. 19-20, 1953.

207 popular request after more than 14,000 listeners registered a wish to learn the language.[42] This program was designed to serve audiences of three language levels -- beginner, intermediate, advanced -- three times each day for each level, totaling three and a half hours.

Other provincial and municipal stations rebroadcast verbatim important regional programs. Announcers normally use Mandarin. No commercials or dramatic serials are broadcast; calisthenics lessons are usually presented every morning and musical programs are broadcast at convenient hours so that audiences may gather to sing songs. Literacy hours are also featured on some stations; small groups are organized to follow these programs in order to gain facility in reading.

C. Application and Effectiveness of Radio as a Propaganda Medium

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The Communists in East China claim that their radio networks, with the minor shortcomings noted, have been a success. To examine this claim critically, it is necessary to take into consideration the observations outlined below.

1. Station Control. The control of broadcasting stations has been thorough, even in a place like Shanghai where private interests may still maintain a toehold in radio operation. However, since every aspect of radio is closely supervised by the government and the Party, the

42. Liberation Daily, June 15, 1952 p. 3.

207 entire system soon showed signs of the weakness-
208 es that generally bedevil an unwieldy bureaucracy. Every move originates from Peking and meticulously follows the orthodox Party line. No station manager is allowed to use his own initiative; if he tries, he will be accused of deviation and subject to extreme penalties.

207 2. Expansion of radio. Lack of facilities remains a stumbling block to radio expansion. In addition to such measures as "wire broadcasting stations," radio news bulletins, blackboard and wall newspapers, the Communists in East China are sending radio teams to the countryside. These mobile teams carry radio sets with them and, upon reaching a village, organize listening groups to hear some of the special programs. This measure has proven effective when the Communists have a special campaign to carry out.

While impressive results may have been achieved during such campaigns, lack of facilities makes success necessarily sporadic. The Communists admit that: (a) the listening groups are not very well-organized, for they die out as soon as they are formed. (b) The programs are not closely related to the issues foremost in the minds of the audience in the various localities. (c) There is an acute shortage of radio personnel to carry out successfully the mission assigned by the Regional Station. (d) Local radio personnel fail to keep close contact with their superiors, and the blame for this lack of co-ordination must be shared by both parties. (e) Local governments, particularly those of outlying hsien, are not sufficiently aware of the importance of radio work, and much

207 acting as leaders, daily news items are discussed and debated until the students are found to be in favor of the Communist regime. When the news that Seoul had fallen into Allied hands was broadcast in 1951, receiving officers were directed to explain the development as a strategic necessity, not as a sign of defeat, lest the students become skeptical about the Communist slogan that "the United States is but a paper tiger." There are evidences that most of the students were convinced by this line of argument.

207 208 5. Propaganda. A national hookup used to support propaganda campaigns is probably the most effective means of dissemination. Co-ordinated with the press, these radio programs receive advance attention and the masses are psychologicall prepared for the scheduled programs. In the Communist Land Reform Movement, this technique was employed to increase agitation against the landlords. In the "Aid-Korea" Movement and the subsequent "Germ Warfare" campaigns, students and soldiers were encouraged to broadcast their hatred of "American warmongers." One skillful propaganda twist was employed during the campaign to "oppose America's effort to revive Japanese militarism" in 1951. The Communists in East China mobilized those who had lived under Japanese occupation or had encountered Japanese troops during World War II. Japanese atrocities were publicized. Atrocities were presented as eye-witness accounts. In conclusion, all these broadcasts ended with the warning that "the United States must not be allowed to support the Japanese militarists in re-enactment of the

207 tragedies visited upon the Chinese people in
208 1937-45." Such propaganda stirred up national resentment against both the Americans and the Japanese. During this particular propaganda campaign, the Communist claimed that over three-fourths of Nanking's population were reached by national-hookup "live" broadcasts.[43] Similar technique was used in the Three-Anti and Five-Anti campaigns, when citizens were urged to report on "corrupt officials" and inefficiency in government agencies. A national survey showed that from March 1 to May 31, 1951, the forty-nine people's broadcasting stations throughout Mainland China organized 380 such nation or regional hookup broadcasts. Over 36,000,000 people were said to have listened to the programs, and the stations received 186,000 letters, telegrams, and telephone calls as evidence of the people's respone.[44] Photographs are available in Communist publications showing old peasant women crying under a loudspeaker which is supposedly relaying a live broadcast of the mass trials; or a youth shouting in response to the call for suppression of counterrevolutionaries; or a young country girl beaming broadly upon hearing the news of the promulgation of the Marriage Law. These pictures, of course, may be the opposite of what the captions claim. But there is no denying that the Communists have succeeded in a large measure in mastering the art of mass persuasion and that radio is being fully exploited in Communist China.

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43. People's Pictorial, October 1951.

44. Ibid.

IV. STAGE AND SCREEN

•208 536 The stage and screen are effective media for bringing messages to the illiterate and semi-illiterate. The Communists realize this and have been fully exploiting the possibilities of both forms of mass communication. A summary of the developments in this region follows:

A. Stage

1. Control. The key directive in the Communist policy for development of the stage as a medium of mass communication is the consolidation and reform of the available facilities and personnel before expansion is begun. This approach was adopted by officials concerned with dramatics in East China immediately upon the establishment of new local governments in 1949. The system of control includes both professional and amateur dramatic groups. Professional actors, playwrights, and stage workers have their respective associations led by a provincial federation of such associations. In larger cities, artists also have their organizations belonging to the same pyramid. Amateur dramatic groups are encouraged and aided by these associations. Before abolishment of the Greater Regional governments, the provincial federation received orders from regional authorities. Now the provincial federations work hand in hand with provincial governments and Communist Party branches, receiving direction from the Cultural and Information administrations under the State Council in Peking. The Drama Reform Bureau

208 536 under the Cultural Administration is directly and exclusively responsible for interpreting broad policies laid down by the Communist Party. In East China, Ch'en Wang-tao, as chief of the Cultural Bureau for this region, remained the highest authority in charge of development of drama until June 1954 when regional agencies were abolished. Ch'en Wang-tao, a noted leftist writer in East China, has had a long literary career.

The control system in this region was organized rapidly; by April 1950, most of the provincial federations had had at least one conference of delegates from local associations.[45]

2. Development. The development of the new-type stage plays in this region dates from the May 4th Movement of 1919. New dramatic troupes have gone a long way in expanding their activities to reach throughout the countryside. In 1950, over 300 plays new and old scripts revised, had successful runs in Shanghai. Most of these plays were widely circulated in this region. In the spring of the same year, a dramatic contest was held. Over ninety theaters and 4,000 actors participated in the contest; ninety-two plays were judged successful by popular acclaim. Professional actors and actresses were registered for indoctrination classes. In July 1950 the second class in Shanghai graduated over 1,000 trainees from all parts of East China Together with the training program in Nanking, about 3,000 actors and actresses had received political indoctrination by the middle of 1950.[46] At the same time, 2,572

45. Compendium of Government Reports, p. 64
46. Ibid.. pp. 563, 611.

208 village dramatic troupes were performing in
536 Shantung Province.

Although recent statistics on the development of the stage in East China are not available, national figures found in the Communist press indicate that many new plays have been published and staged and the number of trained professionals has been on the increase. Many of the new plays were written by local amateurs among whom were workers and students. Being adaptations of stories of local origin, most of the plays have a distinct local flavor; but their central themes show very little variation: they praise the new regime and glorify those who support government policy.

The conversion of old operas and stories, substituting Communist ideas for traditional ideas of filial piety and loyalty to friends is a more delicate job. One of these pieces is Liang Shan-po yü Chu Ying-tai, a one-act opera with thirteen scenes. The story originated in Chekiang Province many years ago and has been [illegible] opera. The East China Drama Academy revised it as a modern Chinese opera in August 1951.[47] Since then the script has been printed in many national literary magazines and staged in various partsof China, and it was made into a motion picture in 1953. Although technical adjustments have been made, the plot

47. Hua-tung Ti-fang Hsi-chü Ts'ung-k'an [East China Drama], No. 1, Shanghai, Hsin-wen-i ch'u-pan-she, 1954, p. 3.

208 and the theme remain unaltered. The original
536 story tells of the experience of a girl who, failing to marry the man she loves prefers death to marrying the man chosen for her by her parents. This is one of the few revised pieces that have survived waves of criticism and attacks by orthodox Communist cultural workers Many others did not fare so well. Playwrights in East China have been ordered to revise old operas and stories. The Communists realize that since the old stories have been accepted and symbolize certain concepts in the minds of the audience, the job of remolding them without damaging their effectiveness and classic content is a difficult one.

Song and dance are used extensively both on and off stage. Their versatility as media of information and propaganda has long been recognized by the Communists. As early as 1950, the Communist-organized Association of Musicians in Shanghai had already turned out 1,405 new songs, of which 155 received official blessing and were given wide circulation.[48] Musical and dance number arranged to depict a political theme are frequently presented at the cultural centers and by propaganda teams traveling in the countryside. (For more discussion on song and dance, see the chapter on Literature and Artistic Expressions in this handbook.)

3. Recent Trends. Chairman Shu T'ung of the Cultural and Educational Commissions of East China at a conference in Peking in January 1953 was told to pay closer attention to the choice of plays and actors. He was to devise a system for a rigid screening of the players and closer supervision of the plays. Now the Regional Government

48. Compendium of Gov't Reports. p. 563.

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208 536 is no longer in existence. but this official policy will be expected of responsible officials at the provincial level.

B. Motion Pictures

546 208 1. Control. The Communist consolidation of control of the motion picture industry and its activities followed a pattern of similar design to that of the control of the stage. The seizure of existing facilities and the indoctrination of personnel preceded a planned expansion. Motion picture production in this region is but a part of the nationally centralized undertaking. At this writing, there seems to be no independent film-production company in East China to complicate the problem of control. The regional, or -- after June 1954 -- provincial Cultural and Educational Commission is responsible for executing Peking's orders on control of the movie industry and is subject to supervision by Communist Party propaganda agencies at appropriate levels. To handle administrative details, there are branches of the Motion Picture Association of China in all provinces and major municipalities. The association co-ordinates film production and distribution, again under the supervision of the government control system. Movie actors and workers are organized and are supervised by the Motion Picture Association of China. It would be a fine network of co-ordination for business promotion, if the industry were independent. But as it is in East China, the system amounts to a complicated machine in which every part of the movie industry is hamstrung by overnment orders and none can function individually.

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208 To bar "undesirable" European and American films, censorship has been established on the regional and provincial levels.

2. Development. The Shanghai Motion Picture Producing Company is among the three government concerns established immediately after the founding of the Peking regime in late 1949. The company combines the former first and second Central Motion Picture Production companies of the Kuomintang, the former China Motion Picture Production Company, and the Experimental Movie Factory.[49] Its establishment concentrates all of the major movie-producing facilities in the East China Region. Seven small private companies were still in operation in East China in late 1950. However, the fact that these firms were "helped by the East China People's Government to resume operation"[50] indicates they could no longer have a voice in supervision of production.

The first motion pictures made by the Communist-controlled companies in East China were documentaries and newsreels. No significant film was made in 1949 or in the spring of 1950. By summer of 1950, the first new film with an integral plot was made in this region. Entitled "The Thought Problem," the film deals with the ideological transition from traditional Chinese concepts, and Westernized "bourgeoisie" Chinese attitudes popular among the metropolitan Chinese to the Marxian mode of thinking. It was hailed in East China as a turning point in Chinese motion

49. Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow Ch'ang-chiang jih-pao she, 1950, p. 252.

50. Compendium of Gov't Reports, p. 563

546 pictures. Since 1951, much progress has been
208 claimed by the Communists, but there are evidences of continuing deficiency. The literary purges that have been going on in East China exert restrictive influence on script-writers. Scarcity of suitable scripts is the constant complaint of those in charge of motion picture production. The theaters are forced to supplement their meager supply with newsreels depicting the progress of China's economic reconstruction and a steady flow of Russian films. A Japanese journalist reported upon his return from a visit to Red China in 1953 that the average theater in a large Chinese city needed about eight films a month, that the government could only supply one or two; the rest were Russian films.[51]

To handle distribution, the East China Region had as early as 1949 a branch of the national China Motion Picture Distribution Company, another government-directed agency. The company itself also functions as a clearinghouse and a censor while doling out the films on a planned quota. Apparently no theater is permitted to have direct dealings with any producer, domestic or foreign. In 1950, the distribution company was already serving about one hundred theaters in Shanghai, Nanking, and the provinces of Kiangsu, Chekiang, and Anhwei. So far there has been no report on any large-scale construction

51. Chao Ts'ung, "I-nien-lai Chung'kung Ti Wen-hua Kung-tso" ["The Chinese Communist Cultural Work during the Past Year"], China Weekly, Jan. 4, 1954, p. 36.

of theaters in this region. However, a program for building "cultural palaces" with facilities for showing films is under way. Eventually the government aims at having one such "palace" in every city, large village, and industrial and mining center. Meanwhile mobile motion picture projection teams keep their regular routes to serve the countryside. Early in 1950, a total of over one hundred such mobile teams were traveling throughout Mainland China. In East China, Chairman Shu T'ung of the Cultural and Educational Commission for this region said in July 1950 that more personnel were being trained to expand the mobile teams. By October 1951 there were 60 mobile projection teams serving this region.[52]

3. Recent Trends. For movie production in East China, the recent trend is either to translate or copy "progressive films" of foreign vintage. The Shanghai Motion Picture Producing Company planned to copy, in collaboration with the Northeast Motion Picture Producing Company, over forty foreign films in 1954. Most of these films were Russian. A few East German, Czechoslovakian, North Korean, Japanese, and Italian products were also included. "Bicycle Thief" was among the Italian movies slated for translation.[53] For one thing, translation and copying of foreign films already approved by Communist theoreticians must be a relief to the purge-haunted East China script-writers. Moreover,

52. Liberation Daily, Oct. 1, 1951, p. 10.
53. Enlightenment Daily, Peking, April 6, 1954, p. 2.

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208 the Chinese movie-goers, especially those in such metropolises as Shanghai and Nanking, are accustomed to foreign films, especially American products. Russian films are equally attractive. In Shanghai, often more than a dozen theaters show the same film simultaneously.[54] Anti-Communist writers tend to attribute this fact to the short supply of films, and the popularity of theaters to the boredom of life in a Communist state. Chinese films such as "Liang Shan-po yü Chu Ying-t'ai" and the "White-Haired Girl" have extensive showings in East China. American films were not immediately banned in East China, but Communist authorities in 1950 discouraged people from patronizing theaters showing American films. In April 1950 American films in Shanghai were drawing some 570,000 patrons a month.[55] This figure represented a drop in attendance of approximately 50 per cent as compared with the record in pre-Communist days. Attendance continued to decline until today no American film is advertised in the newspapers of this region.

C. Lantern Slides

In April 1950, the Peking government established an agency in charge of the manufacture

54. Liberation Daily, June 27, 1952, p.3.

55. Compendium of Government Reports, p. 563.

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546 208 of lantern slides and projectors. At the government-operated Nanking Scientific Apparatus Factory, production of slides and projectors was also assigned top priority. By 1952, there were 31 units in China producing such equipment to supply "cultural centers" and libraries. Among the slides produced, the most popular series bore such titles as "100 Years of American Aggression in China," "The Angry Fire of the Resist-America-Aid-Korea Movement," and "Oppose the Re-arming of Japan by American Imperialism." Almost 200,000,000 people were said to have seen these and other slides[56] in 1951. In East China by the end of September 1951, there was at least one projector in use in each hsien.[57] According to Wang Yü, deputh director of the Social Cultural Affairs Department for East China, these projectors were to be used to inform the public on current affairs, government policies, and the popular sciences. Mobile motion picture teams and propaganda units frequently make use of slides to aid their operation. Slides are prized because they can be easily adapted to local conditions. Each propaganda unit may suggest ideas to the manufacturers, who tailor the materials to suit specific needs.

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56. People's Handbook, 1952, p. 444.
57. Liberation Daily, Shanghai, October 1, 1951, p. 10.

V. MASS ORGANIZATIONS AS MEDIA OF PUBLIC INFORMATION AND PROPAGANDA

203 The Communists are fond of using the
208 word "network" for all activities pertaining to
575 public information and propaganda. Already discussed in this study are the news-gathering network, radio network, library and book-distribution network, the motion-picture-showing and cultural center network. Included in the Communist term of "cultural network," however, are many mass organizations, all contributing to the over-all public information, education, and propaganda scheme.[58]

One of these organizational networks is the Sino-Russian Friendship Association. Established on October 5, 1949, in Peking, this organization expanded rapidly and by February 1952 had 64,200 large and small branches with a total membership[59] of 23,000,000. Under the over-all direction of Liu Shao-chi, whose position in the Party hierarchy is said to be second only to that of Mao Tse-tung, this association through its omnipresent branches organizes, indoctrinates, and propagandizes people of all professional strata. The daily contribution to public information and propaganda takes the form of group discussions and meetings.

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58. A list of 96 such national mass organizations is found in People's Handbook, 1955, pp. 7-8.

59. People's Handbook, 1952, p. 258.

203 208 575 At these small group gatherings, Soviet theories and practices are discussed. When there is a national propaganda campaign, the association mobilizes all its branches to give concerted support to the government. These mass organizations have their own "cultural departments," which in reality are information and propaganda units. Altogether the "cultural network" of an average size hsien may easily contain 4,000 units, with over 30,000 people actively participating.[60] When applied to cities like Shanghai and Nanking in East China, these figures are but moderate estimates.

V. PERSONAL CONTACT

203 208 Any study of public information and propaganda in Communist China would be greatly amiss if it discounted the importance of personal contact. This particular medium of communication is essential to the Communist public information and propaganda scheme, and it works most effectively in a country like China where 80 per cent of the population is illiterate.

The Central Committee of the Chinese Communist Party, on January 1, 1951, issued a directive on the "Establishment of a Propaganda Network Aimed at the Masses." The directive points out that" (a) in the past propaganda work has been neglected; no permanent

60. Chao Ts'ung, op. cit., p. 36.

203 personnel had been assigned to conduct person-
208 to-person propaganda, counteracting rumors and clarifying government policies; (b) all Party branches henceforth will assign propaganda officers; all guiding agencies in the Party will appoint reporting officers; enthusiastic activists, although non-Party members, may also be enlisted as propaganda officers; (c) under the direction of the Party, propaganda officers will conduct propaganda through personal contact, and will report on the people's reaction and response; (d) the reporting officers, all responsible Party members serving at the various Party and government agencies, will make political reports to mass assemblies at least once every two months. Their reports are subject to clearance by Party authorities.[61]

Execution of the foregoing directive in East China resulted in the registration of 650,000 propaganda officers by the end of 1951. The reporting officers during the same period gave political talks to some 19,790,000 people.[62] It was admitted by the same Communist source, however, that "some of these propaganda officers were not sufficiently effective."

In the summer of 1953, Communist authorities moved to strengthen the system of

61. Chien-li Hsüan-ch'uan-wang [Establishing a Propaganda Network], Shanghai, Hua-tung jen-min ch'u-pan-she, 1951, pp. 1-6.

62. People's Handbook, 1952, p. 437.

203 personal propaganda by establishing what might
● 208 be described as "coaching stations" for propaganda officers. At these stations propaganda officers met twice a month, each session lasting about two hours. With the help of well-seasoned agitators acting as coaches, the propaganda officers received on-the-spot instructions on how to operate most effectively. In June 1953 over 50 per cent of the sub-districts and hsiang in East China had such stations in operation.[63]

Anti-Communist sources conclude that the establishment of such "coaching stations" is a testimony to the collapse of the Communist person-to-person propaganda system.[64] Communist reports, on the other hand, claim that propaganda and reporting officers have come to be regarded by the people as "information bureaus," "thought doctors," and "messengers of Chairman Mao Tse-tung." If these titles reflect the popular conception of these propaganda officers, then there is reason to believe the claim that personal contact has exerted decisive influence on the masses in the movements to suppress counterrevolutionaries, carry out land reform, "Resist-America-Aid-Korea," and increase industrial and agricultural production.[65]

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63. Chin Ta-k'ai "Chung-kung Hsüan-ch'uan-wang Ti Fa-chan Chi Ch'i P'o-ch'an" ["The Development and Collapse of the Chinese Communist Propaganda Network"], in China Weekly, No. 70, May 3, 1954, p. 12.

64. Ibid.

65. People's Handbook, 1952, pp. 436-37.

203 The significance of the part played by
208 personal contact in the Communist propaganda scheme is well described in a People's Daily editorial. The Party had been relying on separate propaganda campaigns to achieve its goals, the editorial said, and Party members had thought constant personal contact not essential to the success of propaganda. Now everyone admits that "propaganda officers are trail-blazers without whom no work can be undertaken."[66]

VII. CONCLUSION

A. The Extent of the System

208 The Communist propaganda machine, which uses all types of public-information media, is co-ordinated with mechanical precision. The highest policy-making body in the Party hierarchy decides on the issues to be propagandized; an order from this body is enough to start a chain reaction. Take the 1951 movement to "suppress counterrevolutionaries," for example: the decision was made in Peking in February 1951. To borrow a cliche from the Communists, the movement "spread like a forest fire," and by October of the same year, all the tools of propaganda had been brought into play. Major newspapers, radio stations,

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66. People's Daily, Peking, January 1, 1, 1952, p. 3,

20% group discussions, special rallies with lantern slides and skits were concentrated upon the suppression of counterrevolutionaries. During the same period, 800 exhibits pertaining to the campaign were opened in Shanghai. One of the pamphlets, Penal Code for Counterrevolutionaries, sold 2,400,000 copies, or enough to supply half the population of Shanghai. In response, 33,000 letters were received from residents of Shanghai, reporting "counterrevolutionary activities" to the government; and 29,000 of those accused were brought to court. The campaign was reported to have been carried out with equal intensity throughout East China.[67] The figures themselves may be exaggerated. But saturation campaigns of this sort had been effective in this area even before the Communist occupation of East China. During the war against Japan, the Nationalists organized propaganda teams which succeeded in arousing the villagers of western Fukien to the support of Chiang Kai-shek as the nation's leader and to participation in the war that was threatening the very life of the country.

B. The Thoroughness of Operation

Western journalists visiting the Communist area during a lull in the Nationalist-Communist struggle were surprised at the assimilation of Communist political jargon shown by grade-school children. This achievement of Communist indoctrination and propaganda suggests how thoroughly the Communist propaganda

67. Statistics from People's Handbook, 1952, pp. 41-42.

208 system operates. From his first years, a child is subject to persistent Communist indoctrination. The first word he learns in grade school is Communism, and from then on he lives and breathes Communism. He would be a rare person if he did not become a devout Communist as an adult. To be sure, the distrust of the old and wise and the cynicism of the urbane will work against Communist propaganda, but in Communist China the old and wise are dying and the urbane are only a small fraction of the population. In twenty years, the Communist-trained youth of today will control the country.

C. Prospects of Success or Failure of Communist Public Information and Propaganda

Lacking evidence to the contrary, it seems correct to say that the majority of the population in East China are willing to accept the Communist regime or, for that matter, any leadership which promises to bring a measure of order and stability to their community after so many years of chaos. For them, freedom of expression is not of vital importance to their way of life. The reaction of the remainder of the population is difficult to discover, since only a few people from East China has escaped. Even if the testimonies of the refugees were coherent and comprehensive, it would be ill-advised to accept their stories as accurate measurements of popular reaction to Communist propaganda in East China.

208 It is impossible to say what kind of counterpropaganda will be needed to offset Communist propaganda. However, there is at least one weakness innate in the Communist propaganda system. After the masses have been taught to read and write, these people may become curious about the outside world and demand to know more facts concerning it. Russian people maintain their curiosity about the We st in spite of nearly forty years of Communist indoctrination.[68]

68. See, for example, "Mr. Kleiner's Russian," Newsweek, Sept. 5, 1955, p. 17.

8: Hinder G-3 (1933-1942) 1944 AF15 East China AF15

CHAPTER II

SIGNIFICANCE OF THE BACKGROUND FACTORS

633 648 THE GENERAL ATTITUDE of the Chinese residents towards the international [illegible] foreign administration in the Settlement was a basic factor which had to be taken into consideration in the efforts to create a municipal instrument designed to achieve social progress. No patriotic Chinese citizen could approve a situation in which part of his country was alienated from the direction of the Chinese government, notwithstanding its prosperity and progressiveness in peaceful times, and however useful the existence of such areas had proved to the Chinese people in times of distress and civil disturbance. Until 1926 the membership of the Shanghai Municipal Council had been entirely non-Chinese: in that year Chinese councillors were chosen, taking their seats in 1928. In 1930 the number was increased to five. For those accepting seats to agree to associate themselves with the foreign administration, and for Chinese civic organizations to elect such members, meant a compromise with their national feelings, though this was perhaps tempered by satisfaction that the ranks had been opened to them. Though they had chosen to reside in the International Settlement in Shanghai it could be said of no large number of Chinese that they had any warm attachment to the administration which controlled it.

633 648 664 208 Relationships between the people and an administration are not a matter of remote and academic attitudes. They are the everyday contacts between the people and the employees of the administration at the level where the people live. They are the relations between the people and the individual members of the police force, with the health inspectors, with the building inspectors and so on. The majority of Shanghai municipal posts carrying responsibility were filled by foreign members of staff, chiefly of British nationality though with a sprinkling of Continental European, American and Japanese staff. In 1930, after one of the periodical staff surveys, it was accepted in principle that qualified Chinese would be ap-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

pointed in greater numbers to senior positions. This decision was 633
somewhat slowly implemented. When the Japanese occupation of 648
the Settlement took place in December 1941 there were in the gen- 664
eral Council service still comparatively few Chinese of specialist 208
training. The total Chinese staff was nevertheless much larger than the foreign, comprising many in clerical grades and in lower police ranks. The majority of the Council's staff were men of high professional achievement and sterling character. This did not preclude the currency in the community of criticisms against municipal employees. It could be said also that there were residents who were ready to escape compliance with the requirements if they could.

Such attitudes toward the administration and its staff did not make easy the beginnings of a Division which found it essential to obtain the confidence of the people. Moreover, as the preceding chapter shows, the actual issue as to whether the Shanghai Municipal Council should exercise any controls over industrial enterprises and so over labour in the Settlement, was a political one over which feelings ran high. To the more or less passive resistance on the part of sections of the Chinese community to the foreign administration was added a specific resistance in the concern of the Council with Chinese labour matters, a reaction which was national and emotional in origin and was kept up by propaganda means.

The Chinese population in the International Settlement enjoyed complete freedom of expression. This freedom was exercised particularly in criticism of the Settlement administration. Through powerful newspapers and through a Chinese Ratepayers' Association a constant pressure was maintained on the administration, and this was by no means unaffected by it. It has therefore to be realised that a potent influence was exercised by the Chinese population thus vocal and free.

Important, too, when the creation of a Division with social aims 633
was under way, was the attitude of the Chinese residents toward 648
the social situation, as well as that of the Council. There was a general acceptance on the part of both of prevailing poverty. The Council's acquiescence sprang from the traditional interpretation of its responsibilities imposed in the charter of administration, the Land Regulations. It was argued, not without logic though perhaps at the expense of imagination, that the limited revenues available

197 land, dialectal barriers were gradually broken down. A situation like that proved to be favor able to the further popularization of the national language. Although it may be exaggeration to say that now the national language has replaced the local dialects in the Central-South Region, it is neverless true that kuo-yü is gaining wider acceptance than ever before.

VI. THE CHINESE WRITTEN LANGUAGE

• 212 Despite the fact that the Chinese people in this region speak different Chinese dialects, the fact still remains that they use one and the same system of writing. China's written language consists of thousands of uniformly understood logographs or "characters" as they are commonly called. They can be understood only with reference to their ancient forms.

A. Pictographs

Chinese characters are traditionally classified into six main categories, the first of which is pictographs. The characters in this category all originated from simple pictures: jih⊖(now written 日) is the character for "the sun;" yüeh ☽ is the character for "the moon, " (now written 月). However, they have long lost their function of picturing things and become merely conventionalized visual symbols of spoken words.

B. Ideographs

212 The second category is that of the ideographs, which are characters indicating in a diagrammatic manner simple ideas, as shang 上 for "up, above", hsia 下 for "down, below", i 一 for "one", erh 二 for "two", san 三 for "three", etc. Pictographs and ideographs, presumably bases of ancient Chinese characters, however, amount to only one-tenth of the entire stock of China's written symbols.

C. Compound Ideographs

The third category is that of the compound ideographs or characters whose meanings are determined by the combined meanings of their component parts, as ming 明, which is a combination of the "sun" and "moon", stands for "bright"; hsin 信, which is a combination of "man" and "word", hence, the "words of a man" stands for "honesty."

D. Phonetic Loan Characters

The fourth category is that of phonetic loan characters. These characters were all borrowed from existing words homophonous with the new ones for which written symbols had to be coined. For example, when a written symbols had to be created for the new word lai, meaning "to come," instead of resorting to pictographic or ideographic devices for the coining of such a symbol a symbol, the old character 來, meaning "barley," also similarly pronounced, was borrowed for that

•212 purpose. Often such a borrowed character displaced the original source. Thus, 來 is now used exclusively to mean "to come" rather than "barley." Similarly, ch'i 其, the third personal pronoun, is now used invariably as such rather than as a symbol for "basket," the meaning of the original word similarly written and similarly pronounced.

E. Phonetic Compounds

Phonetic compounds constitute the fifth and perhaps the most numerous category of Chinese characters. They consist of two portions, a "signific" or meaning portion, and a "phonetic" or pronunciation portion. The former reveals the general meaning while the latter indicates the pronunciation of the compound. Thus, jan 燃, "to burn" has huo 火 "fire" as its signific, and jan 然, "so, thus" as its phonetic. Similarly, t'ang 糖 "sugar" has mi 米 "rice, cereal" as its signific, and t'ang 唐 "bold talk" as its phonetic. It may be pointed out here that the phonetic element of such compounds may or may not have been a "phonetic loan compound," that the pronunciation of the phonetic may or may not be exactly identical with that of the compound even on the basis of ancient Chinese pronunciation, and that the meaning indicated by the signific is at best categorical rather than minutely accurate.

E. Derivative Characters

The last of the six categories consists of what may be called derivative characters, the

212 origin of which is still uncertain. Some scholars think that the characters of the category resulted from graphic inversion, such as lao 老 "aged, old" and k'ao 考 "aged, old"; others think that they resulted from changes brought about by modifications in sounds accompanied by modifications in meanings, such as heng 亨 "propitious" and hsiang 享 "to enjoy." At any rate this is the smallest category.

VII. CHINESE SCRIPT AND THE HIGH INCIDENCE OF ILLITERACY

It is true that written Chinese is uniformly understood throughout the country and has created no difficulty for literate Chinese in communicating ideas to one another regardless of their dialectal affiliation. But it is also true that although Chinese characters might have been devised for writing the spoken language in ancient times, now the great majority of symbols have become merely conventionalized written equivalents of individual spoken words Some of the characters for most commonly used words such as 鹽 "salt" and 鐵 "iron," for instance, consist of twenty-four and twenty-one strokes respectively. To say the very least about them, they are time-consuming for the average Chinese to learn and memorize. As there are thousands of characters in everyday use, many of which are comparable in complexity and clumsiness, it should be apparent that it will take an average person many years to become adequately literate. It is entirely possible and highly probable that there is a definite connection between the

212 complicated and clumsy Chinese script and the high incidence of illiteracy in China, although other equally convincing factors, too, must have contributed substantially to that fact.

VIII. LITERARY CHINESE

212 195 Besides the many different dialects, many of which have their own written counterparts of varying degrees of completeness, there is yet another language in China known as the literary language, as it is usually called by Western writers. It is the language of China's undying classics, owing its preservation to the inflexible and conservative system of writing of the country. As such, it has no standard pronunciation of its own. In other words, it has as many standards of pronunciation as there are dialects in China. That is to say that if a passage written in literary Chinese is read by a speaker of Northern or Southwestern Mandarin, Kan-Hakka, Cantonese or Southern Min, it will sound like the dialect he speaks. Moreover, in grammar and syntax, literary Chinese is so different from any of the dialects that it is almost a different language, entirely free from the influences of the changes that have taken place in the dialects. Hence, it is possible for a lettered Chinese at the same time to speak his own dialect and write literary Chinese without any strange feeling on his part at all. As a language, literary Chinese is noted for its conciseness, frequently leaving out many things which are ordinarily expressed, thus creating a kind of ambiguous terseness all its own, requiring its readers to fill in the

212 195 missing elements as they go along. This characteristic accounts for the reason why a passage written in literary Chinese, when read aloud, can seldom be fully understood by a listener even though he may speak the dialect of the person reading.

Despite such a shortcoming, literary Chinese has been exerting a tenacious influence on the Chinese, especially the lettered segment of the population. It is literary Chinese that has kept China's classics alive and perpetuated the many pithy dicta of wisdom unsurpassed in the living language of the Chinese people despite dialectal barriers of any kind. Although the written national language has been gaining wider and wider acceptance, the great majority of government and commercial organizations are still using literary Chinese in the transaction of their business.

IX. LANGUAGE REFORMS

212 185 Attempts to introduce language reforms in China began on a nationwide basis with the movement to unify the national language shortly after the establishment of the Chinese Republic in 1911. The movement was followed closely by efforts to reform the written language. Those who advocated such reforms were of the opinion that since the characters were so complicated and time-consuming for the average person to learn, and since literary Chinese was so unrealistic and impractical, something

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212 185 had to be done to make the written language of China more effective, so that it could be within the grasp of the average Chinese citizen in a relatively short period of time.

A. Phonetic Symbols

198 185 One type of reform advocated the use of phonetic symbols as an aid to the illiterate to learn to read. However, since the sole function of these symbols is phonetic, they are effective when they are used as a guide to correct pronunciation in accordance with the standard of the national language for the purpose of leveling down dialectal differences in pronunciation. They are helpful only to those who have not yet acquired such a knowledge. They cannot possibly add anything to the attempt to make the Chinese language system simpler or more readily accessible to the illiterate masses.

B. Alphabetization

212 185 Another type of reform advocated was the alphabetization of Chinese in order to get away from ideographic writing. As a matter of fact, the use of the Roman alphabet for the transcription of sounds of the Chinese language is no novel suggestion. As early as the beginning of the sixteenth century, Matteo Ricci, a Jesuit missionary to China, began to transcribe the then Mandarin sounds with the Roman alphabet on the basis of the speech sounds of his own native Italian language. Later, other systems of romanization were devised by others to meet the needs of those speaking other

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Western languages. The most widely used system among English-speaking peoples is the so-called Wade-Giles system, originally devised by Sir Thomas Wade, a member of the British legation in China, and later revised by the British sinologist, Herbert A. Giles. Another system in current use in this country is devised by the linguists at Yale University, and it is known as the Yale System.

In 1928 the Chinese Ministry of Education adopted a system of romanization known as Gwoyeu Romatzyh or National Language Romanization, devised by a group of Chinese linguists and intellectual leaders such as Dr. Yuen Ren Chao, Dr. Lin Yutang, and others. Its distinguishing feature is that instead of indicating Chinese intonation by means of superior figures or diacritical marks, it spells the different tones of Chinese words with different letters: mai (second tone, Wade-Giles mai^{2}) "to bury"; mae (third tone, Wade-Giles mai^{3}) "to buy"; may (fourth tone, Wade-Giles mai^{4}) "to sell."

Between 1929 and 1931 another system of romanization known as Latinxua was devised ma mainly by Professor A. A. Dragunov, a linguist of Leningrad, primarily for teaching the Chinese workers in the USSR to read. It has been very popular, for obvious reasons, with the Chinese Communists, who have been doing all they can to promote it and popularize it. However, since the system makes no attempt, except in an ad hoc manner, to distinguish tones in Chinese, it is not only in-

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adequate and unsatisfactory, but often misleading.

C. Simplified Characters

Yet another type of proposal advocated the simplification of Chinese characters, especially the more complicated ones in common use, by reducing the number of their strokes. Advocates of this proposal believed that a simplified system of writing would make the whole process of learning to read and write Chinese much easier and less time-consuming. For example, ts'ai "then" has been reduced to look like 才, and 鐵 t'ieh "iron," to look like 铁. If a satisfactory principle of simplification that is philologically sound can be worked out, so that the simplified characters, if necessary, can be identified with the origina characters, the adoption of such a system amy turn out to be a boon to China's millions of illiterate people in their effort to become literate.

D. Basic Chinese

A fourth type of proposal advocated the reduction of the number of characters to be meant for general use in order to simplify the written language. For example, the series of textbooks for teaching the illiterate compiled by Dr. Yen Yang-ch'u, leader of the Mass Education Movement, who is better known abroad as James Y. C. Yen, represents an effort made in this direction. On the basis of some 1,200 characters chosen by him in

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terms of their frequency, he compiled texts that he believed would enable China's illiterate people to meet their basic needs in expression. As another effort made more or less in the same direction, we may mention the list of characters chosen by Hung Shen, the famous dramatist. In 1935 he published his Method of Teaching and Using 1,000 Basic Chinese Characters. Instead of basing his choice of characters on frequency and limiting their usefulness and expressiveness to the rudimentary plane, he chose them on the criteria of their flexibility in forming compounds with other characters and their adequacy for general use in everyday situations.

X. DEVELOPMENTS UNDER THE COMMUNISTS

The Chinese Communists have been cautious in their efforts to reform the Chinese language. They frequently quote Stalin, that the language of a people cannot be artifically changed and that the evolution of any language has to follow a natural course.[1] However, to combat illiteracy the Communists also see the immediate need of simplifying the Chinese written language. In this regard the government policy is based on Mao Tse-tung's statement in his On New Democracy that, "under certain conditions, the written language of China must be reformed."[2]

1. See quotation, discussion in Ts'ao Po-han Yü-wen Wen-t'i P'ing-lun Chi [Critical Essays on the Language Problem], Shanghai, Tung-fang shu-tien, 1954, p. 95.

2. Mao Tse-tung, Mao Tse-tung Hsüan-chi [Selected Works of Mao Tse-tung], Vol. II, Peking, Jen-min ch'u-pan-she, 1952, p. 680.

212 185 Envisaged as an ultimate goal of language reform is the complete Latinization of the Chinese written language. In other words the characters will be replaced by the Latin alphabet. Communist promoters of Latinization often cite Lenin's pronouncement that, "Latinization is the great revolution of the East,"[3] to substantiate their argument.

192 185 The Communists are trying to cultivate a politically conscious proletariat in China; China's spoken language, as reflected in songs, plays and speeches, is becoming more proletarian and drifting away from the set phrases and expressions traditionally used by the intellectual class. Extensive use of professional jargon and local expressions is the vogue of the day. Political and scientific terms, particularly those of Russian origin, are apparently on the lips of every Chinese who has had Communist indoctrination. 191 185 It must be noted that the Communists, in adopting many new terms heretofore unfamiliar to the average Chinese, are aware of the danger of corrupting their language. The People's Daily (the Pravda of China), in an editorial on June 6, 1951, urged the use of correct Chinese and stressed the need for the study of grammar so that " the Chinese language will not become corrupt and impure."[4]

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3. John de Francis, Nationalism and Language Reform in China, Princeton University Press, 1950, p. 90.

4. Quoted in Jen-min Chiao-yü [People's Education] , Peking, March 1955, p. 28.

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As to the movement to eradicate illiteracy, the current trend is to promote accelerated methods of language teaching and to standardize the simplified characters already in use. One of the most publicized methods to accelerate language learning was introduced in 1948 by Ch'i Chien-hua, a cultural cadre attached to the armed forces. Ch'i champions the use of the "National Phonetic Symbols" (not to be confused with the Gwoyeu Romatzyh discussed earlier in this chapter) as the "walking stick" for new learners. The phonetic symbols are employed as a pronunciation aid to the students. This method was said to be so successful that the Communist government in May 1952 recognized Ch'i's contribution by inviting him to the capital and awarding him a citation.[5]

Simplification of written characters has received official blessing. When the Committee on the Study of Language Reform under the Ministry of Education compiled 798 such simplified characters and recommended that they be adopted, the recommendation was given immediate attention. On May 1, 1955 the Committee announced that 57 of the simplified characters would be adopted by six national periodicals for experimental purposes.[6] On October 15 1955, an All-China Conference on Language Reform was called by the committee to revise and enlarge the proposed list of simplified characters.[7]

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5. People's Education, May 1952. p. 4.

6. Hua-ch'iao Jih-pao [China Daily News] , New York, May 2, 1955, p. 1.

7. Min-chu P'ing-lun [The Democratic Review] , Hong Kong. Nov. 1, 1955, p. 577.

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The Latinization movement., although without much official promotion, is by no means dead. There are publications printed in this new form of Chinese. One ardent supporter of this movement, Ni Hai-shu, claimed that in 1949 there were over 300 such publications with a total circulation of about 500,000, already on the market.[8] In February 1952, there was evidence to show that active support of this movement was discernible in East China.[9]

There are other recent developments in language reform. One is the attempt to standardize the use of punctuation marks On October 5, 1951, the Government Administration Council issued a directive on the correct use of punctuation marks.[10] Since that time the general trend has been toward standardization.

Another development in language reform is the practice of writing Chinese horizontally and from left to right. Such a practice is not new, but the Communist government is the first regime to sanction it. Following lengthy discussions on such a practice, national publications like the Enlightenment Daily and New China Monthly, since January 1, 1955, have been printing their texts horizontally.

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8. Ni Hai-shu Chung-kuo Yü-wen Ti Hsin-sheng [The Rebirth of the Chinese Language], Shanghai, Shih-tai shu-pao ch'u-pan-she 1949, pp. 458-59; also see John de Francis, op. cit., pp. 131-34.

9. Hsin-wen-tzu Pan-yüeh-k'an [New Language Semimonthly], Shanghai February 16, 1952, p. 28.

10. Jen-min Shou-ts'e [People's Handbook], 1952, Shanghai, Ta-kung pao, 1952, p. 437. [p. 136]

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212 185 As to the languages of minority nationality groups, the over-all Communist policy is to help them create their own written scripts. The theory is that these people must first be given their own languages; then it will be easier for them to learn Chinese (Latinized Chinese, most probably). In East China, minority nationality groups are more scattered than those in Central-South and Southwest China; there has been no report on Communist attempts to reform the minority languages in this region.

XI. SPEAKERS OF FOREIGN LANGUAGES

191 Before 1949, the use of foreign languages, mainly English, was noticed in a few large port cities in East China such as Shanghai, Tsingtao, and Amoy. Contact with English-speaking people in such cities and inclusion of English in school curricula accounted for the popularity of English. However, with the exception of a few foreign missionary schools in which English was emphasized and taught by native speakers, instruction in English in the schools did not amount to much. This was true even of the colleges of the region. Although some college students could manage to read a publication in English with reasonable ease they could hardly converse in it. Generally speaking, it may be safely assumed that about one-tenth of the secondary school graduates and possibly one-third of the college graduates could read English, although not without some difficulty. The over-all percentage of those who could speak it would be even smaller.

538 literature is intended to describe the solution of these problems, stories and novels which dealt with these aspects had already been produced in Manchuria and North China. As a result, all the writings in this region seem stereotyped and lacking in originality. Even among the literature on the "war of resistance" against Japan, stories of the "heroic deeds" of the 8th Route Army in North China overshadow the accounts of anti-Japanese activities in East China.

214 East China, however, has many publishing houses, especially in Shanghai. They have been made subsidiaries or branches of the government's publishing enterprise which has its headquarters in Peking. The centralization of publishing assures the widespread popularity of novels which have received government approval.

538 People in East China, like people in North China, also read Yüan Ching and K'ung Chüeh's best-seller Hsin Erh-nü Ying-hsiung Chuan (The Biography of a New Hero and Heroine), a 200,000-word account of the repulse of the Japanese invaders in North China, written in the style of the old-fashioned Chinese novels,[19]

19. The first edition of 10,000 copies was sold out in twenty days, 80 per cent being sold in North China. Although pleased with its success, the Communists have lamented the fact that the Chinese people are still too fond of the traditional "feudalistic" novels, that a novel of new ideas and new people could be successful only when dressed in traditional forms.

204 Three newspapers, all published in Shanghai, and all of a regional nature, had circulation records[17] of over 110,000 each in June 1952. At that time the total circulation of all dailies[18] in Shanghai stood at 1,099,000. By February 1953, success claimed by the Communists in East China in their newspaper-promotion campaign necessitated an official order to "suspend subscriptions to periodicals because of exhaustion of quota."[19] The suspension order specifically mentioned such national periodicals as Shih-chieh Chih-shih [World Knowledge], also known as [World Culture], Jen-min Chiao-yü [People's Education], Hsin-hua Yüeh-pao [New China Monthly], and Chung-kuo Chin-yung [Chinese Finance]. This again indicates that the Communist emphasis was on national publications, and the promotion campaigns in East China were possibly more successful with national periodicals.

C. Magazines, Pamphlets, and Books

•214 While the daily press is the most orthodox means of mass communication the world over,

17. These dailies are: Liberation Daily, Wen-hui Daily, Lao-tung Daily. See Liberation Daily, June 2, 1952, p. 3; and Hua-ch'iao Jih-pao [China Daily News], New York, Sept. 7 1955, p. 2.

18. Ibid.

19. Liberation Daily, Feb. 26, 1953, p. 4.

214 in Communist China today it is a wasteful operation in view of material stringency. Fitted into the current program of the literacy movement and mass education, magazines, books, and pamphlets, produced in the least expensive way and in the large volume, are among the most important public information purveyors on the Mainland. They can be had even by people with very low income. They are more permanent than the daily press for the slow-reading, semi-literate populace. They are easily controlled because their production can be easily centralized. Some of the most significant developments pertaining to this subject in East China are discussed here.

1. Reorganization of Publishers The Commercial Press and the Chung-hua Book Company both having been in operation for over forty years and having printed the great majority of the books in modern China, were the first to receive a Communist "house-cleaning." In the summer of 1950, the Communists ordered the Commercial Press to destroy 7,000 "undesirable" books. Of the 13,000 works carried by the Chung-hua Book Company, 11,000 were removed. From January to December 1951, the Shanghai office in charge of examining pro-Communist publications ordered the destruction of 237 tons of books.[20] This was during the first thorough "house-cleaning" of the publishing industry in East China ordered by the Communists. Subsequently, old books were gathered from all parts of East China and turned over to pulp factories until a drive started in Peking to "save China's cultural

20. Ta-kung Daily, Jan. 6, 1952.

214 inheritance" halted the book-destroying craze. The total number of books thus lost is unknown, but scattered statistics seem to show that East China was not the worst and that Central-South China was responsible for the greatest number of book burnings.

At the same time the Communists in East China began a publishing program which aimed at the total control of book publishing. Communist publishing houses were established and expanded to flood the market with their products; most of these houses were branches of national, government-operated enterprises. Large and small independent publishers, mostly bankrupt in 1949-50, were reorganized, subsidized, and thus brought under government control. In the city of Shanghai alone, two-hundred such "independent" publishers resumed operation[21] with government aid in 1950. The process of merging and reorganizing continued. By early 1951, most of the small independent publishers in Shanghai had given up printing books and were engaged in selling government-approved books; only about fifty government and independent publishers remained.[22] As the center of such activities, Shanghai exemplified the development of book publishing in East China.

The Communist policy for book publishing in East China has included consolidation of

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21. Compendium of Government Reports, p. 564.

22. Hsin Shanghai Pien-lan [New Guide to Shanghai], Shanghai, Ta-kung pao, 1951, pp. 192-93.

1:Stanford U. S-4, 5 1956 AF 15 East China
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214 facilities, division of labor, and specialization in subject matter. Again to use Shanghai as an example, the book publishers and bookstores in 1950 were as shown in Table 5. [See next page.]

About forty lesser bookstores in Shanghai were assigned to specialized fields. Of the major stores listed in Table 5, some were branch stores with their headquarters in Peking; others had branch stores outside this region; none were serving East China exclusively. By the end of 1950, the New China, Popular, and Consolidated bookstores had printed 2,785,000 volumes.

2. Reorganization of Distribution The Cultural and Educational Commission of East China, acting under orders of the Publications Administration in Peking, established regional, provincial, and hsien branches of the official New China Bookstore to distribute books printed by government publishing houses, and other items not objectionable to the Communists. These branches[23] numbered 337 in July 1950 and rapidly increased to 377 by November of the same year. At a conference held in November 1950, it was reported that 18,499,012 copies of publications were sold by the branch stores of the New China Bookstore in East China during the period May-November 1950. In addition to regular bookstores the New China Bookstore also operates sidewalk booths, book centers for each armed forces unit,

23. Compendium of Government Reports, p. 564.

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Table 5. Book Publishers in Shanghai (1950)*/

Name		Specialization
Hsin-hua Shu-tien	[New China Bookstore]	All subjects
Lien-ho Ch'u-pan-she	[United Publishing Co.] #/	Textbooks
San-lien Shu-tien	[Trio Associated Bookstore]	All subjects
K'ai-ming Shu-tien	[K'ai-ming Bookstore]	Youth, history, literature
Shang-wu Ying-shu-kuan	[Commercial Press]	Science, technical subjects
Chung-hua Shu-chü	[Chung-hua Bookstore]	Agriculture, medicine
Lien-ying Shu-tien	[Associated Bookstore]	All subjects
T'ung-lien Shu-tien	[Children's Books Association]	Children's books, primers
T'ung-lien Shu-tien	[Popular Bookstore]	Popular science, literature
Lien-lien Shu-tien	[Consolidated Bookstore]	Cartoons, pictorials
Shih-tai Ch'u-pan-she	[Time Publishing Co.]	Translations from the Russian
Lung-men Shu-tien	[Dragon Gate Bookstore]	Engineering, science

*/ Compiled from New Guide to Shanghai, pp. 177-93.

#/ Later renamed Jen-min Chiao-yü ch'u-pan-she [People's Education Publishing Co.].

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214 and in villages and industrial areas as well as mobile book-vending teams to reach the outlying communities. From April to November 1950, these bookshops on wheels sold 440,600 volumes in Shanghai alone During the same period the New China Bookstore branches attached to armed forces units sold 332,876 volumes.[24]

In July 1951 Shanghai saw the establishment of another book distributor, a branch of the New China Book Distributors' Corporation, which combined the distribution departments of five leading national publishers-- the Commercial Press, and the Chung-hua, K'ai-ming, San-lien, and Lien-ying book companies. So far this corporation seems to have restricted its operation within cities and has not branched out to include mobile teams or sidewalk stands.

The Communist policy for book distribution and the result of its application are well summed up in a comment printed in the Shanghai News on July 20, 1951. The commentary says, in effect, that before "liberation," blind competition for profit had been the only principle in the book-distribution business. Now the booksellers are co-operating with each other to "serve the cultural construction of the New Democracy." Although the charges of mismanagement have been occasionally leveled against certain branches of these national distributors, the weakness here again is a general characteristic of any bureaucrac The Communists appear to be aware of the danger although they may not be able to eradicate it. Other than this weakness, the book-distribution

24. Survey of China Mainland Press, #20, Hong Kong Amer. Consulate-Gen'l, Nov. 30, 1950, p. 7. (All statistics in this passage are from this source.)

214 system in East China is well-organized and the current trend is toward further expansion of this centralized system.

204 3. Contents and Readership The most popular publications are light literature, cartoons, periodicals and pamphlets.[25] Two popular booklets, Continuous Production in Capitalism and China's Highways are 5" x 7" in size and contain less than one-hundred pages each.[26] The former is one of a series on political and economic sciences; the latter appears in a group of such pamphlets on popular science and engineering. In these pamphlets, political and technical matters are interpreted in the simplest possible terms. Illustrations are used but they include no elaborate color plates to increase the cost of printing; thus the pamphlets can be made available to people of lower income. Although not periodicals, these series are published at regular intervals.

The number of major magazines available in 1954 in Shanghai, which has remained the center of periodical publications in East China, are shown in Table 6.

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25. National survey in early 1950 showed that popular literature, with 43 titles, topped list of periodicals then in circulation. See Hsin-hua Yüeh-pao [New China Monthly], Vol. I, no. 5, Peking, Mar. 1950, pp. 1255-58. Another national survey in Feb. 1951 showed that popular literature with 1673 titles ranked first in all book categories published from Nov. 1949 to Dec. 1950.

26. [See following page.]

●214 Are the people in East China reading these books and pamphlets? According to the aforementioned reported by the official New China Bookstore, on the average, every eighth person in China bought an item from this bookstore between April and November 1950. This was better than the average scored in Central-South China at about the same tim (In Central-South China, every tenth person bought o item during the twelve months from September 1949 to August 1950.) While the Communists might have exaggerated the statistics for propaganda effect, it must be noted that the above figure quoted did not include books sold by the other fifty bookstores in Shanghai. Anti-Communist press reports have given accounts of how people on the Mainland were forced to buy books. Some of these reports may have a factual basis; the Communist cadres, intent on carrying out Peking's orders, demanded popular response to the book-promotion program. Similar cases have been reported in the Communist press with regard to the promotion campaigns to enlarge the circulation of newspapers. When the third volume of Mao Tse-tung's Selected Works cam off the press on April 10, 1953, the Communist press said that "many people braved the rain to go to the bookstores in Shanghai to buy that item." An old reader, the report related, dug deep into his pocket and unwrapped layer after layer of paper to get out his "book purchasing certificate," saying "I have waited a long time for this!"[27] Such expressions of exuberant enthusiasm on the part of book buyers may not be a common occurrence in East China as the Communists would like the world to believe, but undoubtedly books are read.

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27. Kuang-ming Jih-pao [Enlightenment Daily], Peking, April 11, 1953 p. 1.

527 played on the bridegroom, traditional songs were sung and the guests, particularly the men, thoroughly enjoyed themselves. The births of male children were often celebrated as were the betrothals, and the like. In modern times the government of the Republic of China decreed certain national holidays but these were little observed by the farm villages.

217 In addition to these occasions for relaxation, there were activities which interested some of the villagers and helped to vary their lives. Itinerant dramatic troupes occasionally performed, and until very recently the storyteller spinning out his tales to the villagers was often seen. The election of a headman for the village often involved political maneuvering and a town meeting. Pilgrimages to famous mountains or shrines were often undertaken in the slack agricultural season for religious reasons or purely for relaxation. Perhaps the most universal recreation was as in all illiterate communities gossip and desultory conversation about the weather, the crops, the iniquity of the government local disputes, and on their rare occurrence, lawsuits involving fellow villagers. Despite the grim struggle for survival the average villager tended to be cheerful, self-respecting with a robust sense of humor. He went through life with a continuous concern for his own "face" or prestige among his fellows and with the strong determination that, despite all, the fortunes of his family might steadily improve

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B. The Pattern of Urban Life

369 Urban life, although it meant a different pattern of work, was closely akin to life in the

•217 4. Libraries and Cultural Centers Small libraries have been established throughout this region to cater to the workers, farmers, and shopkeepers. In November 1950, 216 libraries were open to the public in northern Kiangsu Province, and there were some eighty small libraries in the city of Shanghai. The plan for 1951 was to add 2,500 similar libraries in the farm areas, 1,000 in factories, government offices and schools, and 3,000 in units of the armed forces within the region.[28] By July 1951, rural libraries in East China[29] numbered 1,400 and those in factories totaled 400.

The cultural center is a version of the Communist cultural "palace" on a smaller scale. Both are provided for Communist-conducted cultural activities such as discussion group meetings, political rallies, and reading classes. The larger centers have facilities for showing motion pictures. Most reserve some space for reading rooms.

In conjunction with the libraries and cultural centers, there are also popular science education centers. Through exhibits, movies, lectures, and other available means, these centers strive to furnish the public with a basic knowledge of the natural sciences.

208 D. Application and Effectiveness of the Press
204 As a Propaganda Medium

28. SCMP, No. 20, Nov. 30, 1950, p. 7.
29. Ibid., No. 136, July 17, 1951, p. 15.

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262 The New Year holiday, for the people of China the first fifteen days of the year, is the main period of leisure for the villagers. Food is prepared in advance, and even the women may rest from their cooking during the first days of the holiday. The town is decorated with nien-hua (New Year's pictures) and ch'un-lien (paired New Year's Day mottoes). Visiting friends and relatives, gambling, eating the best food of the year, wearing the best clothes, and indulging the children make this the most festive period in the year. For many families it is the only time in the year when they can afford to eat meat dishes. The special dishes of the season vary from province to province. In a northern province such as Shantung, chiao-tzu, meat dumplings, are particular favorites; as one moves south, rice-based delicacies such as nien-kao, "year cakes," figure more prominently in the New Year's feasts. Besides being a time of celebration, the New Year is also the time for settling accounts, and, for many farmers there will be little left for celebration when the creditors have been dealt with.

•221 The regular work of the agricultural year beings immediately after the New Year. In Shantung the farming cycle is governed by the need to conserve water and by the demands of the principal crops: wheat, millet, kaoliang. From the Yangtze valley south through the East China Region, the year is phased by the steps in wet rice cultivation. In early spring, the Shantung farmer begins his year-long effort to conserve moisture that has accumulated in the soil during authumn and winter rains. About half the fields are then in winter fallow awaiting the spring

221 planting; the rest are planted in winter wheat. Fertilizer from the household pit is spread on the fallow fields. The wheat is brought to maturity by careful hoeing and by hand irrigation using well water -- a back-breaking operation in which the farmer is helped by his whole family.

In April or May comes the time to plant his remaining fields in millet, kaoliang, or cotton; often he must irrigate to assure the germination of the seeds. It is then time to harvest the wheat, and once again the farmer calls on his whole family and often on his neighbors for harvesting, threshing, and winnowing, all done by hand with the greatest care to preserve every grain and the stalks and straw as well. Then the winter wheat land is planted in soybeans and corn. The farmer and his family may then slacken their pace, but not for long, for autumn brings the harvest of the summer crops, the fall plowing, and then the planting of winter wheat.

221 651 Autumn, too, is the traditional time for the tax collector to appear with his demands for taxes in money or in kind. And before the Communist abolition of tenancy, it was the time when the landlord was given a portion of his share of the crop.[3] If the weather had been favorable and the tax gatherer was not unduly rapacious, the farmer might retain enough grain to see his family through to the next harvest. If things had gone badly, a grim winter season lay ahead. Winter

3. For landlord-tenant relations in Anhwei, cf. Morton Fried The Fabric of Chinese Society, New York, 1953, pp. 186-200. The typical rent in 1947-48 was 40% of yield.

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was in any case the time for repairing farm implements, weaving thatch, repairing buildings, spinning and weaving rough cloth, and other household chores. With the approach of the New Year the farmer might look forward to some festivity, perhaps to slaughtering the family pig; if debts loomed large, the pig might have to be sold to help.[4]

The farmer's life in the Yangtze valley and below is similarly dominated by the need for the most intense toil throughout the year if his tiny plot of land is to support him and his family. Rice sets the rhythm and dominates the economy. Much of the rice culture of this area is on level plains, but in recent years the terraced fields have been pushed higher and higher up denuded mountains and hillsides. In the early spring, after the New Year, the farmer brings up his rice plants in nursery beds near the farmhouse. Then he prepares his fields by plowing and removing in some areas, his winter crop stubble. Fertilizer is carefully spread over the ground, and then the water is admitted; when the water reaches a certain depth the ground is carefully harrowed. The ground is now ready for the transplanting of the young rice from the nursery beds, and this back-breaking job, done while crouching in the water, completes the Spring work. Save for repeated cultivating and trampling of weeds, the farmer has an easier life during the ripening of the grain. As the grain ripens, the fields dry, and at last it is harvest time. The harvesting and threshing are again

4. J. L. Buck's study of 16,786 farms showed that 39 per cent of these were in debt in the period of 1929-32. Cited in Lang, Chinese Family and Society, New Haven 1946 p. 69.

1: Stanford U. S-4, 5 1956 AF15 East China AF15

221 the work of all available hands and are done with
651 primitive implements. The harvest in, the farmer must deal with the tax collector and then ready his fields for the winter crops; in some parts of the East China Region, this may be winter wheat and rape; in others, two rice crops are produced in a single agricultural year. The rice farmer like the wheat farmer in the north, uses the winter to work on tools, handicrafts, and repairs, and the women of his family may carry forward their raising of silkworms and the spinning and weaving of silk. In other areas tea is an important supplement to rice agriculture, [5] and fishing is a full or part-time activity of about a quarter of a million people in Chekiang and Fukien. [6]

527 The farm year, toilsome in north and south
769 alike, is punctuated by other activities and festivals which relieve some of the monotony of the long seasons of work. The first of the annual festivals after the New Year is that of Ch'ing-ming which corresponds in time to the Western Easter. Also like the Western Easter, it was once a Spring fertility festival. On this occasion the ties of the living and dead members of the family and clan are celebrated. Families often take picnics to the family or clan graveyard, make food offerings to the dead, sweep the graveyards, and then enjoy their feast. All relatives make special efforts to join in this annual celebration of family solidarity, and the outing is a pleasant relief from winter and indoor work. [7]

5. On agricultural year-cycle, see excellent description in Gerald Winfield, China, The Land and the People, New York 1948, pp. 34-61.

6. Cf. Geo. B. Cressey, Land of the 500 Million, New York, 1955, p. 127.

7. Wolfram Eberhard, Chinese Festivals, New York, 1942, pp. 113-127.

311 The extensive system of lakes articulated with Tai Lake is by no means
●226 lost to agriculture, since most of these bodies of water are shallow
244 enough to permit widespread aquiculture of water chestnuts and lotus (whose roots form an important part of the local diet), as well as supporting a considerable fishing industry on both an exploitative and a farming basis.[2]

311 Cultivation within the triangle is at least as intensive as in any other part of the world. The growing season allows only one crop of
241 rice, but winter crops of wheat and rape seed harvested in May occupy the rice fields after they are drained following the rice harvest in September-October. Cotton is planted in dry fields at the same time as rice in early May. Broad beans are usually intercultivated with the cotton. West and northwest from Soochow as far as the northern tip of Tai Lake as much as 20 per cent of the cultivated area is devoted to mulberry, but even here rice is dominant, and over the triangle as a whole occupies about 75 per cent of the total crop acreage. Vegetables are grown in small plots by nearly every farmer, and within a day's boat travel of Shanghai (approximately 30 miles) they rank third (after rice and cotton) in total acreage.[3]

241 Intensive cultivation is decreed by the dense population characteristically associated with deltas in east Asia (the fertile triangle is one of the primary density areas of China), and made possible by the natural fertility of the soil and the ready availability of water. Common usage in the area of the triangle calls for the bodily exchange of soil once in every three years between rice paddies and

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to depending on them at the specific points for which they are cited below. They would include C. C. Chang, Agricultural Statistics (1930), and *China's Food Problem* (1931), Chiang I-shih, Production of Various Cereals (1947), Chao Lien-fang, The Problem of Rice Production (1947) — including estimates from the early 1930's of the amount of cultivated land in rice, by provinces — Chiang Hsüeh-chai, A New Estimate of the Supply and Demand (1936), Feng Hu-fa, Source Materials (1935), Kuo Ming-hsüeh, Chinese Agricultural Resources (1948), Shen Tsung-han, Chinese Food Problems (1947), and *The Agricultural Resources of China* (1951), and T'ang Chi-yu, *An Economic Study of Chinese Agriculture* (1924) — including figures as of 1920 for rice production and cultivated land in the seven leading rice provinces. Wang P'ei-hsün, The Volume of China's Food Imports and Exports (1947), is a brief general discussion of China's foreign trade in food commodities as an introduction to selected statistics from individual ports.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

235 the province where arid north China fairly begins, and where
505 water transport facilities are limited. Eggs also come to Shanghai from places up the Yangtze valley as far as Hankow, transported in bamboo crates holding from 500 to 1000 eggs and carried entirely by water. 40 per cent breakage in transport is given as an average figure.[39] This apparently does not make the longer hauls uneconomic, and implies that cheap transportation is an important factor.

[262] Fish, however, after cereals and vegetables, is the most important
226 protein-supplier in the city's diet, and Shanghai handles one third
435 of the fish and marine products marketed in China annually for which there are market records. Seasonal variations in the catch
251 and lack of adequate cold storage facilities make for violent fluctuations in the price of sea fish, in the case of one common species from a yearly low of CNC$3 per *shih* (200 pounds) to a yearly high of CNC$50 per *shih*. A good catch is often disastrous to the fishermen because it depresses the Shanghai price below cost, since in the absence of cold storage the fish must be sold within a few days.[40]

226 Shanghai's fishing fleet in the 1930's was about two-thirds sailing
251 junks and one-third steam trawlers, both of which packed their catch at sea in iced barrels. In summer, spring, and autumn the packing preserved the fish for only about two days in this climate, and a premium was put on quick marketing. The fishing boats were allowed only a limited amount of salt for preserving, in order to prevent smuggling abuses. The main fishing grounds off the coast of central China are approximately fifty miles to the seaward of the Chusan Islands, or about 140 miles from Shanghai, a good two days' run for the junks and not much less than that for the trawlers. The catches are of course not all made in one day, so that fish arriving in Shanghai might be as much as four or five days old and in a questionable state of preservation.[41] Small fast power boats from Shanghai met the fishing fleet at the fishing grounds when the catches were good and rushed the fish to market in the city, but this stratagem greatly increased the cost and did not remove the need for making an immediate sale.[42] Dried and salted fish comes to Shanghai mainly from small villages and islands along the coast of northern Kiangsu and southern Shantung, where it is pre-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

served, packed in barrels, and shipped to Shanghai by junk, but this supply also is irregular and its price fluctuates widely.[43] 226 251

The supply and price of fresh-water fish are much steadier. The catch from the lakes, canals, and rivers of the delta comes in alive in specially constructed boats with built-in wells floored with grating through which the water can circulate freely. The fish are fed en route with powdered egg yolk, and the average journey from source to Shanghai is about three days, or approximately 100 miles. These boats are built for the Shanghai trade, since fish do not travel alive for such relatively long distances to any other market. The boats avoid the lower reaches of Soochow Creek in approaching the city because they fear that its polluted water will harm or kill the fish.[44] Several alternate routes are available. Fish are also transported alive to Shanghai in tanks from places along the Yangtze as far as Wuhu, Hukow, and Kiukiang, the water being changed several times a day en route.[45] Although no complete figures exist, it is estimated that the supply of fresh-water fish and its sale in Shanghai are much greater than of sea fish.[46] This fact is certainly related to the ease of live shipment by water, which maintains a steady supply at a relatively constant cost.

Of the higher unit-value food items discussed above, only fruit and cured hams travel long distances independently of waterways. The extension of the egg supply area to as far as Hankow would seem to be related to the water connections between it and Shanghai. In the case of fish, although Shanghai is an ocean port near the main fishing grounds of the central China coast and served by a large commercial fleet, the city's fish market is dominated by a supply whose freshness, cheapness, and abundance at all seasons is the direct result of inland water transport. 505

Local Rice Surpluses, and the Future

There remain two principal unsolved problems. The first is accounting for a rice surplus in the densely settled delta where so many large cities compete for the food produced on these tiny farms by traditional farming methods. Only indirect explanations can be suggested, but it should be remembered that the Yangtze delta is by no means unique in this respect. The three great rice-exporting 433

Annex "A," Subparagraph 3a,
Economic Background

AGRICULTURE

241 Because it has a mild climate and abundant rainfall, East China is able to produce a tremendous amount of grain each year. In terms of production, the region occupies second place in the country, next only to Central-South China. It also produces a considerable amount of cotton and ramie. The outstanding feature of East China's agriculture is its dominant position in the production of raw silk and tea. The raw silk of Chekiang and Kiangsu and the tea of Chekiang and Anhwei are not only famous in China but renowned throughout the world for •228 their quality. East China is rich in its fishery resources, because it possesses the longest coastline and plenty of inland streams, which are the sources for both salt-water and fresh-water fishing.

I. CULTIVATED LAND AND RURAL POPULATION

162 According to the recent census,[1] completed on June 30, 1953, by the Communist government, the total population of East China, including Shanghai Municipality, is 156 million. If we

1. Jen-min Jih-pao [People's Daily], Peking 1, 1954, p. 1.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

249 of oil-bearing crops throughout all regions. The
433 projected national goal of an increase of 53.7 per cent in 1954 over the production in 1952 was reported by Li Fu-ch'un in the first Five-Year Plan.[31]

VIII. FISHERIES OF EAST CHINA

228 Because of its long coastline and numerous
433 streams and lakes, East China is especially rich in both salt-water and fresh-water fish resources.

Of the principal fishing areas of Kiangsu and Chekiang, Chou-shan (Chusan) is the most famous. Over 10,000 fishing boats gather near the Chou-shan Island each spring to catch many different species of fish. The goal set for 1955 is 6,400,000 shih-piculs (352,000 tons),[32] approximately four and a half times that of 1949.

Kiangsu and Chekiang have abundant fresh-water-fish resources; Kiangsu has 1,173.7 million shih-mou (195.6 million acres) of river area and 1.6 million shih-mou (266,667 acres) of lake area, while Chekiang has a combined river and lake area of over 2,000,000 shih-mou (over 400,000 acres). A tremendous quantity of fish is caught each year.

IX. WATER CONSERVATION IN EAST CHINA

731 For many centuries the Hwai River and its tributaries have been the main sources of flood

30. Economic Bulletin, Hong Kong, Ching-chi Tao-pao She, Mar. 17, 1953, #310, p.16.

31. NCNA, Peking, July 11, 1955.

32. People's China, Peking, Feb. 1, 1955. p. 13.

245 483 tea constitutes 70 per cent, black tea 28 per cent, and all others 2 per cent; in distribution of production by provinces, Chekiang produces 46 per cent, Anhwei 41 per cent, and Fukien 13 per cent.[19]

It was estimated in 1952 that the total production of tea in China was 1,650,000 shih-piculs (90,750 tons), of which East China produced approximately 825,000 shih-piculs (45,375 tons).[20] The projected goal of tea production in East China will reach 1,110,000 shih-piculs (60,500 tons) in 1957, the last year of the Communists' first Five-Year Plan.[21]

B. Silk

231 483 East China also led in silk production -- almost 80 per cent of the country's output in the pre-war years.[22] The total production of silk cocoons in East China in 1934 amounted to [245] 1,893,000 shih-piculs (104,115 tons). During the war the Japanese army destroyed over half of the mulberry gardens of East China, and production dropped sharply. The total output of silk cocoons in 1947 amounted to 41,000 shih-piculs (2,255 tons)

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19. Ibid.

20. Cheng Chu-yüan, Chung-kung Wu-nien-chi-hua p'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, Freedom Press, 1955, p. 244.

21. Ibid.

22. Chung-yang Yin-hang Yüeh-pao [Central Bank Monthly], Shanghai, Central Bank of China, May 1947, Vol. II, No. 5, pp. 54-57.

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231 and increased to 44,000 shih-piculs (2,420 tons)[23]
433 in 1948. After 1949, the Communists made a great effort to restore the pre-war level of silk production. In 1951, the gross output in East China was raised to 590,000 shih-piculs (32,450 tons).[24]

In percentage distribution of silk among the East China provinces, Chekiang contributed about 60 per cent, Kiangsu 33 per cent, Shantung 6 per cent and Anhwei 1 per cent.[25] The silk cocoons in Shantung Province are produced by wild silkworms which feed on the leaves of oak trees. In Chekiang Province, over 30 hsien [counties] are planted in mulberry trees. Chekiang's production of silk cocoons increased to 500,000 shih-piculs (27,500 tons) in 1954.[26] Other provinces of the region probably showed proportional increases in the same year. The goal of silk-cocoon production in East China for 1957 will be 1,520,000 shih-piculs (83,600 tons).[27]

C. Ramie, Hemp, and Jute

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433 East China ranks first in hemp production in the country as a whole, for hemp is produced extensively in Chekiang, Kiangsu, and Fukien provinces. The strength of fiber is next only to

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23. Ibid.

24. Current Background, Hong Kong, American Consulate General, Feb. 15, 1952, No. 159, pp. 7-9.

25. Economic Bulletin, Hong Kong, March 17, 1953, No. 310, p. 16.

26. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 8, 1955.

27. Cheng Chu-yüan, op. cit., p. 244.

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FOUR

Location

Shanghai's Hinterland

"The first and most natural root of a great city is the labour and populousness of the adjacent country, which supplies the materials of subsistence, of manufactures, and of foreign trade."[1] Shanghai is a great city primarily because it stands at the apex of the most fertile and populous area of comparable size anywhere in the world, the lower Yangtze basin.

The Yangtze watershed totals 750,000,000 square miles, or half of China proper, and has a population of approximately 200,000,000. The section of the river's basin which we may call the fertile triangle, bounded by Chinkiang, Hangchow, and Shanghai, an area of about 20,000,000 square miles, has an estimated population of 40,000,000, or an overall average of about 2,000 inhabitants per square mile. Nearly 80 per cent of the total land area is cultivated (map 10), and this region stands out as one of the three most widely cultivated in China (the Red Basin of Szechuan and the north China plain being the other two). Nodes of commerce are thickly scattered over the fertile triangle, which contains three cities of over half a million population (Hangchow, Soochow, and Shanghai — map 5). The Yangtze delta supports by far the densest single concentration of population in China for an area of similar size (map 7). The river's course is marked by successive clusters of settlement, terminating westward in the densely peopled Red Basin of Szechuan.

Of the other major cities of the lower Yangtze basin, Hangchow, Soochow, and Nanking were all at one time imperial capitals, and all have remained important commercial and industrial centers. Hangchow and Soochow are still among the three or four leading cities in China in silk reeling and weaving, and both act as central places for the surrounding rice and silk areas of the delta. Nanking

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Map 9. Tea and Silk Areas of China in the Nineteenth Century, and Coal Mines Mentioned in the Text. Major collecting centers for tea underlined. Major ports for overseas exports of tea underlined and overlined. Data from China: Maritime Customs, *Silk* (1881); *ibid.*, *Decennial Reports*; Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters* (1871); *et al.*

[p. 105]

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responsible for the city's commanding position in the tea trade. Its tea exports rose from one million pounds in 1844 (the year after it was opened to foreign trade) to 80 million pounds in 1855. Smaller amounts continued to be exported direct via Hankow, Kiukiang, Ningpo, Foochow, and Canton, but by 1855 Shanghai accounted for 58 per cent of the total, and in 1864 (two years after the effective opening of the Yangtze) for 64 per cent.[28]

For the silk trade, Shanghai was even more favorably located. From the opening of the treaty ports through the 1930's, there were four principal silk-producing areas in China (map 9): the Canton region, producing so-called "soft" silk; central Szechuan, producing "yellow" silk; northeastern Shantung, producing "tussah" silk; and southern Kiangsu-northern Chekiang.* This last was by far the largest producer, and its silk (known generically to the foreign merchants as "China" silk) was considered by both Chinese and foreign traders to be the finest in the world.† Kiangsu and Chekiang together accounted for about half of the total production of raw silk in China through the nineteenth century and into the 1930's, while the Canton region accounted for about 20 per cent, Szechuan for 15 per cent, Shantung for 5 per cent, and Hunan and Hupeh together for 5 per cent.[29]

The area around Tai Lake was the major center within the Kiangsu-Chekiang silk region. In certain districts there, notably around Wusih, Soochow, and Huchow, mulberry displaced rice as the first crop, and nearly all of the farmers were engaged in silk culture during the six-week worm-rearing season in April and early May. Hangchow was also a leading silk center, and was especially important in silk reeling and weaving. The cocoons were reeled and the silk spun into yarn either in these cities (and lesser centers), or in Shanghai, but nearly all of the silk produced in this

* Silk for export also came in smaller quantities from Honan and Anhwei (notably Wuhu). Hopeh and Liaotung (southern Manchuria) were important "tussah" producers in addition to Shantung.

† The study of the silk industry and trade published in 1881 by the Maritime Customs (Special Series #13) includes an account by the Rev. Mr. Milne, a British missionary who traveled around the delta and a little beyond in the mid-1840's, disguised as a Chinese. He details the nature of silk worms and describes their care and the production of silk according to the traditional Chinese ideas and practices, expressed in picturesque language in the spirit of the Chinese texts.

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231 "China" silk area for foreign trade was marketed in Shanghai, through both Chinese and foreign trading firms, who sold it for 288 export. Steam filatures for the reeling and spinning of silk had largely replaced domestic reeling and spinning by 1920, but this did not affect the concentration of silk marketing in Shanghai, since the reeling centers remained tributary to Shanghai and since the silk-reeling industry was also concentrated, in differing degrees at different periods, in the city.

[177] After the introduction of cotton from India in the Yüan dynasty (1260–1368) and the manufacture of cotton cloth in China on a 231 large scale by the end of the Yüan, this much cheaper fabric largely 439 displaced silk, which previously had been produced in almost every region of China and was universally worn. The quality of the silk also declined. By the end of the eighteenth century only the four major areas listed above were important silk producers, but the great increase in China's foreign trade, especially in tea and silk, which followed the opening of the treaty ports stimulated both the quantity and quality of silk production in these areas, most of all in the chief silk region of the Yangtze delta, where foreign traders were closest on the scene.

231 The leading silk areas within the delta coincide closely with the 505 areas where navigable waterways are most numerous. The upland districts south of Nanking and west of Tai Lake, where waterways are relatively sparse, are largely avoided by silk culture. This is mainly due to the fact that silk culture is a painstaking and time-consuming process which requires prodigious amounts of hand labor. It is therefore heaviest in lowland areas with a dense population, as is the case with nearly all of the silk producing regions of China, but such a location facilitates a virtually exclusive dependence on water transport for marketing the silk. This in turn tends to make Shanghai, as the primate commercial center of the delta, the dominant market for silk exports, since it can draw silk from the producing areas by water transport nearly as easily and cheaply as can inland centers.

Every important cocoon and filature center in the delta has multiple water connections and depends on them for the collection of cocoons and for the marketing of silk. Liu Ta-chün in his study of

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the silk industry makes this clear, and uses the case of Huchow as an example. No less than sixteen navigable waterways connect Huchow with the local silk culture districts, and with Shanghai, where the bulk of its cocoons and spun silk was marketed.[30] 231 505

Shanghai was also the primary market for the silk exports of Szechuan, Shantung, and Hupeh-Hunan. Before 1843, and to a lesser extent until 1862, the silk exports of these areas went to Canton via the Cheling and Meiling passes, or from Shantung by coastal junk, but after the opening of the treaty ports, and particularly after the opening of the Yangtze, these exports moved out via the much nearer port of Shanghai. The silk areas of the upper Yangtze basin, notably in Szechuan, are closely related to the Han and Chialing Rivers, or to the Yangtze itself. With free navigation throughout the river system, it was natural that this silk should be marketed through Shanghai.

Before the abolition in 1834 of the East India Company's monopoly of the British trade with China, yearly exports of silk from China averaged under 6,000 bales. By 1840 the figure had risen to 16,000 bales, largely as a result of the new volume of trade by private firms out of Canton.[31] However in 1844 Shanghai, one year after its opening to foreign trade, exported alone 6,433 bales, and by 1855 the figure for Shanghai had risen to 92,000 bales, or over 60 per cent of the total exports of silk from China.[32] By 1864, after the opening of the Yangtze, Shanghai accounted for approximately 64 per cent of China's silk exports, and in 1930 for 62 per cent, as against 29 per cent in 1930 for Canton.[33] Canton was left with only the local silk areas in Kwangtung to draw on, while Shanghai in 1925 drew 30 per cent of its spun silk exports from filatures in the city (whose cocoon supply came almost entirely from the delta), 10 per cent from other delta filature centers, 11 per cent from Szechuan filatures, 15 per cent from Shantung filatures, 9 per cent from Hupeh-Hunan filatures, and 25 per cent from domestic reeling, primarily in the delta.[34] Cheap transportation made it possible for Shanghai to add to its monopoly of local silk marketing for export the silk of all the other leading areas except for Kwangtung itself. 439

248 area. Kiangsu alone produced before the war about 30 per cent of
439 China's total annual cotton crop. Shanghai's textile mills at this period consumed an annual average of about 3,800,000 piculs of raw cotton (one picul equals 133 pounds), of which it is estimated that 2,000,000 came from Kiangsu, 500,000 from Hankow, 500,000 from Tientsin by sea, and 800,000 from foreign ports, principally from the United States.[11] The foreign cotton imports were predominantly of long-staple varieties for the weaving of finer-count cloth for which the native short-staple Chinese cotton was not suitable. During the 1930's considerable progress was made in growing long-staple cotton in China from American seeds, including that grown in the Kiangsu area, so that by 1936 foreign cotton imports to Shanghai were only half of what they had been in 1920.[12] The ground thus gained was largely lost during the war years, but reports from China since 1946 indicate that self-sufficiency in all types of cotton is now again within reach, with Kiangsu still the leading producer.[13]

● 231 The major silk-producing regions of China are also near at hand.
288 The delta areas of Kiangsu and Chekiang accounted for about half of the total Chinese production of raw silk in the 1920's and 1930's, as they had during most of the nineteenth century, and Shanghai remained the primary silk market of China. When silk-reeling, spinning, and weaving in the delta area became largely concentrated in factories after about 1910, rather than being done as before on a domestic basis, it was logical that the industry should center in Shanghai, as well as in the nearby cities of Soochow, Wusih, and Hangchow.

236 The rest of the textile industry is less closely related to the sources
248 of its raw materials. About three-quarters of the raw wool used in Shanghai factories before the war came from the grazing areas of
288 northwest China via Tientsin, by sea and rail. Less than one-tenth came from Kiangsu, and it was mainly "dead" wool of poor quality shorn from dead sheep and goats. The remainder was supplied largely from central China, via Hankow, by Yangtze steamer.[14] Ramie and hemp for Shanghai manufacturing came primarily from Hankow, in the center of the chief producing areas
[439] for both crops. Most of the jute consumed in Shanghai was imported from India.

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cumstances interfering with inland transport made inaccessible locally.[34]

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor.

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of

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235 505 the province where arid north China fairly begins, and where water transport facilities are limited. Eggs also come to Shanghai from places up the Yangtze valley as far as Hankow, transported in bamboo crates holding from 500 to 1000 eggs and carried entirely by water. 40 per cent breakage in transport is given as an average figure.[39] This apparently does not make the longer hauls uneconomic, and implies that cheap transportation is an important factor.

[262] Fish, however, after cereals and vegetables, is the most important protein-supplier in the city's diet, and Shanghai handles one third 226 of the fish and marine products marketed in China annually for 435 which there are market records. Seasonal variations in the catch 251 and lack of adequate cold storage facilities make for violent fluctuations in the price of sea fish, in the case of one common species from a yearly low of CNC$3 per *shih* (200 pounds) to a yearly high of CNC$50 per *shih*. A good catch is often disastrous to the fishermen because it depresses the Shanghai price below cost, since in the absence of cold storage the fish must be sold within a few days.[40]

226 251 Shanghai's fishing fleet in the 1930's was about two-thirds sailing junks and one-third steam trawlers, both of which packed their catch at sea in iced barrels. In summer, spring, and autumn the packing preserved the fish for only about two days in this climate, and a premium was put on quick marketing. The fishing boats were allowed only a limited amount of salt for preserving, in order to prevent smuggling abuses. The main fishing grounds off the coast of central China are approximately fifty miles to the seaward of the Chusan Islands, or about 140 miles from Shanghai, a good two days' run for the junks and not much less than that for the trawlers. The catches are of course not all made in one day, so that fish arriving in Shanghai might be as much as four or five days old and in a questionable state of preservation.[41] Small fast power boats from Shanghai met the fishing fleet at the fishing grounds when the catches were good and rushed the fish to market in the city, but this stratagem greatly increased the cost and did not remove the need for making an immediate sale.[42] Dried and salted fish comes to Shanghai mainly from small villages and islands along the coast of northern Kiangsu and southern Shantung, where it is pre-

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of three scattered years in which either the tea or silk crop failed.* 439
The merchants in foreign trade at Shanghai deplored the success at their expense of tea cultivation in India, Ceylon, Japan, Java and Formosa, and of silk production in Japan. But they were nevertheless able to maintain the volume of tea and silk exports from Shanghai until 1930 at the same time that they were adding to the list of exports a variety of new goods which in the aggregate after 1890 were increasingly more important than tea and silk combined (table I).

Among the new exports were two new virtual monopolies: pig [237 314]
bristles and wood oil (t'ung oil), both produced predominantly in Szechuan and both marketed predominantly through Shanghai.*[7] But together with the increasing commercial exploitation of the entire Yangtze basin after 1860, in which wood oil and bristles played a prominent part, the end of the century also saw the rising importance of manufacturing in Shanghai. Agricultural and animal products (or raw materials in general) remained the majority of Shanghai's exports through 1930, but their prominence continued to decrease after 1890 as textiles and other manufactured goods increased in importance. Raw cotton disappeared from the list of major exports after 1910 as it was increasingly in demand in Shanghai textile mills, and exports of miscellaneous manufactures finally exceeded exports of miscellaneous raw materials in 1930 (table I).

Table II showing imports demonstrates that the relative decline in opium was not due to the prohibition of its import as much as to the spread of opium cultivation in China and the ease with which Szechuan opium could compete in Shanghai with foreign opium (see above, Chapter Seven). The table shows that by 1890 opium accounted for only 22 per cent of Shanghai's imports by value (as against an estimated 54 per cent in 1850), but the import of opium was not legally abolished until 1917 (an international convention in 1911 increased the duty on opium imports and fixed

* China's trade in pig bristles has recently been severely cut into by the use of nylon bristles, and the trade in wood oil has also been badly damaged by the increase in domestic production in the United States (China's chief market for wood oil) during and since the war, and by the use of substitutes and synthetics.

162 Yao people mentioned in Chinese historical records, and are related to the Yao people in
144 Kwangsi. Today, these remaining aborigines are called She Yao, Hsia, or more commonly, She.

162 The total She population is now estimated at 200,000. The great majority are found in Fukien particularly in the Wu-i mountain region of Chien-ning and Ch'ang-ting districts. Only about 44,000 are at present living in the southern section of the Kuo-ts'ang mountain chains near Li-shui in Chekiang Province.[8] Lan, Lei, Chung, and P'an are the four surnames of the She people; intermarriage is approved only
241 among families bearing these names.[9] They are poor slash-and-burn farming folks like the Miao and Yao in South China. (This type of agriculture entails burning off the natural vegetation on the mountain slopes to enrich the soil for planting; but the fertility of the soil is exhausted after two to four years, and the farmer
197 must move on.) Those who work for the Han landlords usually speak the local Chinese dialects.[10]

563 Regionally as well as nationally, the She people are still as much neglected by the Communist administration as they were during

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7. The Yao people of Chekiang and Fukien fled to remote mountain regions after the Yao suppression campaign of Wang Shou-jen during the Ming dynasty. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.

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I. CUSTOMS AND CHARACTERISTIC WAYS OF LIFE

184 The Chinese imperial system was strikingly successful in fostering common basic attitudes among the peoples which it absorbed within its ever-widening sphere, but local and regional sub-cultures, brought into the imperial order at different times throughout more than two millenia did not lose all of their characteristic traits. In the East China Region, for example the oldest "Chinese" area was Shantung, portions of which were settled in the second millenium B. C. When centuries later the coastal areas of Fukien were absorbed by imperial China, the terrain and climate , the dependence on the seas and rivers for livelihood, meant that a way of life, a culture markedly different from any in North China, persisted and developed. A rough analogy may be drawn with Western Europe. Many basic attitudes and values are common to "Christian Europe" from Sicily to the Arctic. yet history and geography have made this area diverse in customs and ways of life. The diversity is less in the 1,000-mile long arc of the East China Region, partly because its cultures were never set off from one another by the nation-state boundaries that divide modern Europe.

●241 181 There are other factors which give to most of the area we are now considering important uniformities in culture. The expansion of "Chinese culture" from Honan and Shantung into

24 the whole of south China was essentially the
18/ steady outward push of an efficient agricultural technique which displaced the more primitive aboriginal food-gatherers and primitive slash-burn agriculturists, abosrbed most of these people into its operation and drove the remnants higher and higher into the hills. The characteristically Chinese agriculture is intensive; that is it uses large quantities of human labor in irrigating, fertilizing, and cultivating land for maximum yields. Its unit of socio-economic organization is the village, composed of those families which cultivate the land within easy walking distance of its center. It was in the villages of rural China spread over a vast area to exploit the land through a common technology, that the characteristic way of life developed. It is his family's village which is "home" to Chinese of all classes, no matter how far he may wander or how Westernized his life may have become. There are the ties with his own family's past, symbolized by the ancestral temple and the family or clan burial ground. There are the other families with which his own has built an enduring network of reciprocal favors and obligations. It is in the farming villages that Communist party workers now seek to bring about fundamental changes in the way of life and to break up the old complex of family and local loyalties.

62/ What are the common patterns of village
18/ life from the plains of Shantung to the narrow, crowded flood-plains of coastal Chekiang and Fukien? We shall sketch these before discussing

668 operation, but these are few and have no immediate bearing on the farmer's work year The most striking change in the farmer's life is the new network of associations which the government has imposed upon him and the daily barrage of advice and exhortation to which he is subjected. No longer does he cultivate his land in the manner of his ancestors with the assistance of his family, his clan, and his neighbors. He no longer sets the periods of work and of rest. The Communist leadership is determined that the peasant shall be transformed in three ways: (1) he must be made to produce more, (2) he must become a politically conscious, active supporter of the Communist regime and (3) his attitudes and values must be radically changed.

668 241 The instrument of this transformation, which is visible and active in the villages is the Party cadre. Party cadres act as the eyes, the ears and the mouths of authority.[14] They are called upon to take the leadership in organizing production and to participate in all types of farm work, such as mobilizing the peasants for cultivation, teaching new farming methods distributing new seed performing grain requisitioning helping in plant building and repairing dikes etc."[15] The village cadres have been mainly outsiders "foreigners," but the Party has recently been recruiting youths from specific localities and training them to return there as cadres. The

14. Walter E. Gourlay, The Chinese Communist Cadre: Key to Political Control, Harvard Russian Research Center 1952. p. 25.

15. Gourlay op. cit., p. 28.

668 241 cadre was the instrument of land redistribution and brought into the countryside the first major change decreed by Peking. The cadre organized the Peasants' Association in the village and manipulates its meetings and its officers It was the cadre who worked up sentiment and organized the "speak bitterness" meetings in the days of the Land Reform Movement -- occasions used to the full to attack the old familial order in the villages. It is the cadre who organizes the "struggle meetings" in which villagers are made to engage in criticism and self-criticism in order to undermine the old values and instill the new.

The cadres also pushed the organization of "mutual-aid teams" for the sharing of labor and equipment, an effort that struck at the familial organization of farm labor and apparently met with serious difficulties.[16] More recently the cadre has been the instrument for the concerted attempt to build producer co-operatives in the countryside. In such major efforts as the attempt to put Hunan rice farming on a two-crop basis (hitherto only done further south), the cadres were reportedly responsible for training 100,000 farmers.[17]

877 208 The cadre carried on the effort to destroy traditional mores. He publicizes the new marriage law, discourages or prevents arranged marriages,

16. W. W. Rostow The Prospects of Communist China, Cambridge, 1954, p. 84.

17. Reported by New China News Agency, Changsha, April 20 1955; Survey of China Mainland Press (SCMP), No. 1036, April 28, 1955.

Annex "A," Subparagraph 3a,
Economic Background

AGRICULTURE

241 Because it has a mild climate and abundant rainfall, East China is able to produce a tremendous amount of grain each year. In terms of production, the region occupies second place in the country, next only to Central-South China. It also produces a considerable amount of cotton and ramie. The outstanding feature of East China's agriculture is its dominant position in the production of raw silk and tea. The raw silk of Chekiang and Kiangsu and the tea of Chekiang and Anhwei are not only famous in China but renowned throughout the world for 228 their quality. East China is rich in its fishery resources, because it possesses the longest coastline and plenty of inland streams, which are the sources for both salt-water and fresh-water fishing.

I. CULTIVATED LAND AND RURAL POPULATION

162 According to the recent census,[1] completed on June 30, 1953, by the Communist government, the total population of East China, including Shanghai Municipality, is 156 million. If we

1. Jen-min Jih-pao [People's Daily], Peking 1, 1954, p. 1.

474 According to this table, the per shih-mou
433 (1/6 acre) yeild of the Chang Lai-sheng Agricultural Producers' Co-operative was 12 per cent higher than that of the Ting Ta-sheng Mutual-aid Team and 15 per cent higher than that of the Ting Yin-sheng farm in Ya-t'ien hsiang, Wu-chin hsien, Shantung Province, the output of Sung Tsung-kuo Agricultural Producers' Co-operative per shih-mou was 21 per cent over that of Sung I-pin's Mutual-Aid Team and 47 per cent over that of the Sung Pao-jen farm. The average per shih-mou output of cotton of the 3 year-round mutual aid teams of Chu-chai hsiang, Shanghai, was about 10 per cent higher than that of 2 temporary mutual-aid teams and 50 per cent higher than the average of 14 individual farms.

IV. AGRICULTURAL PRODUCTION OF EAST CHINA

241 The agricultural production of East China includes grains, raw cotton, oil-bearing crops, silk, tea, ramie, hemp, tobacco, and fish. Other agricultural products which bear little significance are not included in the present discussion.

A. Grain Production

241 East China produced 23.8 per cent of the
433 country's grains, with rice heading the list, constituting about 45.4 per cent of the total grain production[16] in 1953. Wheat came next, representing 13.5 per cent of the total output in the same year

16. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, March 10, 1953, No. 309, p. 12.

241 In terms of acreage of grain crops, wheat led by
433 117.87 million shih-mou (19.65 million acres) in 1946, rice ranked second by 92.82 million shih-mou (15.47 million acres). Table 6 shows the acreage of different major grain crops of 1946 by provinces in East China, with equivalent acres in parentheses.

In analyzing Table 6, the acreage of other crops had little significance. In terms of production, according to a Communist report, East China showed considerable growth during the five-year period, 1950-54, under Communist rule. The production data of different grains by years are shown in shih-piculs, with eqivalent tons in parentheses below.

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Table 6. Acreage of Grain Crops, 1946*
S = Shih-mou.)
(Unit: Million. A = Acres.)

Province	Rice	Wheat	Barley	Oats	Corn	Kaoliang	Millet	Sweet Potatoes	Others#	Total
Kiangsu	34.22S (5.70A)	26.19S (4.37A)	10.81S (1.80A)	3.80S (0.63A)	1.69S (0.28A)	1.33S (0.22A)	1.18S (0.20A)	0.85S (0.14A)	8.20S (1.37A)	88.29S (14.71A)
Chekiang	28.75S (4.79A)	13.37S (2.23A)	7.13S (1.19A)	-----	1.14S (0.19A)	0.17S (0.03A)	0.27S (0.04A)	2.30S (0.38A)	4.07S (0.68A)	57.20S (9.53A)
Anhwei	15.05S (2.51A)	16.89S (2.81A)	4.39S (0.73A)	0.15S (0.02A)	1.26S (0.21A)	4.49S (0.75A)	0.53S (0.09A)	2.56S (0.43A)	2.85S (0.47A)	48.17S (8.03A)
Shantung	1.15S (0.19A)	52.83S (8.80A)	2.65S (0.44A)	0.58S (0.10A)	8.57S (1.43A)	16.32S (2.72A)	19.68S (3.28A)	3.57S (0.50A)	2.95S (0.49A)	108.30S (18.05A)
Fukien	13.65S (2.28A)	8.59S (1.43A)	2.66S (0.44A)	-----	0.02S (0.003A)	0.02S (0.003A)	0.20S (0.03A)	3.40S (0.56A)	1.05S (0.17A)	29.59S (4.93A)
Total	92.82S (15.48A)	117.87S (19.65A)	27.64S (4.61A)	4.53S (0.75A)	12.68S (2.11A)	22.35S (3.72A)	21.86S (3.61A)	12.68S (2.11A)	19.12S (3.18A)	331.58S (55.28A)

* Statistical Yearbook of China, 1948, pp. 73-74.

Including broad beans and peas.

(Table 6 faces p. 752)

(Table 6 faces p. 752) [a]

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Table 7. Grain Production by Years
(Unit: Million. S = Shih piculs.)
T = Tons.)

Grains	1931-1937 Average*	1949#	1951s	1952v	1953x	1954y	1955z
Rice	303.08S (16.67T)	216.10S (11.89T)	280.93S (15.45T)	353.44S (19.44T)	360.46S (19.82T)	366.30S (20.15T)	385.71S (21.21T)
Wheat	174.68S (9.61T)	64.26S (3.53T)	83.54S (4.59T)	105.10S (5.78T)	107.19S (5.89T)	108.92S (5.99T)	114.69S (6.31T)
Soyabeans	66.80S (3.67T)	33.32S (1.83T)	43.32S (2.38T)	54.49S (3.00T)	55.57S (3.06T)	56.48S (3.10T)	59.47S (3.27T)
Tubers	138.00S (7.59T)	49.98S (2.75T)	64.97S (3.57T)	81.74S (4.49T)	83.37S (4.58T)	84.71S (4.66T)	89.21S (4.91T)
Others**	223.78S (12.31T)	112.34S (6.18T)	146.04S (8.03T)	183.73S (10.10T)	187.38S (10.31T)	190.41S (10.47T)	200.50S (11.03T)
Total	906.34S (49.85T)	476.00S (26.18T)	618.80S (34.02T)	778.50S (42.81T)	793.97S (43.66T)	806.82S (44.37T)	849.58S (46.73T)

[Face p. 752] [b]

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* Chung-kuo Liang-shih Kai-k'uang /General Survey of China's Food/, Nanking: Hsing-cheng-yuan Hsin-wen-chu /Office of Information, Executive Yuan/, 1947, pp. 4-5.

See 1952 Nien Ching-chi Nien-pao /Economic Year Book 1952/, Hong Kong: Ching-chi Tao-pao She /Economic Bulletin Publishing Co./, 1952, pp. 37-38.

s & v Jen-min Shou-ts'e /People's Hand Book/, Tientsin: Ta Kung Pao /Ta Kung Daily/, 1955, pp. 511-512. Economic Bulletin, Hong Kong: March 10, 1953, No. 309, p. 12.

x Hua-chiao Jih-pao /China Daily News/, New York: August 4, 1955, Chen Yun's Report to the National People's Congress on July 21, 1955.

y Ibid. The total grain production in 1954 was 3390 million Shih-piculs, as reported by Chen. Using 23.8 per cent for East China's share (Ching-chi Tao-pao March 10, 1953, p. 12) to calculate, the total production of grain in East China was 911.91 million Shih-piculs (50.15 million tons). The proportional distribution between different crops was rice 45.4, wheat 13.5, soyabeans 7.0, tubers 10.5, and others 23.6. Economic Bulletin March 10, 1953, p. 12.

z Basing on Li Hsien-nien's Budget Report of 1955, the projected grain production will be 5.3 per cent higher than 1954, and allocate the amount of each crop produced according to the same ratio of 1954. (NCNA July 8, 1955)

** "Others" are the total amount of millet, kaoliang, corn, barley, oats, broad beans, and peas.

(Table 7 faces p. 752)

(Table 7 faces p. 752) [e]

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Table 8. Grain Production of East China by Provinces*
S = Shih-piculs)
(Unit: Million. T = Tons.)

Grains	Kiangsu		Chekiang		Anhwei		Shantung		Fukien	
	1949	1951	1949	1951	1949	1951	1949	1951	1949	1951
Rice	76.64S (4.18T)	117.00S (6.44T)	51.42S (2.83T)	78.30S (4.20T)	39.60S (2.18T)	60.00S (3.30T)	0.60S (0.03T)	0.90S (0.05T)	28.74S (1.58T)	45.80S (2.41T)
Wheat	24.62S (1.32T)	56.58S (3.11T)	10.92S (0.58T)	12.78S (0.70T)	17.64S (0.96T)	40.16S (2.20T)	34.24S (1.88T)	65.70S (3.61T)	6.94S (0.38T)	7.30S (0.40T)
Soyabeans	7.74S (0.42T)	16.40S (0.90T)	1.30S (0.07T)	2.74S (0.15T)	2.58S (0.14T)	5.46S (0.30T)	5.82S (0.32T)	12.30S (0.67T)	0.64S (0.04T)	1.36S (0.07T)
Tubers	31.38S (1.73T)	38.42S (2.11T)	12.54S (0.69T)	15.38S (0.84T)	6.28S (0.34T)	7.68S (0.42T)	25.10S (1.38T)	30.74S (1.69T)	23.22S (1.27T)	28.44S (1.56T)
Others#	54.30S (2.98T)	67.42S (3.71T)	13.36S (0.73T)	15.60S (0.87T)	21.38S (1.18T)	26.06S (1.43T)	71.78S (3.95T)	87.84S (4.83T)	3.48S (0.19T)	4.38S (0.23T)
Total	194.68S (10.63T)	295.82S (16.27T)	98.54S (4.87T)	125.00S (6.76T)	78.38S (4.30T)	139.36S (7.65T)	137.54S (7.56T)	197.48S (10.85T)	63.04S (3.46T)	85.18S (4.67T)
Percentage of increase		/52%		/26%		/78%		/43%		/38%

*Chung-kuo Nung-pao /Chinese Agriculture Bulletin/, Peking, Nung Yeh Pu /Ministry of Agriculture/, 1952, No. 1, p. 20; Ta-kung Daily, Hong Kong, October 1, 1952. Hsin-hua Yüeh-pao /New China Monthly/, Peking, 1950, Vol. II, No. 4-5, pp. 1336-1337; 1951, Vol. III, pp. 378-379.

#"Others" including the total amount of millet, corn, kaoliang, barley, oats beans, and peas.

(Table 8 faces p. 752)

(Table 8 faces p. 752) [d]

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433 Table 7 indicates that, during the five-year period (1951-55), although great efforts were made to increase grain production, not one single year exceeded the pre-war 1931-37 average of 906 million shih-piculs (50 million tons). Probably flood and drought and the negative effects of land reform accounted for the failure. The statistical data of grain production of the individual provinces in East China in 1949 and 1951 are shown by shih-piculs in Table 8 below with equivalent tons in parentheses.

241 In 1951, nearly all the six provinces in-
433 creased production ranging from 26 per cent for Chekiang to 78 per cent for Anhwei over that of 1949. In terms of the total output, Kiangsu led by 295.82 million shih-piculs (16.27 million tons), Shantung came next with 197.48 million shih-piculs (10.85 million tons), Anhwei and Chekiang occupied third and fourth places, producing 139.36 and 125.00 million shih-piculs (7.65 and 5.76 million tons) respectively. The total grain production of Fukien in 1951 was 85.18 million shih-piculs (4.67 million tons), which constituted only about 10 per cent of the total grain output in East China in the same year.

V. THE ADEQUACY OF FOOD SUPPLY

433 The essential problem in East China is the determination of the adequacy of the supply of grain in comparison with the local demand. In order to approach the problem logically, the following steps are used: (1) the gross production data of different grains of 1954 are used as the basis for calculation; (2) from the gross amount of the unprocessed grains, provision for seeds, fodder, and waste are allowed and deducted; (3) the percentage allowed for the milling of different grains is set according to the nature of the product as well as the eating habits of the population;; (4) after reducing all the unprocessed grains to milled

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24/ Water conservation projects in this region[1] have been responsible for some progress in agricultural production. Although thousands of lives were sacrificed during construction, some fruitful results have been achieved. Evidence for this assertion can be found in the three good harvests between 1951 and 1953 recorded in Kiangsu. The Communist regime, with little consideration for human welfare, accomplished these tasks at the expense of the rural masses.

[1] [i.e. East China. -- Analyst]

311 The extensive system of lakes articulated with Tai Lake is by no means 226 lost to agriculture, since most of these bodies of water are shallow 244 enough to permit widespread aquiculture of water chestnuts and lotus (whose roots form an important part of the local diet), as well as supporting a considerable fishing industry on both an exploitative and a farming basis.[2]

311 Cultivation within the triangle is at least as intensive as in any 241 other part of the world. The growing season allows only one crop of rice, but winter crops of wheat and rape seed harvested in May occupy the rice fields after they are drained following the rice harvest in September-October. Cotton is planted in dry fields at the same time as rice in early May. Broad beans are usually intercultivated with the cotton. West and northwest from Soochow as far as the northern tip of Tai Lake as much as 20 per cent of the cultivated area is devoted to mulberry, but even here rice is dominant, and over the triangle as a whole occupies about 75 per cent of the total crop acreage. Vegetables are grown in small plots by nearly every farmer, and within a day's boat travel of Shanghai (approximately 30 miles) they rank third (after rice and cotton) in total acreage.[3]

241 Intensive cultivation is decreed by the dense population characteristically associated with deltas in east Asia (the fertile triangle is one of the primary density areas of China), and made possible by the natural fertility of the soil and the ready availability of water. Common usage in the area of the triangle calls for the bodily exchange of soil once in every three years between rice paddies and

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to depending on them at the specific points for which they are cited below. They would include C. C. Chang, Agricultural Statistics (1930), and *China's Food Problem* (1931), Chiang I-shih, Production of Various Cereals (1947), Chao Lien-fang, The Problem of Rice Production (1947) — including estimates from the early 1930's of the amount of cultivated land in rice, by provinces — Chiang Hsüeh-chai, A New Estimate of the Supply and Demand (1936), Feng Hu-fa, Source Materials (1935), Kuo Ming-hsüeh, Chinese Agricultural Resources (1948), Shen Tsung-han, Chinese Food Problems (1947), and *The Agricultural Resources of China* (1951), and T'ang Chi-yu, *An Economic Study of Chinese Agriculture* (1924) — including figures as of 1920 for rice production and cultivated land in the seven leading rice provinces. Wang P'ei-hsün, The Volume of China's Food Imports and Exports (1947), is a brief general discussion of China's foreign trade in food commodities as an introduction to selected statistics from individual ports.

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fields growing other crops (primarily cotton), since this entails a 241
thorough turning over of the soil which crop rotation alone would not accomplish. When the exchange is completed, the new surfaces are then overlaid with an average per acre of 70 tons of mud dug from the canals. Maintenance of navigability in the canals is a 503
communal responsibility, and farmers are recompensed for their 241
dredging labor by using the highly fertile calcareous mud (which as a rule has supported a heavy growth of water weeds as well as ultimately receiving considerable farm and village waste), also by making use of the canals to market their production and receive goods from outside.[4]

The farms are small, 93 per cent of them under 50 *mow* and 25 241
per cent under 5 *mow*, with an average size of 34 *mow*, according to a Chinese statistical study[5] (one *mow* equals approximately one sixth of an acre). Their cultivation is better described as gardening than as farming. Tools in general use are limited to the *t'u t'ou* [412]
(earth head) — a large-bladed hoe — and smaller metal-headed rakes, hoes, and mattocks, all designed for painstaking hand labor. Water is transferred from the canals to fields for irrigation by means of endless chains of small buckets mounted on inclined frames and driven by foot treadles.[6] The average number of total animal units per farm is lower in this area, according to Buck, than anywhere else in China[7] This is due to the small size of the farms, and to the abundance of human labor, which cannot afford to allocate feed for animals in return for the labor, meat, and manure which they produce. Manual gardening gives a greater return than animal husbandry or farming with draft animals from this fertile and repeatedly refertilized soil in proportion to the food it consumes, and permits a population of 40 million people in the fertile triangle.

With such intensive cultivation, crop yields in the fertile triangle 241
are among the highest in China. Buck's samplings show both rice 433
and wheat yields in this area consistently among the upper five per cent of rice and wheat yields for the 161 localities in China covered by his study.[8] Within a thirty-mile radius of Shanghai, where the city's night soil is cheaper and more readily available than in outlying districts (see below, pp. 162–64), yields of all crops are exceeded by only two counties in China (both near Canton)

241 reported by Buck. According to his figures, the grain production
433 (or equivalent) per male adult of the population (or equivalent) within this thirty-mile radius averages 2594 kilograms, as compared with an all-China average of 1400 kilograms.[9]

161 The problem of how Shanghai is fed is, however, not answered merely by the facts of fertile soil, intensive cultivation, and high crop yields in its immediate hinterland. While the delta is clearly productive, it is equally clearly densely populated, and it is likely that a larger proportion of the total population of the fertile triangle lives in cities than is the case in any other area of comparable size in China (map 5).

[146] Buck estimates that the consumption of food energy on farms in
241 this area is 3486 calories per adult-male unit per day, a high figure for a so-called subsistence agricultural economy, and exceeded in Buck's figures for China only by the rice-tea area immediately to the south.[10] Far from being a subsistence economy, the triangle supports a relatively commercialized agriculture. Buck estimates for example, that the farmers of this area sell 61 per cent of their farm products immediately after harvest, and that 60 per cent of farm products are sold (i.e., first sale) as far away as the nearest market town, as distinct from the local village. Both of these figures are exceeded only by those from the double-cropping rice area of Kwangtung.[11]

433 Assuming that the favorable natural environment and the in-
489 tensive farming methods result in a total food production great enough to allow a surplus for feeding the delta's cities, how is it marketed in this pre-industrial economy? Cities of the magnitude of Shanghai have hitherto never developed except where mechanization and technological improvement in agriculture have been accompanied by the growth of railways, and later, highways.* Shanghai, competing for the food surplus of the delta with Hangchow, Nanking, Soochow, and other large delta cities, added well over three millions to its population between 1843 and 1936, while agricultural practices in the delta remained in general just as they

* Ancient Rome and Peking, both cities of approximately one million long before the industrial revolution, might constitute exceptions. Both owed their size primarily to their administrative functions, and both depended heavily on water transport.

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picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CNC$12.40 per picul; c. (foreign 439
rice) CNC$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262
the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

439 consumption in the city. As in the case of Shanghai, Canton may act as an entrepôt for rice imports to other cities.

433 489 This may suggest that China as a whole produces enough to feed itself, even by traditional farming methods, if only the food could be transported cheaply enough. As it is, foreign rice moves only to the large coastal cities, because transport costs once it leaves the sea prevent further penetration. The rice comes in because at certain periods it is cheap, and it is cheap relative to Chinese rice primarily because of the difference in transport costs between sea and land. It may be found when full facts are available that the flow of rice to large Chinese cities, which depends on price, is governed predominantly by transport costs, as it is in the case of Shanghai, and that where cheap transport is possible, local sources form the major part of the supply.

Other Food Commodities

241 438 The Yangtze delta, and more especially the fertile triangle, is a specialized agricultural area, more so than most agricultural regions of China because of its greater degree of commercialization. Its special crop is rice, with cotton, mulberry, and vegetables the only other significant items. Some wheat is grown, but it is of relatively minor importance in the fertile triangle and is raised mainly as a dry-field winter crop between rice plantings. Shanghai's dependence on local sources for rice is thus not matched by the rest of its food supply. The significance of the city's water connections with other agricultural regions is apparent in the fact that in a largely pre-railroad and pre-commercial economy, Shanghai is able to depend on distant sources for many food items in a way, if not to a degree, which is in certain respects comparable to the food supply pattern developed for large cities in the United States and Western Europe.

244 438 Shanghai has its own truck- and market-garden area, much as large Western cities have, with the difference that vegetables in particular have always been grown there and that environmental conditions in the fertile triangle are virtually ideal for market-garden-type production. Near most Western cities, soil, climate, and relief must often be fitted with difficulty into the needs of the city for fresh local food. Vegetable production in the fertile triangle

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by 1934 included four sewage-treatment plants and two incinerators for household refuse. During the same period cesspools were dug for most buildings in the Settlement beyond the limits of the central sewage system. The night soil contractors continued to remove wastes from buildings without cesspools, and, by agreement with the Council, to drain the cesspools at regular intervals. Most of the sewage treated by the new plants was sold to the night soil contractors as before, but now in a concentrated form which was also less dangerous to health when used as fertilizer. Non-organic wastes were dumped at sea by the Council, or were used for raising low-lying land. Household garbage continued to be collected by the night soil contractors as before.[54] These malodorous cargoes went out from Shanghai entirely in barges, many of which were open and which were (and still are) to be seen on all of the waterways running through the city. It was these which attracted the adverse comment to which the Municipal Health Commissioner replied in the statement referred to above.

The night soil produced by two, three, or four million people and distributed to farmers must have been a not inconsiderable factor in maintaining or enhancing soil fertility and in making possible unusually high yields within a thirty- or forty-mile radius of Shanghai.* Existing figures for crop yields are unfortunately calculated on the basis of *hsien*, and *hsien* boundaries do not even approximately coincide with the thirty- or forty-mile radius. The Municipality of Greater Shanghai itself occupies 320 square miles (of which 210 square miles is listed as farm land) within the area of night soil distribution from the city. The effect of this distribution therefore cannot be measured with any accuracy in terms of crop yields, although the figures do show about 10 per cent higher yields of all crops in the *hsien* which have some part of their area within a forty-mile radius of Shanghai than in the remaining *hsien* in the Kiangsu section of the delta south of the Yangtze and east of Tai Lake.[55] Soil and land forms are generally uniform over this area. It is a readily observable fact that fields are greener and crops heavier and further advanced within a day's foot or water travel

* See above, p. 137. Buck's figure was compiled from surveys in only one district (about one quarter of one *hsien*) within this area.

241 from large Chinese and Japanese cities than in the remainder of th rural districts, into which the green fades off beyond 30 or 4 miles. This is particularly true at Shanghai, and is most clearly see from the air, but it also strikes the eye on the trip by train fron Shanghai to Nanking, or in walking through the country.

Night-soil distribution could have provided an automatic increas in crop yields in the immediate vicinity of Shanghai as the city' population grew. In a country where even near the large coasta cities and under a system of relatively commercialized agriculture chemical fertilizers are beyond the means of the farmers, the heav use of night soil in the neighborhoods of large cities where it ca be purchased at a price even the poorest farmer can afford can b assumed an important factor for agriculture. In the case of Shanghai it may help to explain the apparent local surplus of rice from th delta which goes to feed the city.

722 The second problem concerns the future. Shanghai up to 193
433 had managed to feed itself largely from its local supply areas
439 During the disturbed war years, virtually unbroken from 1937 t 1949, it was for long periods forced to depend on imported rice although the inference is still that under normal conditions the local supply areas remain adequate. But can the city continue t grow on this basis, or will the population not eventually outrun the food supply as it has done repeatedly in the past throughou China? Obviously this is a possibility. It would lead to greate dependence on rice imports, and greater use of railways and high-ways as these expand and become cheaper carriers, to bring rice and other food into the city from longer distances. In the absence of figures and information for the period since the war with Japan comparable even to the inadequate data for the pre-1937 period, we have no reliable basis for judging whether Shanghai has already entered a new phase in this vital aspect of its economic life. As we can measure it, this huge city is a world anomaly in the pattern and mechanics of its food supply, but as China is increasingly drawn into the world economic pattern, with Shanghai leading and accelerating the change as before, this anomaly, like most of its others, will disappear.

1: Stanford U. S-4, 5 1956 AF15 East China AF15

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Scale in Miles
0 100 200

A
B
C

Reduce AB to BC

[Face p. 738] (a)

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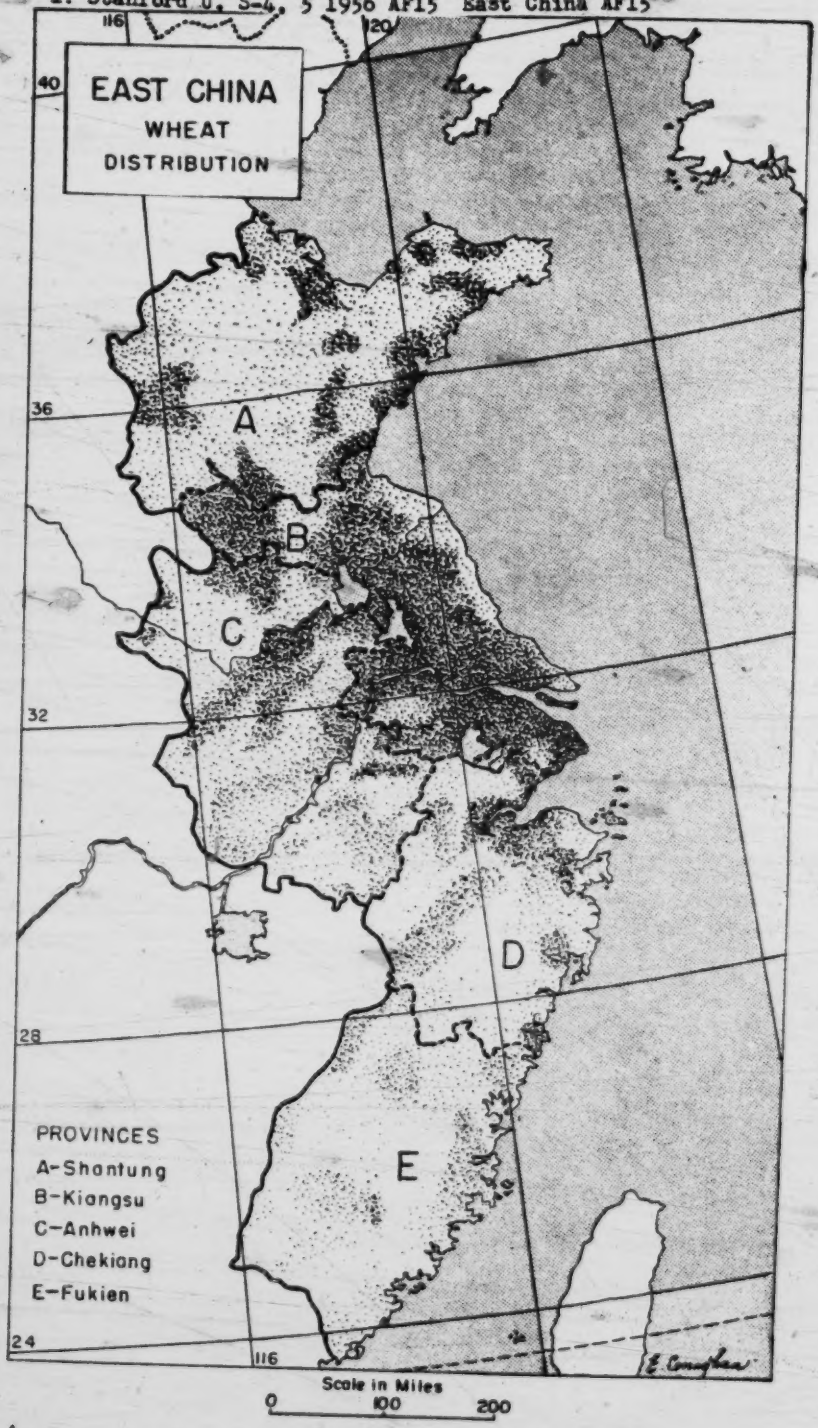
243
102



A

Reduce AB to CB

B

B

C

[Face p. 738 (b)]

248 According to Communist reports, some
433 of the factors responsible for the rapid increase in cotton acreage and production were the fixing of a favorable parity price between cotton and grain and the improvement of per-unit yield. The increase and decrease in the adjustments of the parity price corresponded to the higher or lower cotton acreage. The prices which were quoted for grains of different regions are shown in the following tabulation.

248
243
435

Table 13 The Ratio of Cotton Price to Price of Grains */

(In weight-units of grain to one unit of cotton lint, 7/8" grade)

Region	1950	1951	1952	1953	1954	1955
Wheat	7.0	8.0	7.5-8.5	6.25-7.5	6.75-8.00	Same
Millet	8.0	8.5	8.0-9.5	6.75-8.0	7.50-8.25	as
Rice	6.5	8.5	8.0-9.0	6.75-8.0	7.25-8.25	1954

*/ Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow, Chang-chiang Jih-pao, [Yangtze Daily Co.], 1950, p. 574; Ching-chi Chou-pao [Economic Weekly], Shanghai, May 28, 1953, NO. 28, p. 21; NCNA, March 3, 1954.

248 Among the East China provinces,
243 Shantung and parts of Anhwei and Kiangsu belong
435 to the wheat region, while a large part of Kiangsu, Anhwei, Chekiang and Fukien belong to the rice region. In 1953 the parity prices were lowered and the acreage and the production also decreased.

248 An upward trend in the average cotton
433 yield per unit of land was noticed during 1949-53, except for a slight fluctuation in 1953, 11.6 per cent below the figure for 1952. This loss was the result of natural calamities in Shantung and Kiangsu provinces. The cotton yields of different provinces from 1949 to 1953 are shown in Table 14.

731 in East China. The Chinese Communists began to harness the Hwai River in 1950. The essential projects included (1) the building of the San River Regulator, (2) the excavation of new diversion canals, one at Po-kang and two near Wu-ho, and (3) the building of Fo-tzu-ling Reservoir on the P'i River and Mei-shan Reservoir on the Shih River.[33] The above-mentioned water-conservation projects are said to be finished except for Meishan Reservoir, which is to be completed[34] during the first months of 1956,

Other projects included the dredging of the channel of the Hwai River and its 70-odd tributaries as well as many minor projects; all of which were completed during the period 1950-55. An estimated 36.4 million shih-mou (6.06 million acres) of land in northern Kiangsu, Anhwei, and Shantung provinces have benefited from the completion of these projects.[35]

Other flood-prevention projects in East China, including the building of a new 190-kilometer channel of the I (Yi) River, a 14-kilomet canal joining the Shu and Sha rivers, and another canal joining the I (Yi) and Shu rivers were completed before 1952.[36]

243 In 1950, a good harvest of maize was
731 gathered on 7,500,000 shih-mou (1,250,000 acres)

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33. Far Eastern Economic Review, Hong Kong, Vol. XVIII, No. 22, June 2, 1955, p.702.

34. People's China, February 1, 1953, pp. 14-15.

35. Ibid.

36. Ibid., June 16, 1953, p. 18-24.

1:Stanford U. S-4, 5 1956 AF 15 East China
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243 of farmland in the Hwai-yin region southwest of
73/ Lo-ma Lake. In 1951 and 1952, good harvests were reported throughout the basin of the two rivers, and not a single mou of land was flooded. The agricultural production of northern Kiangsu region[37] was 20 per cent higher in 1952 than in 1951.

X. CONCLUSION

423 One of the most striking features of East China's land reform was the promulgation of a series of orders extending favorable treatment to families of overseas Chinese residing in the rural districts of Fukien Province. The Communists hoped to stimulate the investment of remittances from foreign countries in agricultural and industrial enterprises in China. The inequality of treatment for peasants of the same district tends to arouse a great deal of discontent among the peasants in the East China Region, especially those in Fukien Province, who have no relatives overseas.

After land distribution, the basic problem in the Chinese rural communities still remains as before -- too many people and too little land. Mao Tse-tung admitted in July 1955 that the average per capita land-holding is still very small only about 3 shih-mou (1/2 acre) per capita for the country as a whole. In some areas of East and Central-South China it is as little as 1 shih-mou (1/6 acre). Mao hopes to organize these scattered small farmers into units for semi-collective farming called agricultural producers'

2: Murphy G-4 (no date) 1953 AF15 East China AF15

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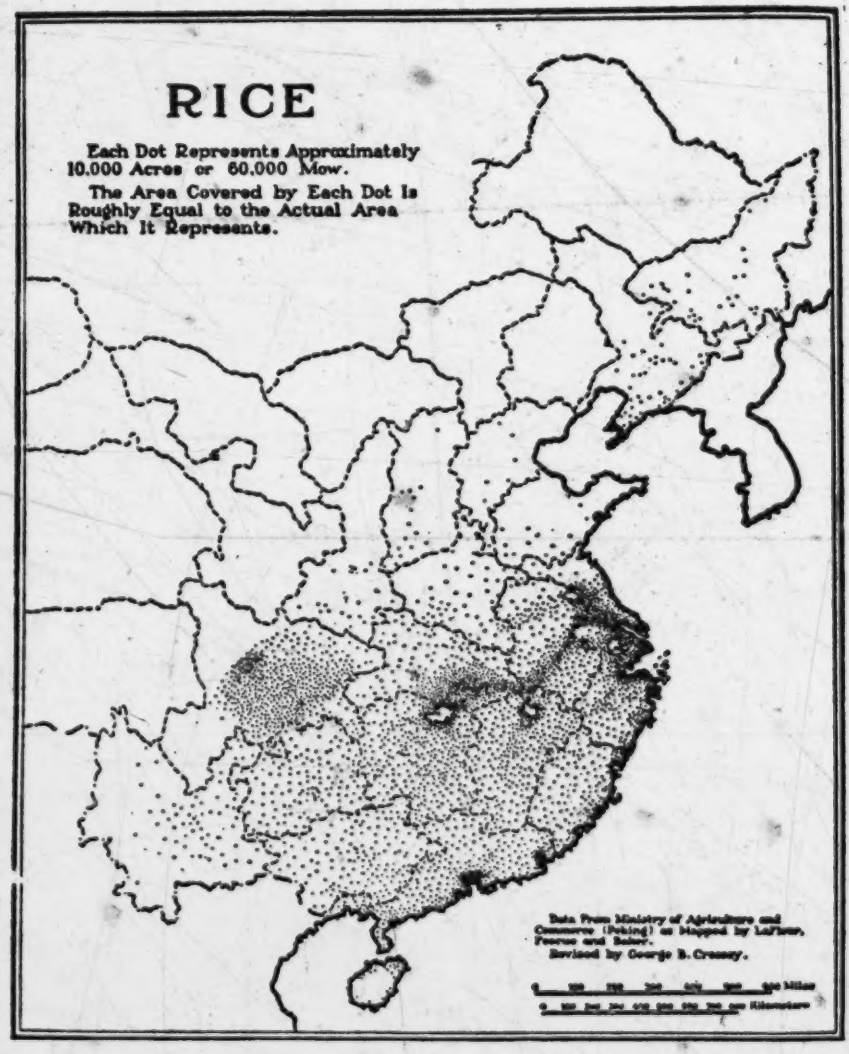

May 11. Distribution of Rice Production in China (reproduced here by the courtesy of the McGraw-Hill Book Company, Inc., from G. B. Cressey, *China's Geographic Foundations* [1934]).

[p. 141]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

for sale in Shanghai is not only convenient but environmentally advantageous. 244 438

How much of the city's supply of vegetables comes from its market-garden area (a day's water travel, or about a 30-mile radius from the city, an area where vegetables rival rice as the leading crop), and how much from greater distances is difficult to determine with any accuracy in the absence of published records. The principal vegetable market in Shanghai is along both banks of Soochow Creek near its mouth, which suggests that vegetables come into the city by water from its immediate environs. Merchants and vendors there, including many farmers who bring their vegetables into the city by sampan for daily or twice weekly markets, speak only of the near neighborhood of the city as the source of their wares. About 15 square miles within the Municipality of Greater Shanghai itself are occupied by vegetable crops,[31] which can take the fullest advantage both of convenience to the market and of favorable environment in this fertile flat delta land. Vegetables undoubtedly come into the city in large amounts from greater distances, although it is unlikely that bulk shipments of such perishable commodities would move beyond the delta. The railways do not carry them in any significant quantities.[32] 438

Although its place in the Shanghai diet is relatively minor (see above p. 139), wheat is a major food commodity for the city because of the prominent place of the flour milling industry there. While over two-thirds of the flour milled is exported, principally to north China ports, the wheat must first be brought to the city even though most of it is not eventually consumed there. [262] 256 438 489

Shanghai drew its domestic wheat largely from Kiangsu. Only a minor crop within the fertile triangle, wheat is of much greater importance in the drier and colder areas of Kiangsu north of the Yangtze, and in the western parts of the delta. This production, plus the wheat raised almost entirely for sale as a dry-field winter crop within the fertile triangle, can be carried to Shanghai from nearly every producing area via the water network of the delta, including the Yangtze itself. While the delta area is by no means a leading wheat producer, it is wholly unique among wheat areas in China in its cheap and easy transport connections with a large urban [243]

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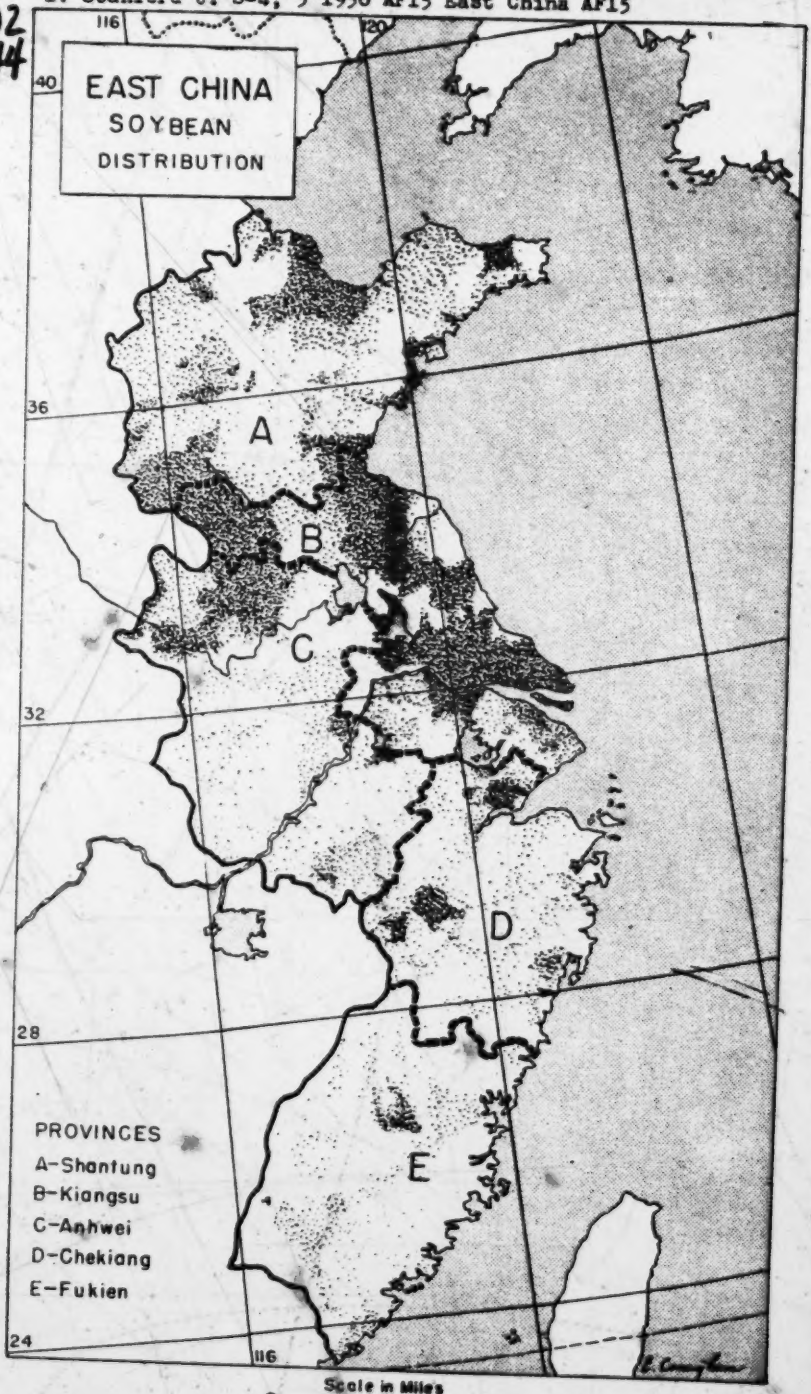

A

Reduce AB to AC

B

A

C

[Face p. 738 (c)]

311 The extensive system of lakes articulated with Tai Lake is by no means 226 lost to agriculture, since most of these bodies of water are shallow 244 enough to permit widespread aquiculture of water chestnuts and lotus (whose roots form an important part of the local diet), as well as supporting a considerable fishing industry on both an exploitative and a farming basis.[2]

311 Cultivation within the triangle is at least as intensive as in any other part of the world. The growing season allows only one crop of 241 rice, but winter crops of wheat and rape seed harvested in May occupy the rice fields after they are drained following the rice harvest in September-October. Cotton is planted in dry fields at the same time as rice in early May. Broad beans are usually intercultivated with the cotton. West and northwest from Soochow as far as the northern tip of Tai Lake as much as 20 per cent of the cultivated area is devoted to mulberry, but even here rice is dominant, and over the triangle as a whole occupies about 75 per cent of the total crop acreage. Vegetables are grown in small plots by nearly every farmer, and within a day's boat travel of Shanghai (approximately 30 miles) they rank third (after rice and cotton) in total acreage.[3]

241 Intensive cultivation is decreed by the dense population characteristically associated with deltas in east Asia (the fertile triangle is one of the primary density areas of China), and made possible by the natural fertility of the soil and the ready availability of water. Common usage in the area of the triangle calls for the bodily exchange of soil once in every three years between rice paddies and

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to depending on them at the specific points for which they are cited below. They would include C. C. Chang, Agricultural Statistics (1930), and *China's Food Problem* (1931), Chiang I-shih, Production of Various Cereals (1947), Chao Lien-fang, The Problem of Rice Production (1947) — including estimates from the early 1930's of the amount of cultivated land in rice, by provinces — Chiang Hsüeh-chai, A New Estimate of the Supply and Demand (1936), Feng Hu-fa, Source Materials (1935), Kuo Ming-hsüeh, Chinese Agricultural Resources (1948), Shen Tsung-han, Chinese Food Problems (1947), and *The Agricultural Resources of China* (1951), and T'ang Chi-yu, *An Economic Study of Chinese Agriculture* (1924) — including figures as of 1920 for rice production and cultivated land in the seven leading rice provinces. Wang P'ei-hsün, The Volume of China's Food Imports and Exports (1947), is a brief general discussion of China's foreign trade in food commodities as an introduction to selected statistics from individual ports.

439 consumption in the city. As in the case of Shanghai, Canton may act as an entrepôt for rice imports to other cities.

433 489 This may suggest that China as a whole produces enough to feed itself, even by traditional farming methods, if only the food could be transported cheaply enough. As it is, foreign rice moves only to the large coastal cities, because transport costs once it leaves the sea prevent further penetration. The rice comes in because at certain periods it is cheap, and it is cheap relative to Chinese rice primarily because of the difference in transport costs between sea and land. It may be found when full facts are available that the flow of rice to large Chinese cities, which depends on price, is governed predominantly by transport costs, as it is in the case of Shanghai, and that where cheap transport is possible, local sources form the major part of the supply.

Other Food Commodities

241 438 The Yangtze delta, and more especially the fertile triangle, is a specialized agricultural area, more so than most agricultural regions of China because of its greater degree of commercialization. Its special crop is rice, with cotton, mulberry, and vegetables the only other significant items. Some wheat is grown, but it is of relatively minor importance in the fertile triangle and is raised mainly as a dry-field winter crop between rice plantings. Shanghai's dependence on local sources for rice is thus not matched by the rest of its food supply. The significance of the city's water connections with other agricultural regions is apparent in the fact that in a largely pre-railroad and pre-commercial economy, Shanghai is able to depend on distant sources for many food items in a way, if not to a degree, which is in certain respects comparable to the food supply pattern developed for large cities in the United States and Western Europe.

244 438 Shanghai has its own truck- and market-garden area, much as large Western cities have, with the difference that vegetables in particular have always been grown there and that environmental conditions in the fertile triangle are virtually ideal for market-garden-type production. Near most Western cities, soil, climate, and relief must often be fitted with difficulty into the needs of the city for fresh local food. Vegetable production in the fertile triangle

2: Murphy G-4 (no date) 1953 AF15 East China AF15

for sale in Shanghai is not only convenient but environmentally advantageous. 244 438

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VII. TEA, SILK, AND OTHER SPECIALTIES

A. Tea

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433 East China is the leading tea-producing region in China. In 1952, the region produced approximately 50 per cent of the country's tea.[18] Fukien is noted for its black tea (or red tea) and flower-scented tea, and Chekiang and Anhwei are noted for the production of green tea. To make black tea, newly-gathered leaves are allowe to wither in the air in order to reduce their moisture and then rolled to break up the leaf cells and to allow the enclosed juice to come to the surface of the leaves for fermentation. The enzymes contained in the leaves continue to oxidiz and produce an aromatic flavor. The leaves are then baked and sweetened. Green tea is prepared by heating the leaves in an iron pan to destroy the oxidizing enzymes and prevent fermentation. The leaves are then rolled and baked. The main characteristic of green tea is its rich content of Vitamin C, which is not destroyed even at a temperature of 200° Centigrade. The best-known green tea is "Lung-ching" [Dragon-well] of Hangchow, Chekiang Province. Flower-scented tea commands a very wide market in North and Northeast China as well as in many European countries. It is made by scenting the leaves with rose, jasmine, or other fragrant flowers in order to increase its flavor.

In terms of the percentage distribution of the different varieties of tea in East China, green

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18. Economic Bulletin, Hong Kong, March 24, 1953, No. 311, p. 15.

245 433 tea constitutes 70 per cent, black tea 28 per cent, and all others 2 per cent; in distribution of production by provinces, Chekiang produces 46 per cent, Anhwei 41 per cent, and Fukien 13 per cent.[19]

It was estimated in 1952 that the total production of tea in China was 1,650,000 shih-piculs (90,750 tons), of which East China produced approximately 825,000 shih-piculs (45,375 tons).[20] The projected goal of tea production in East China will reach 1,110,000 shih-piculs (60,500 tons) in 1957, the last year of the Communists' first Five-Year Plan.[21]

B. Silk

231 433 East China also led in silk production -- almost 80 per cent of the country's output in the pre-war years.[22] The total production of silk cocoons in East China in 1934 amounted to [245] 1,893,000 shih-piculs (104,115 tons). During the war the Japanese army destroyed over half of the mulberry gardens of East China, and production dropped sharply. The total output of silk cocoons in 1947 amounted to 41,000 shih-piculs (2,255 tons)

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19. Ibid.

20. Cheng Chu-yüan, Chung-kung Wu-nien-chi-hua p'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, Freedom Press, 1955, p. 244.

21. Ibid.

22. Chung-yang Yin-hang Yüeh-pao [Central Bank Monthly], Shanghai, Central Bank of China, May 1947, Vol. II, No. 5, pp.54-57.

494 505 average per-ton costs over similar distances in the same areas for ordinary goods of about £12 (US$.30 per ton/mile).[15] Tea and silk required special handling, and neither was supposed to get wet or to touch the ground during its transport.* These rates compare with an average of about £14 per ton for tea and silk over similar distances by water transport.[16] Shanghai's water connections were thus a vital advantage in securing for it the lion's share of foreign trade in these two leading commodities. Robert Fortune estimated in 1848 that transport costs for tea from the hinterland to Shanghai averaged about 50 per cent of total costs to that point, while he estimated the figure for Canton at 70 per cent.[17]

651 A desire on the part of the Ch'ing Government to continue the diplomatic and economic advantages resulting from the monopoly system of the Canton Cohong was apparently combined with a desire for increased revenue from the newly expanded trade with the foreigners in a movement to tax tea and silk exported via Shanghai at the same rate as would have been applied if these had moved out via the much longer route to Canton. The resulting Imperial Edict of 1845 ordering the imposition of extra transit dues on this basis had, however, only a nominal effect, since the locational advantages of Shanghai meant that the saving in transport costs and interest charges on tea and silk shipments more than made up for the additional dues.[18]

[245] 505 487 Map 9 shows the major tea-producing areas of China in the nineteenth century. The Yangtze itself runs through the northern part of the area producing the best quality teas, and its tributaries and the Chientang River (with its mouth at Hangchow, from which multiple waterways lead to Shanghai) drain most of the remainder. In spite of its river connections into this area, Wenchow was not a major tea exporter. This was certainly due in part to its relatively late opening to foreign trade, but that fact is in itself related to the high relief in Wenchow's hinterland, through which interrupted navigation provides the only adequate means of trans-

482 * For overland transport, they were carried in special frames mounted on porters' backs, with a supporting stick attached so that the load could be rested without being set down on the ground. For water transport, special care was taken to see that tea and silk were kept in clean dry holds or securely under cover. See Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters to the Committee*.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

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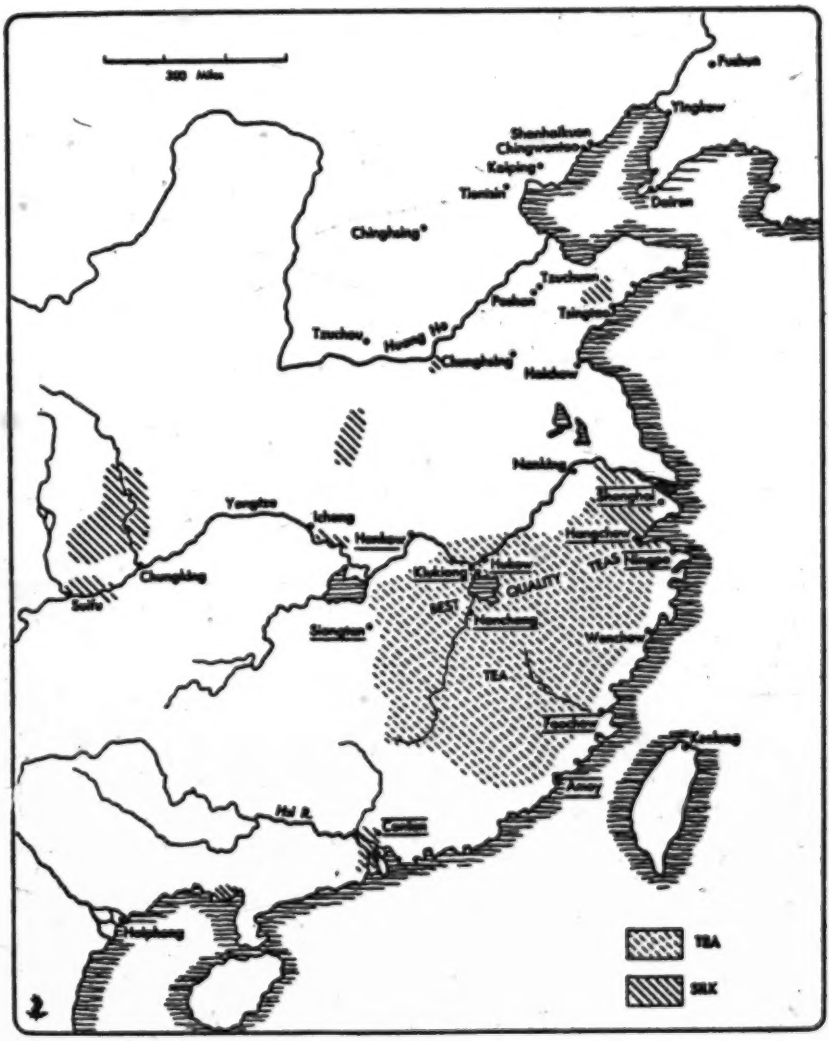

Map 9. Tea and Silk Areas of China in the Nineteenth Century, and Coal Mines Mentioned in the Text. Major collecting centers for tea underlined. Major ports for overseas exports of tea underlined and overlined. Data from China: Maritime Customs, *Silk* (1881); *ibid., Decennial Reports*; Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters* (1871); *et al.*

[p. 105]

505 port. Most of the teas from this area could move out more easily
487 by water to Ningpo, or to Hangchow for transshipment to Shanghai. Foochow and Amoy drew their tea for export primarily from the southern part of the chief producing area, by way of the rivers which terminate at each port, and Canton depended for its tea supply mainly on the route through the Meiling Pass. Ningpo, situated on an indifferently navigable river, in fact drew some of its tea for export from the Chientang basin, via a canal from the Chientang ten miles upstream from Hangchow, but even so three portages were necessary between the river and Ningpo.[19]

245 Shanghai could draw tea from almost all of the chief producing area with much greater facility. Tea in China, as in most of the important tea areas of the world, is a mountain or a hillside crop. It is displaced from the lowlands by grain crops, and it is considered by the Chinese that a more fragrant leaf is produced on slopes and at higher altitudes, where drainage is good, nights are cool, and mists are frequent.[20] In the chief producing area, most of the tea is grown at elevations between 1000 and 2500 feet, and was thus necessarily transported by portage to the local curing and collecting centers. From these local centers, however, the tea moved to larger collection places and to ports of export predominantly by water, especially after the Yangtze was opened to foreign trade.

505 All of the leading tea districts of the area producing the best
439 quality teas (map 9) have through water connections with Shanghai, while only a few of them have similar connections with Foochow, Ningpo, or Wenchow. Amoy and Canton have no through water connections with this area except by sea.[21] Hankow acted as a collecting center for the teas of Szechuan, Hupeh, and Hunan, brought there largely by water and largely transshipped to Shanghai for export, although direct exports of tea from Hankow during the late nineteenth and early twentieth centuries amounted to about one quarter of the amount transshipped to Shanghai for export.[22]

245 The tea of central China is grown in the northern and southern
505 highlands of the hill and mountain ranges south of the Yangtze
487 (called by Cressey the "South Yangtze Hills"), with the better quality teas coming from the northern highlands. The tea leaves are

2: Murphy G-4 (no date) 1953 AF15 East China AF15

picked as a rule three times a year: in April, May, and September, so that the bulk of export shipments comes during the summer high-water period, but occasional picking and regular shipments from the collecting centers continue through most of the winter. The stream pattern is better developed in the northern highlands than in the southern, and it focuses ultimately on Shanghai, either directly via the Yangtze, or via Hangchow. The less well developed stream pattern of the southern highlands drains to at least five separate ports, each in its own isolated river basin. 245 505 487

Along these streams, as along all of the rivers in China, successive trading centers developed at each break in navigation necessitated by rapids or by a change in the depth of the water where junks gave way to sampans or sampans to bamboo rafts. More of these trading centers which acted as collection places for tea are located north of the divide than south of it, and they naturally tended to ship their teas to northern ports for export, although the normal routes were occasionally abandoned in favor of roundabout routes in order to avoid excessive local transit taxes or arbitrary dues, as for example the shipment of tea from the upper Chientang basin overland to Ningpo and thence by sea to Shanghai.[23] 505 487 [651]

The cargo capacity of the boats, and hence the freight rate from these local centers to larger regional collecting centers, varied sharply with seasonal changes in the water level. In a tea area approximately 150 miles up the Chientang River from Hangchow in 1870, rates for transporting 100 chests of tea to Hangchow varied during the year from Mex$20 in summer to Mex$50 in winter.* During the summer the average time for tea in transit to Hangchow was five days, as against ten days in winter, while goods moving from Hangchow to the area in question took about twenty days at all seasons.[24] The use of water transport in this case is clear from the fact that these rates and transit times follow so closely the conditions of stream navigation, and are the only ones quoted for the tea trade in this area.

W. H. Medhurst in the account referred to above in Chapter Five commented on the fact that tea, at that time marketed entirely by Chinese merchants at the treaty ports, moved to Shanghai from the

* Mex$1 at this period equaled about US$.80

2: Murphy G-4 (no date) 1953 AF15 East China AF15

cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [482]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

1: Stanford U. S-4, 5 1956 AF15 East China AF15

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Scale in Miles
0 100 200

A C
B C

Replace AC to BC

[Face p. 738(d)]

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Table 11. Cotton Production in East China*

(Unit: 1,000 Shih-piculs.)
1,000 Bales = 480 lbs.)

Province	1949 Shih-piculs	1949 Bales	1950 Shih-piculs	1950 Bales	1951 Shih-piculs	1951 Bales	1952 Shih-piculs	1952 Bales	1953# Shih-piculs	1953# Bales	1954§ Shih-piculs	1954§ Bales	1955¶ Shih-piculs	1955¶ Bales
Kiangsu	729	15.2	1,356	28.3	2,400	50.0	1,632	34.0	1,488	31.0	1,515	31.6	1,667	34.8
Chekiang	154	3.2	394	8.2	416	8.7	269	5.6	245	5.1	250	5.2	275	5.7
Anhwei	154	3.2	192	4.0	494	10.3	336	7.0	305	6.3	311	6.4	342	7.0
Shantung	667	13.9	1,699	35.4	2,568	53.5	4,622	96.3	4,205	87.6	4,289	89.4	4,718	98.4
Fukien	---	----	----	----	----	----	-----	----	----	---	----	---	----	---
Total	1,704	35.5	3,643	75.9	5,880	122.5	6,859	142.9	6,240	130.0	6,365	132.6	7,001	145.9

* /People's Daily/ Peking, January 27, 1950; /Liberation Daily/, Shanghai; January 8, October 17, November 14, December 28, 1951; September 9, December 27, 1952; Ta-chung Hung-yeh /Mass Agriculture/, Shanghai, Vol. VI, No. 3, December 1951, p. 69; /Economic Weekly/, Shanghai, February 18, 1953, pp. 15-16; Chung-kung Yüeh-kan /The Farmers' Bank of China Monthly/, Nanking, Vol. IX, No. 6, January 30, 1948, p. 38; Economic Bulletin, Hong Kong, No. 309, March 10, 1953, p. 12.

Cotton production in 1953 was 9 per cent below the 1952 level; see Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol.XVIII, No. 19, p. 601.

§The Cotton of East China in 1954 was slightly higher than that of 1953; an increase of 2 per cent is estimated; see Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol. XVIII, No. 19, p. 60.

¶There were no natural calamities in 1955. An estimate of 10 per cent increase over 1954's production is assumed, although the projected increase is 30.6 per cent as revealed by Li Hsien-nien in his 1955 State Budget Report.

(Table 11 faces p. 756)

(Table 11 faces p. 756)

433 According to Tables 9 and 10 above, the total supply of "rice-equivalent" grains available for human consumption in 1954 was 578.05 million shih-piculs or 28.90 metric tons. On the basis of Wu Yuan-li's calculation of 217 metric tons of milled "rice-equivalent" grains required to feed 1,000 "adult males" per year,[17] the total supply of grain in East China in 1954 should have been sufficient for the consumption requirements of 133.2 million "adult males," or equivalent to the total local demand for grains in that particular year.

VI. COTTON PRODUCTION

248 433 During 1950-54, cotton production in East China increased considerably but at an irregular rate. The statistical data for cotton production in this region are shown in Table 11.

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17. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1956, chapter V, p. 165.

1:Stanford U. S 4,5 1956 AF15 East China AF15

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Table 12. Cotton Acreage in East China*

(Unit = 1,000)

Province	1949 Shih-mou	1949 Acres	1950 Shih-mou	1950 Acres	1951 Shih-mou	1951 Acres	1952 Shih-mou	1952 Acres	1953# Shih-mou	1953# Acres	1954§ Shih-mou	1954§ Acres	1955▼ Shih-mou	1955▼ Acres
Kiangsu	4,632	772	5,724	954	7,908	1,318	4,248	708	4,036	673	6,836	1,089	7,189	1,198
Chekiang	1,224	204	930	155	1,302	217	768	128	730	122	730	122	803	134
Anhwei	966	161	1,182	197	1,626	271	870	145	826	137	826	137	909	151
Shantung	4,242	707	5,226	871	7,914	1,319	11,802	1,967	11,212	1,869	11,212	1,869	12,333	2,056
Fukien	-----	---	-----	---	------	-----	-----	-----	-----	----	------	-----	-----	-----
Total	11,064	1,844	13,062	2,177	18,750	3,125	17,688	2,948	16,804	2,801	19,304	3,217	21,239	3,539

* Chung-nung Yüeh-kan /The Farmers' Bank of China Monthly/, Nanking, The Farmers' Bank of China, Vol. IX, No. 6, June 30, 1948, p. 38; Liberation Daily, Shanghai, January 6, October 17, November 14, December 26, 1951, and September 9, December 27, 1952; Ta-chung Nung-yeh /Mass Agriculture/, Shanghai, Vol. VI, No. 3, December, 1951, p. 69; Economic Weekly, Shanghai, February 26, 1953, pp. 16-18; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She /Economic Bulletin Publishing Co./, No. 309, March 10, 1953, p. 12.

The cotton acreage of East China in 1953 was estimated at about 5 per cent below that of 1952, as the parity prices between cotton and grain were lowered in that year.

§ An additional 2,500,000 Shih-mou (416,667 acres) of the new reclaimedcotton land was added in the Yellow Sea region, Kiangsu Province, 1954. See Hua Chiao Jih-pao /China Daily News/ New York, August 17, 1955.

▼ The acreage of cotton in 1955 was estimated by an increase in planting of 10 per cent over that of 1954, although the projected goal is 20.6 per cent as revealed by Li Hsien-nien's Budget Report of 1955.

(Table 12 faces p. 757)

(Table 12 faces p. 757)

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433 According to Table 11, since 1950 the rate of increase of production has been very rapid. Taking the figure for 1949 as 100, the index numbers were 214 in 1950; 345 in 1951; 403 in 1952; 366 in 1953; 373 in 1954; and 412 in 1955. The rise reached a peak in 1952 and dropped 37 per cent in 1953 because the parity price between cotton and grain was lowered in that year. In 1954, the great flood and drought in some areas reduced production, and by the end of the year producers had not reached their goal. In view of favorable conditions in 1955, the cotton production will have increased at least 10 per cent over that of 1954.

In terms of the acreage of cotton planted in the different provinces of East China, there has been a marked upward trend from 1950 to 1955, as is shown in Table 12.

248 According to Communist reports, some
433 of the factors responsible for the rapid increase in cotton acreage and production were the fixing of a favorable parity price between cotton and grain and the improvement of per-unit yield. The increase and decrease in the adjustments of the parity price corresponded to the higher or lower cotton acreage. The prices which were quoted for grains of different regions are shown in the following tabulation.

248 Table 13 The Ratio of Cotton Price to Price of Grains */
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(In weight-units of grain to one unit of cotton lint, 7/8" grade)

Region	1950	1951	1952	1953	1954	1955
Wheat	7.0	8.0	7.5-8.5	6.25-7.5	6.75-8.00	Same
Millet	8.0	8.5	8.0-9.5	6.75-8.0	7.50-8.25	as
Rice	6.5	8.5	8.0-9.0	6.75-8.0	7.25-8.25	1954

*/ Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow, Chang-chiang Jih-pao, [Yangtze Daily Co.], 1950, p. 574; Ching-chi Chou-pao [Economic Weekly], Shanghai, May 28, 1953, NO. 28, p. 21; NCNA, March 3, 1954.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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433

Table 14. Cotton Yield Per Shih-mou and Per Acre*

Province	1949		1950		1951		1952		1953	
	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds
Kiangsu	85.9	94.5	129.4	142.4	165.5	182.1	211.3	232.5	196.5	216.2
Chekiang	68.4	75.3	230.8	253.9	174.9	192.4	190.9	210.0	185.6	204.2
Anhwei	88.7	98.4	88.5	97.4	165.8	182.4	210.6	231.7	145.4	160.0
Shantung	85.8	94.4	177.3	195.1	177.0	194.7	213.6	235.0	187.2	205.9
Fukien	----	----	----	----	----	----	----	----	----	----
Average	84.0	92.4	152.1	167.3	171.1	188.2	211.9	233.1	187.3	206.0

* Liberation Daily, Shanghai, January 6, October 17, November 14, December 28, 1951; September 9, December 27, 1952; Ta-chung Hung-yeh [Mass Agriculture], Shanghai, Vol. VI, No. 3, December 1951, p. 69; Economic Weekly, Shanghai, February 26, 1953, pp. 16-18; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She [Economic Bulletin Publishing Co.], No. 301, March 10, 1953, p. 12.

(Table 14 faces p. 759)

(Table 14 faces p. 759)

248 Among the East China provinces,
243 Shantung and parts of Anhwei and Kiangsu belong
435 to the wheat region, while a large part of Kiangsu, Anhwei, Chekiang and Fukien belong to the rice region. In 1953 the parity prices were lowered and the acreage and the production also decreased.

248 An upward trend in the average cotton
433 yield per unit of land was noticed during 1949-53, except for a slight fluctuation in 1953, 11.6 per cent below the figure for 1952. This loss was the result of natural calamities in Shantung and Kiangsu provinces. The cotton yields of different provinces from 1949 to 1953 are shown in Table 14.

1:Stanford U. S-4, 5 1956 AF 15 East China
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231 and increased to 44,000 shih-piculs (2,420 tons)[23]
433 in 1948. After 1949, the Communists made a great effort to restore the pre-war level of silk production. In 1951, the gross output in East China was raised to 590,000 shih-piculs (32,450 tons).[24]

In percentage distribution of silk among the East China provinces, Chekiang contributed about 60 per cent, Kiangsu 33 per cent, Shantung 6 per cent and Anhwei 1 per cent.[25] The silk cocoons in Shantung Province are produced by wild silkworms which feed on the leaves of oak trees. In Chekiang Province, over 30 hsien [counties] are planted in mulberry trees. Chekiang's production of silk cocoons increased to 500,000 shih-piculs (27,500 tons) in 1954.[26] Other provinces of the region probably showed proportional increases in the same year. The goal of silk-cocoon production in East China for 1957 will be 1,520,000 shih-piculs (83,600 tons).[27]

C. Ramie, Hemp, and Jute

248
433 East China ranks first in hemp production in the country as a whole, for hemp is produced extensively in Chekiang, Kiangsu, and Fukien provinces. The strength of fiber is next only to

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23. Ibid.

24. Current Background, Hong Kong, American Consulate General, Feb. 15, 1952, No. 159, pp. 7-9.

25. Economic Bulletin, Hong Kong, March 17, 1953, No. 310, p. 16.

26. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 8, 1955.

27. Cheng Chu-yüan, op. cit., p. 244.

248 that of ramie, which is stronger than most other
433 species. Hemp is used chiefly for making canvas, ropes, coarse fabrics, and gunny sacks. During recent years, it has been widely planted in Chekiang Province, and the output[28] in 1953 showed a twenty-fold increase over 1936.

Ramie is widely produced in East China provinces. Its strength is about three times that of hemp and eight times that of rayon and cotton.[29] It is used mainly for manufacturing canvas, ropes, nets, and linen cloth. Jute, another species of the same family, is grown in the northern sections of Kiangsu and Anhwei as well as in Shantung. It is used for making rugs, mats, and gunny sacks. The output in East China is comparatively small.

D. Oil-bearing Crops

249 Excluding soyabeans, the oil-bearing crops
433 in East China are peanuts, sesame seeds, rapeseeds, cottonseeds, and teaseeds. Although the production of soyabeans was far greater than that of peanuts in 1952, the output of peanut oil was 2,200,000 shih-piculs (121,000 tons), about 30 per cent higher than the output of soyabean oil in the same year.[30] The discrepancy was due to the fact that the local population prefer to use peanut oil. The total East China production of edible oil from different oil-bearing crops in 1952 amounted to approximately 8,000,000 shih-piculs (440,000 tons). Since 1953, the supply of edible oil has decreased; therefore, the Communist authorities intensified their plans for expansion of the acreage

28 Wen-hui Daily, loc. cit.

29 Chinese Economic Journal Shanghai, Bureau of Foreign Trade, Oct. 1936, Vol. XIX, No. 4, pp. 345-346. [See next page for No. 30.]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ings slightly altered to house machinery which is tended by the residents of the house, often members of one family. These small industries are engaged in a bewildering variety of production, and despite their universal under-capitalization, most of them use electrically-driven machinery. "Factories" of this kind produce, for instance, machine tools, cast iron, electric appliances, soap, acids, textile machinery, power presses, boilers, and telephone parts, as well as a long list of light consumer goods, such as flashlights, light bulbs, thermos flasks, clothing, lamps, electric fans, and food products.[9] Despite crowding and poor working conditions, the quality of production in these plants was apparently high. American orders for telephone parts were placed in Shanghai from 1932 to 1935 for export to South America, and the contracts went predominantly to these small household operators.[10] There was a very high rate of turnover among these "factories"; their small scale and small capitalization enabled them to react with great sensitivity to market changes and to crowd or evacuate lines of production alternately as profits varied.* 471

Market and Raw Materials

Market considerations are the leading factor in the concentration of manufacturing as a whole in Shanghai. As the primate commercial and industrial center of China, not only were capital, relatively trained industrial labor, and electric power available there more abundantly and in most cases more cheaply than anywhere else in China, but Shanghai includes in its trade hinterland half of the country. With the notable exception of the textile industries, most of the raw materials necessary to maintain Shanghai's manufacturing were not available locally in its immediate hinterland. It was the market which attracted and held most manufacturing. 442 377

We may logically begin with the exception, the textile industries. Shanghai is located near the center of China's chief cotton-producing 248 439

* The *Chinese Economic Bulletin*, published in Shanghai, records many of these changes. For example, there were 11 industrial establishments in Shanghai in November 1930, producing "gourmet powder" (made mainly from wheat flour), 9 in October 1931, and none in June 1932, according to the *Bulletin's* weekly industrial news columns.

248 439 area. Kiangsu alone produced before the war about 30 per cent of China's total annual cotton crop. Shanghai's textile mills at this period consumed an annual average of about 3,800,000 piculs of raw cotton (one picul equals 133 pounds), of which it is estimated that 2,000,000 came from Kiangsu, 500,000 from Hankow, 500,000 from Tientsin by sea, and 800,000 from foreign ports, principally from the United States.[11] The foreign cotton imports were predominantly of long-staple varieties for the weaving of finer-count cloth for which the native short-staple Chinese cotton was not suitable. During the 1930's considerable progress was made in growing long-staple cotton in China from American seeds, including that grown in the Kiangsu area, so that by 1936 foreign cotton imports to Shanghai were only half of what they had been in 1920.[12] The ground thus gained was largely lost during the war years, but reports from China since 1946 indicate that self-sufficiency in all types of cotton is now again within reach, with Kiangsu still the leading producer.[13]

231 288 The major silk-producing regions of China are also near at hand. The delta areas of Kiangsu and Chekiang accounted for about half of the total Chinese production of raw silk in the 1920's and 1930's, as they had during most of the nineteenth century, and Shanghai remained the primary silk market of China. When silk-reeling, spinning, and weaving in the delta area became largely concentrated in factories after about 1910, rather than being done as before on a domestic basis, it was logical that the industry should center in Shanghai, as well as in the nearby cities of Soochow, Wusih, and Hangchow.

236 248 288 The rest of the textile industry is less closely related to the sources of its raw materials. About three-quarters of the raw wool used in Shanghai factories before the war came from the grazing areas of northwest China via Tientsin, by sea and rail. Less than one-tenth came from Kiangsu, and it was mainly "dead" wool of poor quality shorn from dead sheep and goats. The remainder was supplied largely from central China, via Hankow, by Yangtze steamer.[14] Ramie and hemp for Shanghai manufacturing came primarily from Hankow, in the center of the chief producing areas [439] for both crops. Most of the jute consumed in Shanghai was imported from India.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

361 power plants, a large consumer of coal, is on Soochow Creek, on the opposite bank from the railway.

Cotton textiles and flour, Shanghai's two leading industries by value of output, illustrate in the location of their manufacturing plants what is surely a unique economic phenomenon among modern industrial metropolises. Virtually all the city's cotton and flour mills are located on or near the navigable creeks by which they receive their supplies of raw cotton or wheat and send out their finished goods. The great majority of these mills had no other transport facilities, not being connected with either roads or railways.[62] Shanghai, for all its superficially Western appearance, is economically a blend in which Venetian characteristics are as discernible as British or American to the enquiring eye.

Changes in Industrial Location

Any city and any industrial center, once it reaches metropolitan size, tends to develop a seemingly automatic power of attraction for economic enterprises of all kinds. In particular once it has become a primate city, it seems to grow in snowball fashion and to corner for itself continually the lion's share of any new economic activity of the political or economic unit as a whole. This primacy in the case of Shanghai was undoubtedly in large part responsible for the continuing concentration there of trade, manufacturing, and finance. The more economic activity the city supported, in variety and volume, the more advantageous it became for new economic activity of any kind to center there.

361 By 1936, there were, however, signs that some new manufacturing
248 was locating elsewhere more than in Shanghai, and even that certain industries were moving from Shanghai to other industrial centers. The cotton textile industries of China were increasingly dependent on domestic cotton through the early 1930's (see above, p. 172). This removed some of the double advantage of Shanghai's location in the major domestic cotton producing area, and near the main shipping lanes, where it could easily import long-staple foreign cotton. The growing of long-staple cotton in China from American seeds was first begun on a large scale in Shensi in the early 1930's, but it was still cheaper for Shanghai to buy its long-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

staple supplies from overseas. Tientsin, Hankow, and to a lesser extent Tsingtao, could, however, use this improved Shensi cotton, and by the early 1930's, although the production of long-staple cotton had spread into all the cotton-growing provinces, more of it was grown in Hopeh and Shantung than in Kiangsu.[63] 361 248

A further factor was China's recovery of tariff autonomy in 1929. Up to that time, the tariff on most imported and exported goods was fixed by successive treaties between China and the major Western powers (beginning with the supplement to the Treaty of Nanking in 1843) at 5 per cent *ad valorem*. In practice the rates had varied between 3 and 10 per cent, but the average between 1843 and 1929 had been close to 5 per cent.[64] The new tariff of 1929 promulgated by the Nationalist Government in that year and revised in 1931, 1934, and 1935 imposed duties on the import of raw cotton and cotton yarn which varied considerably but which averaged about 17 per cent *ad valorem* between 1929 and 1935.[65] While Shanghai normally drew about 20 per cent of its raw cotton from abroad, Tsingtao, Tientsin, and Hankow respectively drew 93, 95, and 98 per cent of their raw cotton supply from domestic sources by 1930.[66] The average price of raw cotton in Shanghai by 1935 was about 10 per cent higher than in these three other centers, and nearly 90 per cent of the new building in the cotton textile industry in that year was elsewhere than Shanghai, although Shanghai still contained 51 per cent of the cotton spindles in China in 1936, and although total production costs for cotton spinning were still about 10 per cent lower in Shanghai than in any other Chinese city.[67] 361 651 361 288

This may prove to have been only a temporary disadvantage, since in the face of higher duties on imported raw cotton after 1929, and currently of China's desperate attempts to become independent of foreign imports, steps have been taken to increase the production of long-staple cotton, especially in Kiangsu where Shanghai manufacturing is so heavily dependent on it. The work of the Cotton Industry Commission of the National Resources Commission during the 1930's indicates that the goal of complete self-sufficiency in all types of cotton was realizable within five or ten years, under an effective administration.[68] Recent reports from China suggest that domestic cotton production, while still inadequate to supply Shang- 361 248

361 248 hai's textile factories, is now again approaching a self-sufficient level.[69]

Until 1927, the silk-reeling industry had been larger, by value of output, in Hangchow and in Wusih (where it was more closely oriented to the major silk-producing areas) than in Shanghai. With the stimulus of civil war in the delta in 1926, many of these mills moved to Shanghai, where they could get cheaper coal and electric power, abundant capital, and the general commercial advantages of a large market, as well as being able to draw their raw silk from the producing areas by water transport at nearly the same cost as in Hangchow or Wusih. By 1936, however, Wusih again led Shanghai in silk-reeling, due apparently to lower labor costs in Wusih, local skill, newer and hence more efficient plants, and the drop in the Wusih price of coal brought from Shanghai by barge trains pulled by steam tugs.[70]

361 288

361 A major and continuing development of the 1930's was the large Japanese investment in Manchurian heavy industry, notably in the Mukden area. Following the Japanese conquest of north China in 1937–38, this development was extended to include the Peking-Tientsin area, although on a much smaller scale. While these were primarily strategic or military rather than economic investments, they laid the foundation for a new heavy manufacturing center, closely oriented to its sources of bulk raw materials, and confined to the north. In addition to the logical association with coal and iron deposits, this project was geographically an obvious one for Japan to undertake from her original Korean and Manchurian base, and it did not include Shanghai, especially after the widening of the war from 1941 on made seaborne imports of raw materials into Shanghai increasingly difficult.

Japanese war-dictated industrial investments have now however become a legacy of great value for China, and heavy manufacturing is still virtually restricted to the north. In time, a second manufacturing center of this type may develop at Shanghai, dependent on cheap transportation for the assembling of bulk raw materials and shipping of finished products, cheap electric power, skilled labor, and continued market attractions. But in the current acute capital shortage in China, which is unlikely to be alleviated soon, such a development cannot be considered imminent.

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433 species. Hemp is used chiefly for making canvas, ropes, coarse fabrics, and gunny sacks. During recent years, it has been widely planted in Chekiang Province, and the output[28] in 1953 showed a twenty-fold increase over 1936.

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28. Wen-hui Daily, loc. cit.

29. Chinese Economic Journal, Shanghai, Bureau of Foreign Trade, Oct. 1936, Vol. XIX, No. 4, pp. 345-346. [See next page for No. 30.]

249 of oil-bearing crops throughout all regions. The
433 projected national goal of an increase of 53.7 per cent in 1954 over the production in 1952 was reported by Li Fu-ch'un in the first Five-Year Plan.[31]

VIII. FISHERIES OF EAST CHINA

228 Because of its long coastline and numerous
433 streams and lakes, East China is especially rich in both salt-water and fresh-water fish resources.

Of the principal fishing areas of Kiangsu and Chekiang, Chou-shan (Chusan) is the most famous. Over 10,000 fishing boats gather near the Chou-shan Island each spring to catch many different species of fish. The goal set for 1955 is 6,400,000 shih-piculs (352,000 tons),[32] approximately four and a half times that of 1949.

Kiangsu and Chekiang have abundant fresh-water-fish resources; Kiangsu has 1,173.7 million shih-mou (195.6 million acres) of river area and 1.6 million shih-mou (266,667 acres) of lake area, while Chekiang has a combined river and lake area of over 2,000,000 shih-mou (over 400,000 acres). A tremendous quantity of fish is caught each year.

IX. WATER CONSERVATION IN EAST CHINA

731 For many centuries the Hwai River and its tributaries have been the main sources of flood

30. Economic Bulletin, Hong Kong, Ching-chi Tao-pao She, Mar. 17, 1953, #310, p.16.
31. NCNA, Peking, July 11, 1955.
32. People's China, Peking, Feb. 1, 1955. p. 13.

Among the food industries, Shanghai's flour mills, as we have seen above in Chapter Nine, depended more heavily on foreign wheat imports than on what they drew from China. The six plants in Shanghai in the 1930's producing dried, powdered, or frozen eggs were all foreign-owned and all large-scale, employing an average of about 350 workers per plant.[15] The area from which they drew their eggs has already been outlined in Chapter Nine. While local sources were important in this industry, they did not fill the entire demand, and it was necessary to bring eggs from as far as Hankow. Shantung was also a large egg-producing center, but the factory production of preserved eggs in Tsinan and Tsingtao combined was less than a third of Shanghai's.[16] It is reasonable to suppose that a measure of this difference was accounted for by the water transport network feeding Shanghai and the lack of it in Shantung. 439 258

Of all the food industries in Shanghai, tobacco manufacturing was most notably divorced from major sources of supply. The cigarette industry in China had been started on a large scale by the American Tobacco Company in the late 1890's (it merged with British interests in 1902 to form the British-American Tobacco Company, the largest producer of tobacco products in China). During the first decade of the twentieth century, its foreign tobacco experts surveyed soil and climatic conditions in China and fixed on three main areas where American tobacco seed would grow best so that its leaf could be blended with the native Chinese leaf (which was produced in small quantities in most parts of central and north China but with the best quality leaf coming from the three areas selected by the foreign experts) to produce an inexpensive but good quality smoke. The three areas were located in south central Shantung, northwestern Anhwei, and central Honan. Large Chinese cigarette producers entered the field after 1905, drawing on the increasing domestic production of foreign-type leaf and blending it with Chinese leaf.[17] 277 [471] 249

In spite of the presence of large industrial centers (by Chinese standards) in or near these main producing areas (Kaifeng and Hankow for Honan, Kiukiang, Wuhu, and Nanking for Anhwei, Tsingtao and Tsinan for Shantung), approximately 60 per cent of 277 439

2: Murphy G-4 (no date) 1953 AF15 East China AF15

235 505 the province where arid north China fairly begins, and where water transport facilities are limited. Eggs also come to Shanghai from places up the Yangtze valley as far as Hankow, transported in bamboo crates holding from 500 to 1000 eggs and carried entirely by water. 40 per cent breakage in transport is given as an average figure.[39] This apparently does not make the longer hauls uneconomic, and implies that cheap transportation is an important factor.

[262] 226 435 251 Fish, however, after cereals and vegetables, is the most important protein supplier in the city's diet, and Shanghai handles one third of the fish and marine products marketed in China annually for which there are market records. Seasonal variations in the catch and lack of adequate cold storage facilities make for violent fluctuations in the price of sea fish, in the case of one common species from a yearly low of CNC$3 per *shih* (200 pounds) to a yearly high of CNC$50 per *shih*. A good catch is often disastrous to the fishermen because it depresses the Shanghai price below cost, since in the absence of cold storage the fish must be sold within a few days.[40]

226 251 Shanghai's fishing fleet in the 1930's was about two-thirds sailing junks and one-third steam trawlers, both of which packed their catch at sea in iced barrels. In summer, spring, and autumn the packing preserved the fish for only about two days in this climate, and a premium was put on quick marketing. The fishing boats were allowed only a limited amount of salt for preserving, in order to prevent smuggling abuses. The main fishing grounds off the coast of central China are approximately fifty miles to the seaward of the Chusan Islands, or about 140 miles from Shanghai, a good two days' run for the junks and not much less than that for the trawlers. The catches are of course not all made in one day, so that fish arriving in Shanghai might be as much as four or five days old and in a questionable state of preservation.[41] Small fast power boats from Shanghai met the fishing fleet at the fishing grounds when the catches were good and rushed the fish to market in the city, but this stratagem greatly increased the cost and did not remove the need for making an immediate sale.[42] Dried and salted fish comes to Shanghai mainly from small villages and islands along the coast of northern Kiangsu and southern Shantung, where it is pre-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

served, packed in barrels, and shipped to Shanghai by junk, but this supply also is irregular and its price fluctuates widely.[43] 226 251

The supply and price of fresh-water fish are much steadier. The catch from the lakes, canals, and rivers of the delta comes in alive in specially constructed boats with built-in wells floored with grating through which the water can circulate freely. The fish are fed en route with powdered egg yolk, and the average journey from source to Shanghai is about three days, or approximately 100 miles. These boats are built for the Shanghai trade, since fish do not travel alive for such relatively long distances to any other market. The boats avoid the lower reaches of Soochow Creek in approaching the city because they fear that its polluted water will harm or kill the fish.[44] Several alternate routes are available. Fish are also transported alive to Shanghai in tanks from places along the Yangtze as far as Wuhu, Hukow, and Kiukiang, the water being changed several times a day en route.[45] Although no complete figures exist, it is estimated that the supply of fresh-water fish and its sale in Shanghai are much greater than of sea fish.[46] This fact is certainly related to the ease of live shipment by water, which maintains a steady supply at a relatively constant cost.

Of the higher unit-value food items discussed above, only fruit and cured hams travel long distances independently of waterways. The extension of the egg supply area to as far as Hankow would seem to be related to the water connections between it and Shanghai. In the case of fish, although Shanghai is an ocean port near the main fishing grounds of the central China coast and served by a large commercial fleet, the city's fish market is dominated by a supply whose freshness, cheapness, and abundance at all seasons is the direct result of inland water transport. 505

Local Rice Surpluses, and the Future

There remain two principal unsolved problems. The first is accounting for a rice surplus in the densely settled delta where so many large cities compete for the food produced on these tiny farms by traditional farming methods. Only indirect explanations can be suggested, but it should be remembered that the Yangtze delta is by no means unique in this respect. The three great rice-exporting 433

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

435 established within the Council's administration. Those found in-
434 fringing the regulations were given opportunity to show cause why
633 they should not be penalised and thereafter, if found guilty, were given an option of having their licences withdrawn, their premises closed, or making a money payment. Most chose the last-named course.

The machinery worked well and justly, but was an instrument of enforcement only. If initial policies were not well based, failure to control could not be laid at the door of the enforcement office. The weakness of the whole of the Council's efforts at price control was that in practice the Council could attempt the enforcement of prices at retail only. It had actually obtained an alteration to Bye-law 51 to permit it to control wholesale prices, but in fact control of prices of all commodities in wholesale quantities was in the hands of the Japanese authorities, chiefly the Asia Development Board, the economic organ of the army. Without ability to control wholesale prices, control at retail was ineffective to influence sufficiently the cost of the people's living.

434 When rationing was instituted, the average ration of rice was
633 1½ *shun* per person per week. For workers in municipal and pub-
252 lic utility enterprises a total ration of 4½ *shun* per week was allowed, and for those in other industrial enterprises, 1½ *shun* per worker in addition to the ordinary civilian ration. The normal civilian consumption of rice was thus cut by about three-fifths, according to figures of consumption obtained in standard of living studies. As a compensation a flour ration considerably larger than the usual flour consumption was given. The people did not, however, take up this large flour ration. Flour is a product which requires the possession of cooking facilities to deal with it. Few simple Chinese households have anything more to cook with than a stove some eight inches in diameter, of earthenware usually, in which an open coal briquette fire can be built. Rice can be boiled on this, but flour cannot easily be cooked on it. Noodles, a flour product bought as such can be boiled on it, but free flour takes a basin and board, and other cooking facilities, before the flour can be used. The Division was able to urge with some success that the rice ration should more nearly comply with the known standards of consumption.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [482]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

2: Murphy G-4 (no date) 1953 AF15 East China AF15

The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods.

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27]

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits

2: Murphy G-4 (no date) 1953 AF15 East China AF15

for sale in Shanghai is not only convenient but environmentally advantageous. 244 438

How much of the city's supply of vegetables comes from its market-garden area (a day's water travel, or about a 30-mile radius from the city, an area where vegetables rival rice as the leading crop), and how much from greater distances is difficult to determine with any accuracy in the absence of published records. The principal vegetable market in Shanghai is along both banks of Soochow Creek near its mouth, which suggests that vegetables come into the city by water from its immediate environs. Merchants and vendors there, including many farmers who bring their vegetables into the city by sampan for daily or twice weekly markets, speak only of the near neighborhood of the city as the source of their wares. About 15 square miles within the Municipality of Greater Shanghai itself are occupied by vegetable crops,[31] which can take the fullest advantage both of convenience to the market and of favorable environment in this fertile flat delta land. Vegetables undoubtedly come into the city in large amounts from greater distances, although it is unlikely that bulk shipments of such perishable commodities would move beyond the delta. The railways do not carry them in any significant quantities.[32] 438

Although its place in the Shanghai diet is relatively minor (see above p. 139), wheat is a major food commodity for the city because of the prominent place of the flour milling industry there. While over two-thirds of the flour milled is exported, principally to north China ports, the wheat must first be brought to the city even though most of it is not eventually consumed there. [262] 256 438 489

Shanghai drew its domestic wheat largely from Kiangsu. Only a minor crop within the fertile triangle, wheat is of much greater importance in the drier and colder areas of Kiangsu north of the Yangtze, and in the western parts of the delta. This production, plus the wheat raised almost entirely for sale as a dry-field winter crop within the fertile triangle, can be carried to Shanghai from nearly every producing area via the water network of the delta, including the Yangtze itself. While the delta area is by no means a leading wheat producer, it is wholly unique among wheat areas in China in its cheap and easy transport connections with a large urban [243]

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256 438 489 market. The semi-arid north, where most of China's wheat is grown, has almost no water transportation. Water in the delta has made it possible for wheat production there to become highly commercialized as Shanghai developed into a huge industrial market which water routes made accessible in terms of transport costs for bulk shipments.* This helps to explain the anomaly of Shanghai (rather than Tientsin — a close second) as the largest wheat-milling center in China despite its great distance from China's major wheat-producing areas where other industrial centers, notably Tientsin, also mill flour.

439 505 Domestic sources of wheat, however, accounted for slightly less than half of the city's supply during most of the 1920's and 1930's. Although Kiangsu sources held the commanding position domestically, wheat also came to the city especially from the major wheat area of Shantung, by sea from Tsingtao, where it was collected largely by rail. Shanghai's connections by sea thus implemented its water connections in the delta in ensuring a steady flow of low-cost cereals. Dependence on overseas sources for more than half of its wheat was more workable economically for Shanghai, with its location and harbor facilities, than for any other China port. It was cheaper for Shanghai to bring in wheat from Canada, the United States, and Australia (the three major overseas sources in order of importance) than for Tientsin, without inland water transport, to bring in wheat from the producing areas of north China beyond its immediate Hopeh region of the north China plain.

These imports of wheat from overseas fluctuated considerably from year to year according to price conditions. As in the case of rice, wheat imports were unusually high in years of civil disorder and (or) rain and floods in the delta area, notably in 1926, and decreased markedly in intervening years of political and climatic stability.[33] Again the inference is that stoppages of water transport in the delta were the key factor. As an ocean port near major world shipping lanes, Shanghai could import at a practicable cost whatever goods normally obtained from the delta which temporary cir-

* Water as rainfall, or as irrigation, also keeps wheat yields higher in the delta than the north China average.

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dietary-deficiency disease among the 75 workers fed in the kitchen, while many young workers in neighbouring factories acting as the scientific controls, were suffering from disease. 146 164 654

The country habit of storing rice in the husk, and dehusking only that portion which is necessary for the food of the family during the day, no longer holds for city life. Rice is dehusked in the country and transported husked and milled to the city to save transportation costs, and because highly milled rice keeps well. After long storing, however, residual fats present become rancid, and in order to make the rice palatable, it must be washed. First with the milling and later with the washing disappear the essential vitamin contents which prevent dietary-deficiency disease. The experiment was designed to prove that, if rice were stored in the husk, and only milled immediately prior to use, it was unnecessary to wash it, and the vitamin content, therefore, remained to check the onslaught of deficiency disease. No other change from normal food eaten in factories was made in the diet. No additional vegetables or fruits were given. Reliance was placed only on prevention of loss of vitamins in the rice. 146 164 654 256

The intention had been to make the kitchen the nucleus of a district food service which would apply the results of the study on a wider scale as a demonstration. It was ironic that war should have interrupted the experiment, and that it should not only have become impossible to make any application of the important facts demonstrated in the experiment, but that stocks of Chinese rice, milled or unhusked, should virtually disappear from the Shanghai market, and that the city should have to depend for the ensuing five years on imported rice, all husked, and very high in price. 146 164 654 435 262

It might be thought that, with the price of rice soaring out of all bounds, factory owners who supply food to their workers would reduce the quantity of rice supplied, mix it with other cereals, or vary it with beans. But both management and workers have a mistaken idea that, if at all possible, the usual number of bowls of rice must be provided, whatever happens to the "side dishes" of bean curd, vegetables, fish or, rarely, meat. In consequence, expensive imported polished de-vitaminised rice continued to be eaten in former quantities. If the "side dishes" were reduced, as they were in size and variety in order to decrease costs, this last source of nutrients also disappeared. It is small wonder, then, that by 1941, and 146 164 435 262

2: Murphy G-4 (no date) 1953 AF15 East China AF15

cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [482]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Among the food industries, Shanghai's flour mills, as we have seen above in Chapter Nine, depended more heavily on foreign wheat imports than on what they drew from China. The six plants in Shanghai in the 1930's producing dried, powdered, or frozen eggs were all foreign-owned and all large-scale, employing an average of about 350 workers per plant.[15] The area from which they drew their eggs has already been outlined in Chapter Nine. While local sources were important in this industry, they did not fill the entire demand, and it was necessary to bring eggs from as far as Hankow. Shantung was also a large egg-producing center, but the factory production of preserved eggs in Tsinan and Tsingtao combined was less than a third of Shanghai's.[16] It is reasonable to suppose that a measure of this difference was accounted for by the water transport network feeding Shanghai and the lack of it in Shantung. 439 258

Of all the food industries in Shanghai, tobacco manufacturing was most notably divorced from major sources of supply. The cigarette industry in China had been started on a large scale by the American Tobacco Company in the late 1890's (it merged with British interests in 1902 to form the British-American Tobacco Company, the largest producer of tobacco products in China). During the first decade of the twentieth century, its foreign tobacco experts surveyed soil and climatic conditions in China and fixed on three main areas where American tobacco seed would grow best so that its leaf could be blended with the native Chinese leaf (which was produced in small quantities in most parts of central and north China but with the best quality leaf coming from the three areas selected by the foreign experts) to produce an inexpensive but good quality smoke. The three areas were located in south central Shantung, northwestern Anhwei, and central Honan. Large Chinese cigarette producers entered the field after 1905, drawing on the increasing domestic production of foreign-type leaf and blending it with Chinese leaf.[17] 277 [471] 249

In spite of the presence of large industrial centers (by Chinese standards) in or near these main producing areas (Kaifeng and Hankow for Honan, Kiukiang, Wuhu, and Nanking for Anhwei, Tsingtao and Tsinan for Shantung), approximately 60 per cent of 277 439

511 most bankrupt countryside in Asia is the Chinese. The worst crisis of over-population China has yet had to face has been accompanied by a breakdown of traditional ideas and traditional authority so complete as to lead to a state of near anarchy."[2]

511 182 The characteristic way of life of the peasants has been slowly disintegrating under manifold pressures. In prosperous periods in the past a delicate balance of human and economic factors fostered a crowded, conformist, but on the whole harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

178 Despite all the fissures that have developed, it is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus much of the sweeping change that occured in city life under comparable pressures did not occur in the peasant villages.

527 262 The main economic and social unit of the village is the family and a special study is devoted to that subject. Here we should sketch the rhythm of village life and something of its annual cycle of activity.

[Footnote No. 1 cont'd.] "... acres are actually in crops.

2. Maurice Zinkin, Asia and the West, London, 1951, p. 111.

527
262 The New Year holiday, for the people of China the first fifteen days of the year, is the main period of leisure for the villagers. Food is prepared in advance, and even the women may rest from their cooking during the first days of the holiday. The town is decorated with nien-hua (New Year's pictures) and ch'un-lien (paired New Year's Day mottoes). Visiting friends and relatives, gambling, eating the best food of the year, wearing the best clothes, and indulging the children make this the most festive period in the year. For many families it is the only time in the year when they can afford to eat meat dishes. The special dishes of the season vary from province to province. In a northern province such as Shantung, chiao-tzu, meat dumplings, are particular favorites; as one moves south, rice-based delicacies such as nien-kao, "year cakes," figure more prominently in the New Year's feasts. Besides being a time of celebration, the New Year is also the time for settling accounts, and, for many farmers there will be little left for celebration when the creditors have been dealt with.

221 The regular work of the agricultural year beings immediately after the New Year. In Shantung the farming cycle is governed by the need to conserve water and by the demands of the principal crops: wheat, millet, kaoliang. From the Yangtze valley south through the East China Region, the year is phased by the steps in wet rice cultivation. In early spring, the Shantung farmer begins his year-long effort to conserve moisture that has accumulated in the soil during authumn and winter rains. About half the fields are then in winter fallow awaiting the spring

369 villages. Town and citydwellers -- perhaps 20% of China's population -- kept their ties with their native villages. returned there whenever possible and many saw commercial activity in the town only as means to the acquisition of sufficient wealth to buy farming land and return [162] to the village.[11] The town population, then. was mostly made up of artisans and peasants plus a small number of landlords retired officials county functionaries and established merchant [634] families. The county seats (hsien capitals) were the centers for tax collection and administration of the surrounding farm-villages and also served as market towns where the peasant might sell his crop and purchase the manufactured goods he could not produce.

369 Town life for the average artisan was as meager as that of his relatives in the village. 511 Long hours hard work low pay. few holidays were the lot of most and living conditions were generally poorer and more crowded than those [466] in the villages. Proprietors of many shops required their employees to live on the premises so that they seldom visited their families. The [262] diet of the town dweller was as poor as that of the poor farmer -- mostly cereals vegetables, and some condiments and meat and fruit on 369 holidays only. Brief holidays were allowed at the New Year the Ch'ing-ming festival. the 527 mid-Autumn festival, and the Dragon Boat festival. On these occasions, townspeople usually tried to return to their villages; if this was impossible they enjoyed such delicacies as they could afford and strolled the streets, perhaps

11. Cf. Cressey. Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.218]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

have been during the last 1,000 years. Improvements in transport facilities during the same period were slight. As stated above in Chapter Seven, the only railway lines serving Shanghai during the twentieth century were those to Nanking and Hangchow (opened in 1908 and 1909 respectively). They have never become large volume carriers on a Western scale. Highway development contributed even less to the total transport resources of the area. For a densely populated, highly productive area which also contains several large cities dependent in varying degrees on industry, this transport network is minimal.

The Shanghai Rice Market

Rice is the basic food commodity for Shanghai. A sampling survey of workers' families in Shanghai by the Bureau of Social Affairs during 1929 and 1930* [12] showed the average worker's diet (by percentages of total money spent on food) to be 53 per cent cereals (of which rice was 90 per cent, wheat 5 per cent, and other cereals 5 per cent), 18 per cent vegetables and beans, 16 per cent meat, fish and eggs, 8 per cent condiments, 3 per cent fruit, and 2 per cent miscellaneous. Since cereals may be presumed cheaper by weight than the other items in the list (as well as having a higher caloric value by weight unit), the importance of rice in the diet by weight (which is the leading consideration for transport problems) is thus greater than these figures indicate. Fortunately, statistics are more readily available for rice than for any of the other food items.

While no complete figures exist to show the rice supply pattern, trading in rice on the Shanghai market was recorded in considerable detail during most of the 1920's and 1930's, and an analysis of the published market reports provides a relatively clear quantitative picture of the main outlines of the city's food supply. The monthly reports issued by the General Chamber of Commerce of Greater Shanghai list supplies of rice entering the city according to source.[13]

* Chiang I-shih, Production, discusses regional differences in the consumption of cereals as between south China, the Yangtze region, and north China, and includes a table showing these differences for the major cereals, as of 1936. For the Yangtze region as a whole he estimates that rice formed 40 per cent of the cereal diet, wheat 20 per cent, minor cereals 14 per cent, and other food crops 26 per cent.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CN$12.40 per picul; c. (foreign 439
rice) CN$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262
the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

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235 505 the province where arid north China fairly begins, and where water transport facilities are limited. Eggs also come to Shanghai from places up the Yangtze valley as far as Hankow, transported in bamboo crates holding from 500 to 1000 eggs and carried entirely by water. 40 per cent breakage in transport is given as an average figure.[39] This apparently does not make the longer hauls uneconomic, and implies that cheap transportation is an important factor.

[262] Fish, however, after cereals and vegetables, is the most important protein-supplier in the city's diet, and Shanghai handles one third 226 of the fish and marine products marketed in China annually for 435 which there are market records. Seasonal variations in the catch 251 and lack of adequate cold storage facilities make for violent fluctuations in the price of sea fish, in the case of one common species from a yearly low of CNC$3 per *shih* (200 pounds) to a yearly high of CNC$50 per *shih*. A good catch is often disastrous to the fishermen because it depresses the Shanghai price below cost, since in the absence of cold storage the fish must be sold within a few days.[40]

226 251 Shanghai's fishing fleet in the 1930's was about two-thirds sailing junks and one-third steam trawlers, both of which packed their catch at sea in iced barrels. In summer, spring, and autumn the packing preserved the fish for only about two days in this climate, and a premium was put on quick marketing. The fishing boats were allowed only a limited amount of salt for preserving, in order to prevent smuggling abuses. The main fishing grounds off the coast of central China are approximately fifty miles to the seaward of the Chusan Islands, or about 140 miles from Shanghai, a good two days' run for the junks and not much less than that for the trawlers. The catches are of course not all made in one day, so that fish arriving in Shanghai might be as much as four or five days old and in a questionable state of preservation.[41] Small fast power boats from Shanghai met the fishing fleet at the fishing grounds when the catches were good and rushed the fish to market in the city, but this stratagem greatly increased the cost and did not remove the need for making an immediate sale.[42] Dried and salted fish comes to Shanghai mainly from small villages and islands along the coast of northern Kiangsu and southern Shantung, where it is pre-

CHAPTER VIII

FOOD AND NUTRITION

AT A TIME WHEN Shanghai is militarily occupied following the outbreak of Pacific hostilities, and its food supplies subject to willingness of the Japanese military to provide them, one is apt to think of the problem of food entirely in terms of whether or not there will be any at all. From the moment of the commencement of hostilities in August 1937, the question of food supply held the concern of the Settlement authorities. Two days after the first shot was fired in the Shanghai area, the Supplies Committee of the Shanghai Municipal Council met and through the intervening years dealt with the problem actively and continuously. 262 722

The problem at first was what the city would do when it was cut off from its hinterland, the rice-producing area; when fighting moved back into the provinces and destroyed the autumn rice crop; when rice boats would no longer bring rice to the city. In 1932, when there had been five weeks of fighting in the Shanghai area, rice boats had feared to come into the city, and trucks had been sent out to meet them beyond the fighting zone, to bring in needed food. Rice, which then usually sold at $10 to $12 per *shih* (172 pounds), rose to the high price of $17 to $18 because of fear of shortage, and fell with what at that time seemed a dramatic drop when the supplies were brought in and the feared shortage did not eventuate. Those who had planned the small adjustment needed in 1932 found that more drastic measures were necessary in 1937 and later. 262 438 727 [435]

The provinces nearest to Shanghai are rich rice-producing areas. Through part of Kiangsu province winds Soochow Creek, and from Chekiang province into Kiangsu flows the Whangpoo River, to meet in Shanghai. Down both of these waterways in normal times came a succession of large rice boats, and from Wuhu above Nanking on the Yangtse River larger steamers laden with grain. In general it was a simple trade. Rice was sent on consignment to rice merchants in Shanghai, and payment was later made to the interior

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

438 chiefly in the form of the city's cotton textiles, soap, cigarettes,
262 matches, and rubber shoes. In addition, through importing firms,
722 a certain amount of foreign rice arrived, usually from Indo-China; but Saigon rice was considered inferior, and Chinese rice was preferred when it was available.

It was obvious that when the city was surrounded by Japanese troops, its waterways could no longer be used for the transportation of rice. Immediately after the outbreak of hostilities the Shanghai Municipal Council placed orders in Saigon for 7,000 tons of rice, and chartered ships to bring it to the city. But because fighting was taking place across the Whangpoo River, the ships would not enter it, and it was necessary to send steel lighters by tug out into the Yangtse mouth to off-load the rice. This rice, stored in godowns all over the area south of Soochow Creek, was available when in November 1937, the expected severance of supplies from the interior occurred.

It was then hoped, as time went on and hostilities were removed further from the neighbouring provinces, that normal trade relations with the hinterland might be restored. For a time rice did come into the city in fair quantities. But increasing controls exercised by the Japanese military, who gave Japanese firms the privilege of collecting rice with reservation for military use, and increasing difficulties of obtaining rice in the growing districts due to various factors, by 1940 compelled Shanghai to rely almost en-
511 tirely on rice imported from Saigon. The steep rise in cost of living
439 in Shanghai dates from the commencement of dependence on for-
722 eign sources. It was tragic that Shanghai should be tied to foreign exchange in order to feed its population at a time when the exchange value of the Chinese national currency was falling.

Other factors soon intruded. Freight rates and insurance charges rose month by month following the outbreak of the European war and added their share to the increasing cost of imported rice. But the situation was to become even worse. During the autumn of 1940 Japan was engaged in gaining control of northern Indo-China, with the result that after early February 1941, no orders for rice would be accepted in Saigon until the Japanese demand for 700,000 tons had been met.

722
262 WHERE, THEN, WAS Shanghai to get rice? Renewed efforts to obtain
438 rice from Chinese provinces near Shanghai failed. Prior to the sign-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

ing of the treaty with Nanking on November 30, 1940, it was announced that high Japanese military authorities in Nanking had agreed that, subject to meeting the needs of the army and with certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai. 262 438 722

There were ample stocks of rice in Burma, but there were no ships to bring it to Shanghai. This was well known, not only to rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*. 435 262

It can readily be understood that with such difficulties in feeding the Settlement, major emphasis had to be placed on ensuring supplies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937. 262 579

The distressing effects of high prices were illustrated by the practice of "rice sweeping" (and, indeed, the snatching of other commodities such as raw cotton) which became a frequent sight in the city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled. 685 262 435

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council had intervened to bring rice to Shanghai, it had no desire to interfere with the normal trade in rice unless forced by circumstances to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under 633 438 262

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 the chairmanship of one of its own members to deal with the
438 matter.

But it proved impossible to secure the desired ships, and the out-
262 look for Shanghai appeared dark. The authorities were therefore much relieved when in April the Government of Hongkong requested the Shanghai Municipal Council to act as its agent in disposing of stocks of Rangoon rice which had been held in Hongkong as a reserve but could not be kept indefinitely without deteriorating. An arrangement was concluded whereby the Council agreed to receive enough for the Settlement's needs at a price which would enable the Hongkong Government to replenish its stocks through imports from Rangoon.

262 On April 26, 1941, when second-grade Saigon rice was quoted
435 at $126 per *shih* in the Shanghai rice shops, the Council announced its intention to import Burmese rice from Hongkong. Speculators
438 who had been hoarding rice made last-minute efforts to sell at high
633 levels. Prices rose steadily until May 3, when $145 was quoted for second-grade Saigon rice, but during the next fortnight they dropped, until May 17, when Council rice at $110 per *shih* was placed on sale in the retail shops. The "racket" for the moment was broken.

435 Ever since 1937, the Council's Supplies Committee had wrestled
633 with the question of price control. The rice trade appointed a "Shanghai Rice Price-Fixing Committee" whose decisions could,
262 according to Chinese Law, be enforced in the First Special District Court. During 1939 it fixed a price endorsed by the Council, of $40 per *shih*, which, however, was soon exceeded; and a "black market" developed where deals were consummated at prices considerably beyond this price. During 1940 the question of price-fixing generally was again exhaustively examined by a special subcommittee of the Supplies Committee. One result of its work was the adoption by the Council of measures requiring clear marking of the prices of daily necessities sold in the Settlement. The aim of this was to induce competitive selling on the part of vendors, and to permit the buying public to discover where goods were most reasonably priced. The Council, together with the French Concession administration, published regular price lists of necessities, also with the idea of informing the public where goods could be most reasonably purchased. In June 1940 the Council established

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

a Price Investigation Office within the Public Health Department in an effort to curb profiteering and to check abuses in connection with food supplies. After six months' intensive work, this Office recommended that price-fixing should not go beyond voluntary measures.[1] The report listed the following arguments against the introduction of compulsory price-fixing of basic commodities at that time:

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1. The magnitude of the problem and the lack of means on the part of the Council successfully to enforce compulsory price fixing in the International Settlement, where so many different national laws apply.[2]

2. The present abnormally high cost of nearly all staple commodities, due primarily to the military occupations of the areas surrounding Shanghai resulting in various forms of interference with the normal influx of such commodities. Whether the interferences are due to military necessity is beside the point, because, in any case, no fundamental solution of the problem can be accomplished without the assistance and good will of the Imperial Japanese Forces.

3. The question of the value of the local currency. Its effect, directly on imported goods and indirectly on domestic products, is beyond any control measures the Council might wish to enforce.

4. The fact that the Council would be unable to fix reasonable profits for importers and wholesale dealers. Control of retail prices alone will always be of a petty nature as long as no shortage of supply exists. Business competition and ordinary common sense amongst the purchasing public should tend to render retail profiteering relatively insignificant.

5. Should it be decided to fix maximum prices both for markets and shops, two or perhaps three different prices would have to be fixed for identical products in accordance with the location, class and overhead expenses of the various shops.

THERE WERE SEVERAL efforts to make staple foods available to poorer sections of the community at less than ruling prices during the period prior to the outbreak of Pacific hostilities in 1941. The "Shanghai Rice Cheap Sales Committee," composed of senior

[1] There was some basis for such a recommendation, even though the situation was such that control was necessary. In Shanghai where many nationals had extra-territorial rights, the means to secure compliance through national consular courts were difficult to find. The Council was of course quite unable to control the purchasing power of the Chinese currency.

[2] In October 1941 the Provisional Council, acting under new powers conferred on it by the Ratepayers in April 1941, passed a Byelaw aimed to control profiteering and hoarding. A Municipal Byelaw is enforceable against nationals of all countries, and overcomes the difficulty of differences in national laws.

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435 members of the Chinese community, purchased broken rice and
262 sold it through rice shops to the needy through eight periods of
633 several weeks each. A total of 223,200 bags was distributed, the organisation making a contribution of more than two million dollars, the difference between the cost of the rice and the returns through sales at lower prices. In a similar effort to supply food to the poor, from February 1940 onward, the larger Chinese flour mills made available several thousand bags of flour daily at considerably less than the market price, to be sold in small quantities, also through shops regularly selling flour. More than two and a half million bags of flour were thus provided. Several importing firms also played their part in handing over ten per cent of all incoming flour consignments, totalling 185,000 bags, to reliable dealers for sale to actual consumers. Important as these efforts were they could not ease to any great extent the difficult situation.

741 The very substantial arrivals of rice and wheat from the American Red Cross for relief purposes also played their part. This
262 grain was distributed to organisations caring for numbers of needy
146 people. Many refugee camps, hospitals, and institutions caring for children were the recipients of this food. The form in which the wheat came proved to be particularly suitable. It was "cracked wheat," wheat submitted to the first processes of milling only, consisting of the whole grain merely cracked. In consequence the precious germ of the wheat was still present, containing within it the important vitamin B complex which is significant in nutrition and in the prevention of such recognised dietary deficiency diseases as beriberi. The nutritional results for those fortunate enough to receive it were dramatic. Instead of gross signs of deficiency and the less dangerous but serious malnutrition which were everywhere prevalent, by comparison a glowing health appeared in institutions using the cracked wheat, though it could not provide all the needed protective foods.

435 In August 1941, the Chinese Government ruled that foreign
633 exchange would be obtainable only through its Stabilisation Board.
439 It then appeared that an instrument might become available which
262 would give the Council actual power to control prices of imported staple products other than rice which was already controlled through the agreement with the Hongkong authorities. The Board was sympathetic to the view that exchange for essential commodities

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should be granted only through the Council; and the Council in turn would allot it only to those merchants who would sell to retailers at a price fixed from time to time by the Council. As a means to control the final sale to the people, the Council sought and obtained from the Consular Body approval of a Byelaw empowering it to control prices at retail. On November 9, 1941, a Proclamation fixed the retail price of all imported rice at $130 per *shih*. The registration of all stocks of rice and flour was called for, and all movement of these commodities without a permit was forbidden as a means to keep them under control.

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THIS WAS THE FOOD situation when Pacific hostilities supervened on December 8, 1941. It was fortunate that controls over essential commodities had begun, for there was thus in being the nucleus of what was, within six months, to become an extensive organisation controlling the issue and price of rice, flour, and other commodities. The Council had even, before December 8, examined in some detail what would be involved in rationing.

633 262 435 439 434 722

Soon after the opening of 1942, the Council issued a notification requiring holders of stocks of imported rice and of flour to deliver them against delivery orders issued by the Council, thus requisitioning at a fixed and fair price the stocks which the city held. It proved fortunate that in the early months of 1941 the hope of gain had induced many merchants to import large stocks of rice, for these proved sufficient to meet the needs of the Settlement and Concession at the reduced consumption rate required by the Japanese authorities during the first five months of the year. Indeed, in this outcome lay some justification for the lack of earlier rigid price controls which might have acted as a deterrent to importers. Stocks of native rice were not taken into consideration since, as has been shown above, the Japanese military had controlled the collection of native rice for the previous two years, using it for their own purposes and allowing virtually none to reach Shanghai.

The methods used in the spring of 1942 for the husbanding of precious stocks of imported rice were: reduction in the number of shops licensed to sell rice, fixing the number of days on which rice could be bought at three each week, limiting the selling hours on these days and reducing the amount of each sale to one *shun* (1.72 pounds) to any one person. There were in consequence long rice

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633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the
439 efforts of the police to control the lines. Because of this situation,
434 "rice rustlers" stood in the queues, securing the amount permitted
722 to be bought, which they then sold at more than the official price. It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures
511 undertaken to secure essential commodities. Before Pacific hostili-
722 ties developed, through an Association of Importers and Manufacturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

a matter of regret that control of vegetable oils, so important in the cooking of a Chinese family, could not be exercised by the Council. The Japanese regarded these commodities as materials of war. But stocks found their way uncontrolled into the market. In the case of sugar also, the Council was not permitted by the Japanese authorities to exercise controls. 435 633 262 511 722

The cost of living continued to rise despite the efforts of the Council to control the prices of the most significant items as indicated in the preceding paragraphs. The rise was particularly evident when, toward the end of May, Chinese National Currency depreciated day by day till two national currency notes were equal to one Central Reserve Bank note issued by the Nanking Chinese authorities. Prices then naturally rose in terms of Chinese National Currency. When, in June, it was announced by the financial authorities that Central Reserve Bank notes would henceforward be the only legal currency, most shopkeepers merely altered the enhanced National Currency prices unchanged into prices expressed in Central Reserve Bank notes, automatically doubling them. The Council attempted to halt this process by issuing a notification that prices should not exceed those of the last week in May, but with little success. Shopkeepers claimed that replacement costs would exceed the prices of the end of May.

It became apparent therefore that extensive machinery to examine the fair selling prices of a wide range of commodities must be set up. Prices for many food items, including milk, were carefully examined: the selling prices for woollen, silk and cotton cloth of standard grades, and of shoes, were studied: and many other items and services came under close scrutiny. 435 434 633

To enforce selling at official prices, the selling of permitted quantities, to penalise those who refused to sell, who did not display price tags, who moved goods without a permit or without a valid permit, or who did not comply with other emergency regulations, some enforcement machinery had to be set up. For a time after December 8, 1940, the Court, formerly staffed by Chungking-appointed judges, did not function. Later it was taken over by Nanking authorities. But enforcement of emergency requirements could not await the re-opening of the Court, nor, it was felt, could the already overworked Court handle the many cases of infraction of new regulations. Accordingly an enforcement machinery was

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

dietary-deficiency disease among the 75 workers fed in the kitchen, while many young workers in neighbouring factories acting as the scientific controls, were suffering from disease. 146 164 654

The country habit of storing rice in the husk, and dehusking only that portion which is necessary for the food of the family during the day, no longer holds for city life. Rice is dehusked in the country and transported husked and milled to the city to save transportation costs, and because highly milled rice keeps well. After long storing, however, residual fats present become rancid, and in order to make the rice palatable, it must be washed. First with the milling and later with the washing disappear the essential vitamin contents which prevent dietary-deficiency disease. The experiment was designed to prove that, if rice were stored in the husk, and only milled immediately prior to use, it was unnecessary to wash it, and the vitamin content, therefore, remained to check the onslaught of deficiency disease. No other change from normal food eaten in factories was made in the diet. No additional vegetables or fruits were given. Reliance was placed only on prevention of loss of vitamins in the rice. 146 164 654 256

The intention had been to make the kitchen the nucleus of a district food service which would apply the results of the study on a wider scale as a demonstration. It was ironic that war should have interrupted the experiment, and that it should not only have become impossible to make any application of the important facts demonstrated in the experiment, but that stocks of Chinese rice, milled or unhusked, should virtually disappear from the Shanghai market, and that the city should have to depend for the ensuing five years on imported rice, all husked, and very high in price. 146 164 654 435 262

It might be thought that, with the price of rice soaring out of all bounds, factory owners who supply food to their workers would reduce the quantity of rice supplied, mix it with other cereals, or vary it with beans. But both management and workers have a mistaken idea that, if at all possible, the usual number of bowls of rice must be provided, whatever happens to the "side dishes" of bean curd, vegetables, fish or, rarely, meat. In consequence, expensive imported polished de-vitaminised rice continued to be eaten in former quantities. If the "side dishes" were reduced, as they were in size and variety in order to decrease costs, this last source of nutrients also disappeared. It is small wonder, then, that by 1941, and 146 164 435 262

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

146 before the even worse situation following Pacific hostilities, signs of
164 deficiency disease were apparent even among workers fortunate
435 enough to have full-time employment in factories.

262 There is much work for the Shanghai authorities of the future to do in the matter of food. The Public Health Department's long history of supervision of the city's food supply, its war against flies
744 and fly-borne diseases, has represented one phase of the food issue.
146 The Supply Committee's efforts to obtain actual supplies represents a second. Instruction, particularly of employers, in the nutrition aspects of food supplied to workers is a third necessity. The food intake of workers in certain factories where workers are both housed and fed has been analysed in the past and found to be woefully lacking. The attention of certain managements was called to this situation, and some improvement resulted.

The managements of 16 factories where doctors or nurses are employed were induced to keep records of food supplied with a view to seeing how near it came to nutrition standards. In 37 other plants also records were kept. Through these means there should in future be a decrease in dietary-deficiency diseases. Though the provision of food as part of earnings is to be deprecated, it is possible by this means to control for his good the worker's food much more easily than if individual housewives have to be taught what to do. On the other hand, unless the group feeding is right feeding, a whole working force can develop deficiency diseases. In the sense that workers had no option in many cases but to accept the food which the employers provide, it can be said that where deficiency disease resulted therefrom their wage was in fact disease.

THE NECESSITY FOR the education of management, workers, and the public generally in the foods which should be eaten to ensure health and prevent frank deficiency diseases was recognised by the Division. A film was in the making when Pacific hostilities caused suspension of the effort. Two western industrial enterprises and one Chinese had agreed to provide the $10,000 necessary for the film production. A food exhibit had been planned in co-operation with the Chinese Medical Association to take place in the industrial district. It was designed to demonstrate through graphic means the results of wrong feeding. The public would well be able to recognise in pictures the gross deficiency diseases which they

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529 for playgrounds whenever through building demolition or some
741 other chance an area might be temporarily cleared.

The financing of children's institutions in a time of rapidly
262 rising costs proved difficult. Some were stimulated at times to
741 make efforts to improve the diet. "An egg a child a week," "some oil each day" have been aims which in some instances have been met, only to find that the cost of eggs has doubled, and that of oil trebled, so that the former ration again became the rule. There was felt to be a need for the organisation in Shanghai of a Children's Community Chest, when the citizens would be challenged to give largely and generously to its children, and all organisations caring for children might benefit. Leadership in the community to better the situation of its children was not lacking, as the extensive services for homeless children show.

736 THE WORSENING OF the economic situation in the city following
633 the outbreak of Pacific hostilities was followed, inevitably, by the
735 abandonment of many children on the streets by those unable to
748 care for them. Institutions which down through the years had been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

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has been dedicated by the Communists. Also well-known throughout China is the wine produced in Shao-hsing. A coastal highway connects Shao-hsing with Wen-chou , located on the Ou River about twenty miles from the sea. Only wooden boats sail on this stretch of the Ou River, and the riverfront wharf facilities at Wen-chou need much improvement. Formerly a navigation lane was in use between Wen-chou and Chi-lung on Formosa.

There is no railway in Fukien Province, and the provincial capital, Foochow , must depend on the Min River and the highways to communicate with inland cities such as Chien-yang . There is a distance of about thirty miles between Foochow and the sea. The Min River is partially navigable for small woodem boats, but seagoing vessels must anchor at Lo-hsing-t'a [Pagoda Anchorage] , about nine miles downriver from Foochow. An island (Nan-t'ai) in the middle of the river gives the city additional room for expansion, and it is connected with the city by two bridges. The Ma-wei Naval Yard, fifteen miles southeast of Foochow, used to build boats for the Nationalist Navy but was destroyed during the last war. Chien-yang is the transportation center of northeastern Fukien. Two tributaries to the Min River and three highways leading into Anhwei, Chekiang, and Kiangsi Provinces converge at Chien-yang. From Chien-yang a north-to-south main highway passes through many of the important cities of central Fukien and reaches Ch'ang-ting on the southwestern

369 548 Shanghai in 1906 and began a crusade especially against American brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese city also after 1911, and into the 1940's). Kidnapping[1] was another important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

369 683

625 692 648 369 Law enforcement was severely handicapped by the complex but ambiguous legal and administrative situation. Chinese police could not pursue suspects into the foreign settlements, and foreign police were similarly excluded from the Chinese areas. Foreigners in Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1 [in Shanghai -- Analyst]

Among the food industries, Shanghai's flour mills, as we have seen above in Chapter Nine, depended more heavily on foreign wheat imports than on what they drew from China. The six plants in Shanghai in the 1930's producing dried, powdered, or frozen eggs were all foreign-owned and all large-scale, employing an average of about 350 workers per plant.[15] The area from which they drew their eggs has already been outlined in Chapter Nine. While local sources were important in this industry, they did not fill the entire demand, and it was necessary to bring eggs from as far as Hankow. Shantung was also a large egg-producing center, but the factory production of preserved eggs in Tsinan and Tsingtao combined was less than a third of Shanghai's.[16] It is reasonable to suppose that a measure of this difference was accounted for by the water transport network feeding Shanghai and the lack of it in Shantung. 439 258

Of all the food industries in Shanghai, tobacco manufacturing was most notably divorced from major sources of supply. The cigarette industry in China had been started on a large scale by the American Tobacco Company in the late 1890's (it merged with British interests in 1902 to form the British-American Tobacco Company, the largest producer of tobacco products in China). During the first decade of the twentieth century, its foreign tobacco experts surveyed soil and climatic conditions in China and fixed on three main areas where American tobacco seed would grow best so that its leaf could be blended with the native Chinese leaf (which was produced in small quantities in most parts of central and north China but with the best quality leaf coming from the three areas selected by the foreign experts) to produce an inexpensive but good quality smoke. The three areas were located in south central Shantung, northwestern Anhwei, and central Honan. Large Chinese cigarette producers entered the field after 1905, drawing on the increasing domestic production of foreign-type leaf and blending it with Chinese leaf.[17] 277 [471] 249

In spite of the presence of large industrial centers (by Chinese standards) in or near these main producing areas (Kaifeng and Hankow for Honan, Kiukiang, Wuhu, and Nanking for Anhwei, Tsingtao and Tsinan for Shantung), approximately 60 per cent of 277 439

2'17 439 all the factory-made cigarettes in China were produced in Shanghai from 1925 to 1935.[18] The Shanghai cigarette factories drew about half of their tobacco from Shantung, 20 per cent from Anhwei, and 20 per cent from Honan.[19] The remaining 10 per cent was imported, mainly from the United States, but the amount imported continued to decline as domestic production of foreign-style leaf increased, and by 1935 it was about half what it had been in 1925, the overall average for the period 1925–1935 being 10 per cent. The magnetism of the Shanghai market gave it a commanding position in spite of its distance from the leaf-producing areas.

32'1 1439 Shanghai industries using large amounts of metal, and the rubber goods industry, were the farthest removed from their sources of raw materials. Virtually all of the steel, ferro-alloys, and non-ferrous metals (with the exceptions of antimony and tungsten) were imported. Until the recent subsidized development program of the Communist Government, large-scale modern production had not been profitable in China proper for either iron or steel, with the exception of three plants which produced mainly from local scrap and which served a local market.[20] These three plants were in Shanghai, and were therefore by definition market-oriented. Two plants in Pootung were established in 1918. One produced steel from local scrap in two open-hearth furnaces of 30 and 70 tons capacity respectively, and the other probably produced no steel (since its "blast furnaces" were of only 12 and 33 tons capacity respectively), but poured iron castings.[21] Both plants worked only sporadically until 1934, when they were shut down. They were reopened by the Japanese in 1938, presumably on a military, and therefore a non-paying basis.[22] (Iron and steel were made for a few years during the war in Chungking, but on a small and uneconomic basis.)

The third plant was the steel-casting unit of the Kiangnan Arsenal, which operated two 15-ton electric furnaces to produce regular plate, high-speed, and armour steel for its shipyards and munitions works, using entirely local scrap. It was dismantled in 1932.[23] Other engineering and metal-working plants in Shanghai had small iron- and steel-casting furnaces of a few tons' capacity, but such small furnaces are necessary in any modern industrial complex for re-working scrap. They do not add to existing stocks.

[135] China has significant deposits
439 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

● 282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

IMPORTANT COMMUNICATION LINES AND CITIES[20]

489 In the region of East China the main north-south lines of communication are the Tientsin--P'u-k'ou Railway, the Grand Canal, and a few major highways. Crossing these lines at a right angle are the Chiao-chi (Tsingtao-Tsinan), Lunghai, and Nanking-Shanghai railways and the Yangtze River, which in this region is navigable all year round.

Tsinan (1), the capital of Shantung Province, is the rail and highway hub in northwest Shantung. The city thrives on rapidly expanding light industries and is in a strategic position because the Tientsin--P'u-k'ou Railway bridge spanning the Yellow River is immediately to the north. Tsinan is linked with the Shantung Peninsula by the Chiao-chi Railway, which
• 288 terminates at the port of Tsingtao . Tsingtao owes its early development to foreign effort, and it is the largest textile industrial center in this province. It is in the new No. 6 National

20. Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u, op. cit.; Ch'eng Kuang-Yü, Chung-kuo Tu-shih [The Cities of China], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1953.

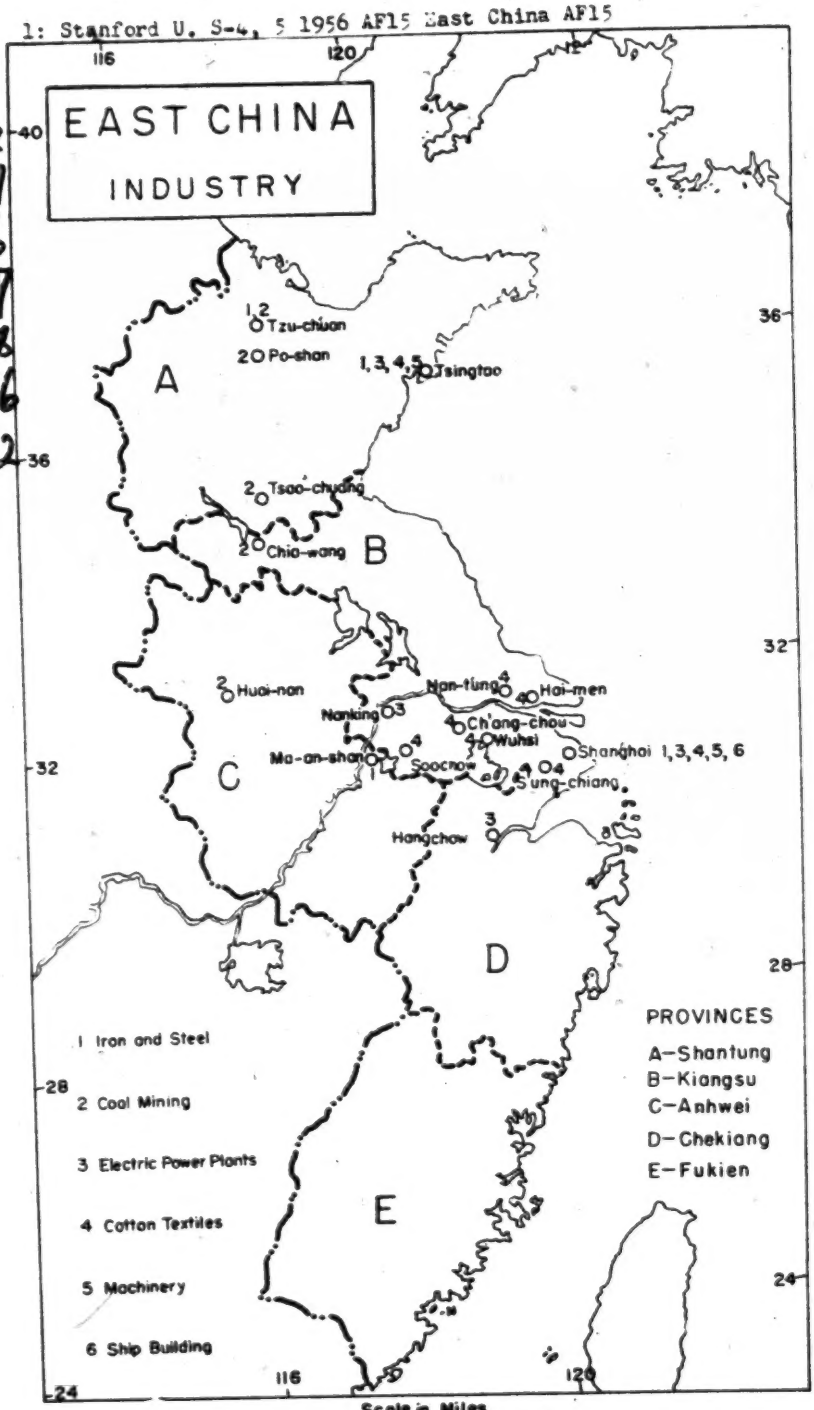
•288 Textile Factory at Tsingtao that a woman worker, Ho Chien-hsiu, developed her accelerated method of work which won her international recognition (at least among the Soviet nations) as a "labor heroine." A convalescent hospital and rest camp for "model laborers" has been established at the famous beach resort.
489 The port of Tsingtao, whose extensive rail spurlines connect the wharf with nearby warehouses, has a breakwater over 1,300 feet in length.

The Tientsin-P'u-k'ou Railway passes Tsinan, Tzu-yang , and Hsü-chou . Hsü-chou is in Kiangsu Province and has been the locale of many decisive battles in ancient and modern Chinese history. The Lunghai Railway links Hsü-chou with Lien-yün-kang on the coast. Lien-yün-kang, with a wharf of about 1,000 feet in length, is not an extensive port.

There is no north-to-south railway in Kiangsu Province, but the highway net is a complete one. The Grand Canal connects many eastern Kiangsu cities with Yang-chou ,
[317] formerly a noted resort. Besides luxury and comfort, Yang-chou also offers a large supply of salt produced in the lower Hwai River area.

489 In southeast Kiangsu the communication
361 center is, of course, Shanghai. This city, the largest in the Far East, must rely on the

1: Stanford U. S-4, 5 1956 AF15 East China AF15



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[Face p. 769(a)]

327 There are two principal steel works in
433 East China, the Shanghai Iron and Steel Works and the Hsin-ho Iron and Steel Works, both located in Shanghai. The former is equipped with two 10-ton open-hearth furnaces and has an annual capacity of about 12,400 tons of ingots and 50,000 tons of rolled steel products. The Hsin-ho works is equipped with two 10-ton open-hearth furnaces and has an annual capacity of 16,500 tons of ingots, 30,000 tons of rolled steel, and 20,000 tons of steel wire.[24]

All in all, however, the iron and steel industry of East China is relatively little developed. This situation is understandable in view of the lack of iron and coal resources in the region.

D. Cotton Textiles

288 Contrary to its backwardness in the
433 production of iron and steel, East China is the most highly developed area in China for the manufacture of consumer products, as we have indicated. In particular, the cotton

24. Chung-kuo Kung-yeh [China's Industry], Peking, April 20, 1950, Vol. I, No. 12, pp. 21-22.

1:Stanford U. S-4, 5 1956 AF15 East China
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288 textile industry stands out as the most
433 significant achievement in the country's development of modern manufacturing.

The total cotton spindleage in China in 1937 was 5,635,006, of which 51.8 per cent were owned by Chinese interests, 44.1 per cent by the Japanese, and 4.1 per cent by the British.[25] After the war, all the Japanese cotton textile mills, mostly located in Shanghai and Tsingtao, were confiscated by the Nationalist Government and incorporated into a large state firm known as the China Textile Corporation. In 1949, East China possessed a total of 3,474,694 cotton spindles, which constituted 80 per cent of the total in China.[26] In 1953, the number dropped to 3,274,694, representing a 6 per cent decrease as compared with 1949.[27] As regards the geographical distribution of cotton spindles in East China in 1953, Kiangsu constituted 85 per cent, of which Shanghai again accounted for about 78 per cent. In addition to the mills in Shanghai, there were, in 1951, 53 private cotton mills in South Kiangsu with a total of 520,000 spindles.

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25. Plan for the Industrial Development of China, Nanking, March 1948.

26. Tung-pei Jih-pao [Northeast Daily], Mukden, April 18, 1949; Hsin-wen Jih-pao [Hsin-wen Daily], Shanghai, March 5, 1951.

27. Wen-hui Daily, Hong Kong, May 19, 1953; June 8, 1953; July 2, 1953; Aug. 9 and 14, 1953, September 5, 1953, Nov. 1, 1953; Kwang-ming Jih-pao [Enlightenment Daily], Peking, Aug. 6, 1953.

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288 Of these, 246,000 spindles were in Wu-hsi
433 and 274,00 in Ch'ang-chou, Soochow, and S'ung-chiang.[28] In North Kiangsu, most of the mills are centered around Nan-t'ung and Hai-men, with a total of 179,632 spindles in 1950.[29] Another important cotton textile industrial center in East China is Tsingtao, Shantung Province, where there were about 350,000 spindles in 1953, constituting nearly 11 per cent of the spindles in the whole region.[30]

The total number of machine looms in China was estimated to be 67,900 at the time of the Communist occupation of the Chinese Mainland in 1949.[31] According to comparatively recent information, the total number of looms in Shanghai and Tsingtao amounted to 46,000 and 4,800 respectively[32] in 1953.

Regarding the output of cotton yarn, East China produced 1,256,000 bales in 1949,

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28. Survey of China Mainland Press, Hong Kong, U. S. Consulate General, May 11 to 15, 1951, No. 104, p. 50.

29. Economic Weekly, Shanghai, March 16, 1950, No. 11, p. 14.

30. Atlas of the People's Republic of China by Provinces, Shanghai, 1953, p. 32.

31. Yuan-li Wu, op. cit., p. 307.

32. Wen-hui Daily, June 22, 1955, pp. 32-33.

288 constituting 70 per cent of the total production
433 of the whole country. In 1953, the output reached 25,561,770 bales,[33] more than double the 1949 output, but only about 65 per cent of the country's total production in that year.[34] East China again takes the lead in the production of cotton cloth. Though complete data are lacking, considerable growth has been reported under the Communist regime. If we take the production of 1947 as 100, it increased to 133 in 1950 and to 157 in 1951.[35]

288 Considerable progress has been made in
433 the development of textile machinery plants
475 since 1950. There are, at present (1955), seven plants for manufacturing textile machinery in China, of which five are state-owned and two are joint state-private enterprises. In East China, the Shanghai No. 2 Textile Machinery Works is state-owned and the China Textile Machinery Works and the Far Eastern Card Clothing Manufacturing Plant, both located in Shanghai, are joint

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33. 400 pounds each.

34. Economic Weekly, Shanghai, Feb. 26, 1953, pp. 16-18; Chinese Industry, Peking, Jan. 1950, p. 37; Wen-hui Daily, Hong Kong, Oct. 1 and 6, 1953.

35. Survey of China Mainland Press, Hong Kong, U. S. Consulate General, No. 220, p. 30.

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288 433 475 state-private industries.[36] Data on the textile-machinery production of East China are not available, but the total production of the seven plants during 1951-53 was reported to be 600,000 spindles and 18,500 automatic looms, with which 9 state-owned cotton textile mills have been equipped.[37]

V. CONCLUSION

178 Although East China remains a vitally important part of Communist China's industrial life and will be expected to supply both capital and consumer goods to a large segment of the country's population during the Five-Year Plan, it is no longer scheduled for intensive development in the future. There may be exceptions to this general statement, particularly in certain parts of Shantung, and possibly also in Fukien, once railway construction has established an effective overland route between Amoy and the Chekiang-Kiangsi Railway. However, on the whole, it may be said that East China's heyday in Chinese industry is over. The statement is especially true in the case of Shanghai.

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36. New China News Agency, Peking, Nov. 1, 1954.

37. Hsin-hua Yüeh-pao [New China Monthly], Peking, Feb. 1954, No. 2, pp. 169-70.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

162 foreign community. It was only after 1900, when the Japanese became one of the leading groups in the foreign community, that the proportion of foreign women reached even a third.

288 648 The Japanese are Shanghai's nearest foreign neighbors, and with their industrial experience and their drive for economic expansion overseas, they made Shanghai one of their most important industrial centers, especially for the manufacture of cotton textiles, taking advantage of relatively cheap Chinese labor, locally grown cotton, and cheap power to produce for the China market inside the low tariff wall. The Treaty of Shiminoseki in 1895, which ended the war of 1894–5 between China and Japan over Korea, first granted to foreigners the right to establish factories in the treaty ports of China, and this originally Japanese privilege was then taken advantage of by all the other powers having most-favored-nation treaty agreements with China.

288 648 471 Despite foreign investments, however, Shanghai remained a Chinese city, still politically dominated by the handful of foreigners, but economically more and more maintained by the Chinese, as native industrial and commercial capital and management were increasingly added to native labor in the growing industry of the city during the twentieth century.*

Shanghai and China

648 Throughout the period 1843–1937, the foreigners at Shanghai pressed the Chinese authorities for an extension of their own administrative powers and of the area of the two foreign settlements. In this endeavour they found lukewarm support or outright opposition from the foreign diplomatic representatives at Peking and from the foreign offices in the home countries, who shied away from the implications of full sovereignty over Chinese territory and who continually reminded the overzealous foreigners in Shanghai of their precarious and equivocal legal position in asserting "rights" of taxation, defense, and administrative independence. The complex political and economic structure of modern Shanghai was erected primarily on the precedents resulting from bluff, maneuver, and *force majeure* of the assertive foreign residents of the city.

* A majority of the city's industrial enterprises were Chinese-owned by at least 1920.

231 "China" silk area for foreign trade was marketed in Shanghai, through both Chinese and foreign trading firms, who sold it for 288 export. Steam filatures for the reeling and spinning of silk had largely replaced domestic reeling and spinning by 1920, but this did not affect the concentration of silk marketing in Shanghai, since the reeling centers remained tributary to Shanghai and since the silk-reeling industry was also concentrated, in differing degrees at different periods, in the city.

[177] After the introduction of cotton from India in the Yüan dynasty 231 (1260–1368) and the manufacture of cotton cloth in China on a 439 large scale by the end of the Yüan, this much cheaper fabric largely displaced silk, which previously had been produced in almost every region of China and was universally worn. The quality of the silk also declined. By the end of the eighteenth century only the four major areas listed above were important silk producers, but the great increase in China's foreign trade, especially in tea and silk, which followed the opening of the treaty ports stimulated both the quantity and quality of silk production in these areas, most of all in the chief silk region of the Yangtze delta, where foreign traders were closest on the scene.

231 The leading silk areas within the delta coincide closely with the 505 areas where navigable waterways are most numerous. The upland districts south of Nanking and west of Tai Lake, where waterways are relatively sparse, are largely avoided by silk culture. This is mainly due to the fact that silk culture is a painstaking and time-consuming process which requires prodigious amounts of hand labor. It is therefore heaviest in lowland areas with a dense population, as is the case with nearly all of the silk producing regions of China, but such a location facilitates a virtually exclusive dependence on water transport for marketing the silk. This in turn tends to make Shanghai, as the primate commercial center of the delta, the dominant market for silk exports, since it can draw silk from the producing areas by water transport nearly as easily and cheaply as can inland centers.

Every important cocoon and filature center in the delta has multiple water connections and depends on them for the collection of cocoons and for the marketing of silk. Liu Ta-chün in his study of

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Textile manufacturing was by far the leading industry in Shanghai in the period 1920–36, and included the spinning, weaving, and dyeing of cotton, wool, jute, flax, hemp, and ramie, and the spinning and weaving of silk. The pattern of manufacturing was in most respects typical of the early stages of industrial development, with textiles far in the lead and light consumer goods in general predominant. Shanghai, however, as the primary focus of the Westernization process in China in which a pre-industrial economy was suddenly confronted with the impact of a highly developed industrial economy, was also engaged to some extent in the production of capital goods to supply its own consumers'-goods production and that of most of the rest of China.

For the city as a whole in 1932–33, Liu estimated[4] that the textile industry accounted for 50 to 60 per cent of Shanghai's industrial workers and 40 to 50 per cent of the value of industrial output. Cotton spinning led the textile industries, followed by silk reeling, cotton weaving, wool spinning, and wool weaving in that order. Food industries were second, with 10 to 15 per cent of the industrial workers and 30 to 35 per cent of the value of industrial output. Flour milling was first in this category, closely followed by tobacco (cigarette manufacturing). Most of the rice entering Shanghai was milled in the hinterland collection centers and all of the relatively few rice mills in the city employed fewer than 30 workers.

Clothing industries ranked third, with 3 to 5 per cent of the value of the industrial output, leather and rubber goods fourth, with 2 to 3 per cent, paper and printing fifth, chemical industries sixth (including matches, soap, cosmetics, drugs, and production of industrial chemicals), and manufacture of machinery seventh.*

The Shanghai Municipal Council in its Report for 1935 published figures showing the distribution of factories and workers within the various industries located in the International Settlement, based on surveys conducted in 1934 and corrected to November 1935. In

* These figures for 1932–33 are representative for the period 1920–1936 despite the world depression, which affected Shanghai manufacturing relatively little and whose effect in Shanghai was delayed until late 1933 in most industries, with the exception of silk reeling and weaving, which were heavily dependent on the American market. See Liu Ta-chün, *The Growth and Industrialization of Shanghai* (1936).

248 area. Kiangsu alone produced before the war about 30 per cent of
439 China's total annual cotton crop. Shanghai's textile mills at this period consumed an annual average of about 3,800,000 piculs of raw cotton (one picul equals 133 pounds), of which it is estimated that 2,000,000 came from Kiangsu, 500,000 from Hankow, 500,000 from Tientsin by sea, and 800,000 from foreign ports, principally from the United States.[11] The foreign cotton imports were predominantly of long-staple varieties for the weaving of finer-count cloth for which the native short-staple Chinese cotton was not suitable. During the 1930's considerable progress was made in growing long-staple cotton in China from American seeds, including that grown in the Kiangsu area, so that by 1936 foreign cotton imports to Shanghai were only half of what they had been in 1920.[12] The ground thus gained was largely lost during the war years, but reports from China since 1946 indicate that self-sufficiency in all types of cotton is now again within reach, with Kiangsu still the leading producer.[13]

231 The major silk-producing regions of China are also near at hand.
288 The delta areas of Kiangsu and Chekiang accounted for about half of the total Chinese production of raw silk in the 1920's and 1930's, as they had during most of the nineteenth century, and Shanghai remained the primary silk market of China. When silk-reeling, spinning, and weaving in the delta area became largely concentrated in factories after about 1910, rather than being done as before on a domestic basis, it was logical that the industry should center in Shanghai, as well as in the nearby cities of Soochow, Wusih, and Hangchow.

236 The rest of the textile industry is less closely related to the sources
248 of its raw materials. About three-quarters of the raw wool used in Shanghai factories before the war came from the grazing areas of
288 northwest China via Tientsin, by sea and rail. Less than one-tenth came from Kiangsu, and it was mainly "dead" wool of poor quality shorn from dead sheep and goats. The remainder was supplied largely from central China, via Hankow, by Yangtze steamer.[14] Ramie and hemp for Shanghai manufacturing came primarily from Hankow, in the center of the chief producing areas
[439] for both crops. Most of the jute consumed in Shanghai was imported from India.

435 proportionate costs of labor and power. The same comment applies to the high figure for machinery.

● 288 In a generally more careful work dealing only with the cotton
435 industry, Fong Hsien-ting, as shown in the accompanying table, provides a different estimate of costs in the production of cotton yarn in Shanghai in 1930.[37]

Cost Item	*Percentage of Total Costs*
raw cotton	42
labor	30
power	8
overhead and interest	20
	100

These seem much more reasonable, and they are generally substantiated by the findings of Moser and of Pearse.[38] Liu's figures for cotton spinning are also suspect because in 1934 a larger proportion of the mills' supply was the cheaper domestic cotton (see above, p. 172). If we may accept these figures of Fong's as a closer approximation to the facts than Liu's, we have at least some idea of the proportionate cost of delivered raw materials in Shanghai's largest industry, cotton spinning, and we may justifiably assume that this cost was of approximately the same order of magnitude in the other cotton industries and in the silk industries, since Liu's figures show a maximum spread of only 10 per cent among the raw materials' cost in the textile industries which he covers, and since both cotton and silk supplies came very largely from the local delta area. We have unfortunately no check on Liu's estimates of raw materials' costs in other leading Shanghai industries. Since with the exception of flour milling and machinery, these other figures seem reasonable, we can only accept them with caution.

435 Even after this revision, however, the best estimate which can
489 be made of the proportionate costs of raw materials in Shanghai manufacturing still shows these costs to be high by Western
[465] standards.* There are two major reasons for this: the relatively low cost of labor, and the relatively high cost of transport. The first

* The United States Census of Manufactures for 1939 gives value figures for manufacturing costs in major categories of manufacturing in the United States in

489 large carriers. The city's water connections, however, are uniquely good. (They have been outlined in some detail in Chapters Four and Seven.) It may be assumed that the cost of most delivered raw materials in other Chinese industrial centers was a higher percentage of total costs of production than in Shanghai. This assumption is borne out in the case of Tientsin. Tientsin is not only an ocean port through its association with Taku, but it lies on the Grand Canal and is, after Peking, the second most important rail junction in China. It lies at the focus of an even more extensive lowland (the north China plain and the basin of the Yellow River) than does Shanghai. Tientsin's water connections over this lowland are slight compared with Shanghai's water connections over the Yangtze basin, but with the possible exception of Hankow, Tientsin nevertheless has the most favorable orientation to transport routes of any Chinese industrial center after Shanghai.

• 288 435 Fong Hsien-ting found, in comparing production costs in the spinning of cotton yarn (also Tientsin's largest industry by value of output) that the cost of delivered raw materials in this industry in Tientsin averaged about 70 per cent of the total cost of production, as against an average of 42 per cent for Shanghai (see above, p. 180). Yet Tientsin also lies near the center of one of China's leading cotton-producing areas, through which three railway lines run to the city. Fong's cost estimates for the Tientsin cotton yarn-spinning industry, by percentages of total costs, are shown in the accompanying table.[42]

Cost Item	*Percentage of Total Costs*
raw cotton	70
labor	15
power	7
overhead and interest	8
	100

It does not seem possible that the costs could be divided as Fong has estimated. The figure for raw cotton seems too high, and that for overhead and interest too low. Power is cheap in Tientsin, due largely to the proximity of the Kailan mines at Kaiping, 82 miles north by rail, China's largest producer of coal, and the chief source of Shanghai's coal supply as well. The figure for labor costs is of

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course depressed by the high figure for raw cotton. Nevertheless 288
it seems clear that Tientsin, despite its rail and water connections 435
and its location in a major cotton-producing area, paid a considerably higher price than Shanghai for delivered raw cotton. If this was true for raw cotton, we may assume that it was true for most of the other industrial raw materials consumed in Tientsin, with the obvious exceptions of coal and the wool, hides and skins of north China, and the possible exception of wheat.* If Tientsin could obtain the necessary raw materials in these latter cases more cheaply than Shanghai, this is further evidence of the paramountcy of the Shanghai market and of the market-oriented character of its manufacturing. If Tientsin paid a higher price than Shanghai for most delivered raw materials, we may assume that other Chinese industrial centers did so too.

Water transport has been a key factor in the development of 505
manufacturing in Shanghai. The city's railway connections are inferior to Tientsin's, and yet its manufacturing apparently paid less for most of its raw materials, and in fact was a greater consumer than Tientsin manufacturing of the leading industrial raw materials of north China: coal, hides, and wheat, all of which can move to Shanghai by sea from north China ports. In turn, the primacy of the Shanghai market depends in large measure on the water transport network which includes half of China in the city's tributary area. The market is able to exercise its attractiveness for manufacturing of all kinds by its ability to draw to its generally resource-poor area by sea and river transport the industrial raw materials which it needs.

Coal and Electric Power

The single most important industrial raw material, coal, has 375
been left for final consideration, since it plays a major role in nearly every industry, directly, or in the form of electric power.

* Shanghai nevertheless led Tientsin in the 1920's and 1930's in the consumption of coal and in the production of leather goods and flour, and in fact shipped nearly 10 per cent of its total flour production to Tientsin on an annual average. (For comparative figures on consumption of coal and production of leather goods and flour, see respectively Leonard Ting, "The Coal Industry in China" (1937), p. 217; Chinese Year Book (1936), p. 1153; Y. C. Chang, "Flour Milling in China" (1922), p. 219).

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munist government) was by far the largest. An official of the company estimated that it was responsible for an average of 83 per cent of the total sales of electric power in Shanghai for the period 1925–1934, and that 78 per cent of its sales during this period were to industrial users, distributed as shown in the accompanying table.[55] 365

Industry	*Percentage of Total Industrial Power Sales*
cotton mills	78
flour mills	7
rubber goods factories	2
miscellaneous textiles	2
other industries (less than 1 per cent each)	11
	100

The city's dominant industry, cotton textiles, was thus apparently heavily dependent on rented electric power. All of the five power plants in Shanghai were entirely carbo-electric. The Shanghai Power Company operated two plants, one at the northeastern tip of Yangtzepoo (the "Riverside" plant), and the other near the mouth of Hongkew Creek (map 3). Of the other three plants, one was owned by the French Municipality and was located on Siccawei Creek at the southern edge of the French Settlement, and two were Chinese-owned, located respectively in Nantao and Chapei. The silk-reeling industry does not appear in the above table because it used primarily steam power (and steam heat), which was produced on the factory premises from coal. Approximately 80 per cent of the industrially-used electric power was purchased from the power companies, and only about 20 per cent was generated by the industrial consumers themselves. Fully half of this 20 per cent was accounted for by the generators of the Kiangnan Arsenal.[56] [288] [377]

Shanghai produced in 1936 58 per cent of the electric power generated in China, and the "Riverside" plant of the Shanghai Power Company had a larger output in 1930 (450 million kilowatt-hours) than any single station in England.[57] The combined output of all four power companies in 1930 was greater than in any English city except London.[58] This power was sold at very low rates, special rate arrangements being made for large industrial users.

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staple supplies from overseas. Tientsin, Hankow, and to a lesser extent Tsingtao, could, however, use this improved Shensi cotton, and by the early 1930's, although the production of long-staple cotton had spread into all the cotton-growing provinces, more of it was grown in Hopeh and Shantung than in Kiangsu.[63] 361 248

A further factor was China's recovery of tariff autonomy in 1929. Up to that time, the tariff on most imported and exported goods was fixed by successive treaties between China and the major Western powers (beginning with the supplement to the Treaty of Nanking in 1843) at 5 per cent *ad valorem*. In practice the rates had varied between 3 and 10 per cent, but the average between 1843 and 1929 had been close to 5 per cent.[64] The new tariff of 1929 promulgated by the Nationalist Government in that year and revised in 1931, 1934, and 1935 imposed duties on the import of raw cotton and cotton yarn which varied considerably but which averaged about 17 per cent *ad valorem* between 1929 and 1935.[65] While Shanghai normally drew about 20 per cent of its raw cotton from abroad, Tsingtao, Tientsin, and Hankow respectively drew 93, 95, and 98 per cent of their raw cotton supply from domestic sources by 1930.[66] The average price of raw cotton in Shanghai by 1935 was about 10 per cent higher than in these three other centers, and nearly 90 per cent of the new building in the cotton textile industry in that year was elsewhere than Shanghai, although Shanghai still contained 51 per cent of the cotton spindles in China in 1936, and although total production costs for cotton spinning were still about 10 per cent lower in Shanghai than in any other Chinese city.[67] 361 651 361 288

This may prove to have been only a temporary disadvantage, since in the face of higher duties on imported raw cotton after 1929, and currently of China's desperate attempts to become independent of foreign imports, steps have been taken to increase the production of long-staple cotton, especially in Kiangsu where Shanghai manufacturing is so heavily dependent on it. The work of the Cotton Industry Commission of the National Resources Commission during the 1930's indicates that the goal of complete self-sufficiency in all types of cotton was realizable within five or ten years, under an effective administration.[68] Recent reports from China suggest that domestic cotton production, while still inadequate to supply Shang- 361 248

361 hai's textile factories, is now again approaching a self-sufficient level.[69]

248 Until 1927, the silk-reeling industry had been larger, by value of output, in Hangchow and in Wusih (where it was more closely oriented to the major silk-producing areas) than in Shanghai. With the stimulus of civil war in the delta in 1926, many of these mills moved to Shanghai, where they could get cheaper coal and electric power, abundant capital, and the general commercial advantages of a large market, as well as being able to draw their raw silk from the producing areas by water transport at nearly the same cost as in Hangchow or Wusih. By 1936, however, Wusih again led Shanghai in silk-reeling, due apparently to lower labor costs in Wusih, local skill, newer and hence more efficient plants, and the drop in the Wusih price of coal brought from Shanghai by barge trains pulled by steam tugs.[70]

361 361 288

361 A major and continuing development of the 1930's was the large Japanese investment in Manchurian heavy industry, notably in the Mukden area. Following the Japanese conquest of north China in 1937–38, this development was extended to include the Peking-Tientsin area, although on a much smaller scale. While these were primarily strategic or military rather than economic investments, they laid the foundation for a new heavy manufacturing center, closely oriented to its sources of bulk raw materials, and confined to the north. In addition to the logical association with coal and iron deposits, this project was geographically an obvious one for Japan to undertake from her original Korean and Manchurian base, and it did not include Shanghai, especially after the widening of the war from 1941 on made seaborne imports of raw materials into Shanghai increasingly difficult.

Japanese war-dictated industrial investments have now however become a legacy of great value for China, and heavy manufacturing is still virtually restricted to the north. In time, a second manufacturing center of this type may develop at Shanghai, dependent on cheap transportation for the assembling of bulk raw materials and shipping of finished products, cheap electric power, skilled labor, and continued market attractions. But in the current acute capital shortage in China, which is unlikely to be alleviated soon, such a development cannot be considered imminent.

505 not only depended heavily on seaborne supplies, but which had a
439 large and important transit trade.

As if in a commentary on the nature of the city's food supply,
433 food, in particular rice, has remained cheap and plentiful throughout the period of Communist control. Order was quickly restored in the delta in 1949, and the flow of low-cost food to the city was maintained despite a nearly universal food shortage or famine in the rest of China during the winter of 1949–50, and despite the Nationalist blockade, which prevented any substantial amounts of food from arriving in the city by sea. The Communist Government has apparently been able to solve, at least to a degree, the problem of local rice supply during the planting season and at festival periods, by controlling prices and arranging for large government purchases which are released on the market at stable prices whenever the situation requires. There is no suggestion that local food supplies are not entirely adequate to meet the city's demands under such a
[162] system of management. While no official figures have been released, it is unlikely that Shanghai's population is substantially less than the four millions it had reached in 1936; it may have risen closer to the five million mark, since the great influx of people after the Japanese war has not apparently been balanced by the still limited exodus.*

288 Nationalist bombings during the winter of 1949–50 did only minor industrial damage, and came to an end by late 1950 with the arrival of jet defense planes from the Soviet Union and the Nationalist loss of the Chusan Islands, which had been the major base for the bombings of the city. A continuing deterrent to industrial recovery however has been the still inadequate domestic production of raw cotton. Several cotton textile factories in the city were obliged to shut down entirely during 1949 and 1950 for lack of raw cotton, and while all or most of these have subsequently reopened, not enough cotton is coming in to maintain peak production.†

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poor position, and its economy has in the past been closely geared with that of the West.

* See above, p. 21. Foreign and Chinese press reports still consistently refer to Shanghai as the fourth largest city in the world, with a population given variously as 5 or 6 million.

† *Hsin-Hua Yüeh-Pao* for November 1951, 130–131, reports that while production

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Cotton production is gradually increasing, and the expectation is that within the next two or three years enough will be available domestically (mainly in the delta area) to occupy Shanghai's full textile potential, which is still the largest of any city in the country. 288

Much shuffling around of the industrial pattern has resulted from government regulations on the types of manufacturing which may be licensed and may obtain the necessary power and supplies. During 1950 nearly 500 "factories" closed down, through financial failure and through inability to obtain licenses because they were considered non-essential under the new regulations. Most of the casualties were presumably small-scale manufacturers operating in private houses, who were before the war engaged in a great variety of production, mostly of consumers' goods. Many of these have since reopened, but in different production lines more in keeping with the government's new policy, and for which a market is available under the current austerity program. The government has for example refused reopening licenses to tobacco manufacturers, restaurants, hotels, and funeral establishments.[5] 471 656

The problem most frequently referred to in Chinese reports on economic Shanghai since 1949 is that of keeping pace with increased rural demand and rural purchasing power. This may be designed as an advertisement of the accomplishments of the land reform program in raising rural living standards, but it is repeatedly stated that industrial production in the city runs behind the demand in the country. Industries in the city showing the greatest profits during this period have been those producing light consumers' goods for which there is a ready local market. Dyeing leads the list, since the delta peasants are now sufficiently well off, if one may take the published reports at face value, to buy colored and printed clothing made in Shanghai. Western-type medical supplies are also listed, which would indicate a revolution indeed in the *mores* and income of the Chinese peasant. One report gives as an example of increased 434

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of cotton textiles for China as a whole in 1950 and in the first six months of 1951 was between 20 and 30 per cent greater than the pre-1937 peak, domestic production of raw cotton is still inadequte to meet the demands of the textile industry. For an earlier post-war report, see Shen Wen-fu, The Increase in Cotton Production, (1948).

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

633 466 178

A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

633 466 464 178 288

Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

3: Hinder G-3 (1933-1942) 1944 AF15 East China AF15

464 466 633 178 288

even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered.

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

The experiment could not be carried out to its logical conclusion, however, because after the spring of 1939, when the Japanese instituted controls over the cocoon output in the provinces, it became increasingly difficult to obtain cocoons from these areas. By the end of 1940 only two or three filatures were still operating, and the spring of 1941 saw very few cocoons reaching Shanghai. 288 722

DESPITE THE LACK of legal powers, it proved possible radically to reform the manufacture and operation of steam pressure vessels. Prior to 1936, when the institution of controls began, local boiler yards manufactured boilers almost exclusively from metal plate of unknown quality and test, and from designs which did not conform to accepted standards. Neither owners nor workers in the boiler yards had the necessary knowledge for an engineering task requiring special training. The result was that hundreds of initially unsatisfactory boilers had been installed. Regular inspection of them was unknown. Explosions were frequent, at times accompanied by loss of life; and the wonder was that they did not occur almost every day. 633 466 375

In 1936 the Council adopted rules governing vessels and systems under pressure, and for the registration of boiler yards. By the rules all local boiler yards had to employ the services of a Council-approved boiler surveyor who would design and supervise the construction of all vessels. Boilers had to be inspected and registered. Thereafter annual re-inspection was required. A roster of qualified engineers of all nationalities was obtained with the assistance of a specially appointed Boiler Board.

Although the regulations carried no penalty clause, it proved possible to apply them to a very considerable extent. All of the 34 boiler yards in the Settlement were registered, and no boiler after 1936 was manufactured or extensively repaired in them unless a permit therefor had previously been obtained. Qualified boiler surveyors supervised the construction and repair, and submitted copies of certificates describing the metal plate used. Considering the steep rise in the price of imported steel during those years, a result of higher world prices and the lower exchange value of the Chinese dollar, it is noteworthy that tested steel became universally used in pressure vessels manufactured in the Settlement.

[135] China has significant deposits
439 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

• [289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

tional and moral influence could induce employers to remedy unsatisfactory situations.[5] It is to the credit of those who worked in the early days that, undismayed by the size and difficulty of the task, going daily into back alleyways where very bad conditions existed, they attacked the worst of these and frequently eliminated possibilities of almost certain death by the changes which they were able to secure. Taking industry by industry, as opportunity presented, efforts were made to remove the most obvious dangers associated with their operation.

Less than two months after the first official was appointed by the Council to deal with industrial conditions, there occurred the worst industrial tragedy in the history of the city. On February 21, 1933, an explosion followed by a fire in a rubber shoe factory caused the deaths of 81 persons, 76 women and five men. The cause of the explosion was not definitely established. In all probability it occurred in a vulcanizer in which rubber shoes were "cured." Gasoline fumes driven off by the heat probably reached a potentially explosive degree of concentration, and a spark was perhaps supplied by the dropping of a steel frame inside the steel shell of the vulcanizer. There is still the possibility that the explosion was caused through faulty electrical installation in the dipping room, where rubber shoes were covered with a varnishing mixture containing a high percentage of gasoline. Here also a suitable concentration of gasoline fumes in the air could have produced an explosive mixture. In any case an explosion and fire occurred. Working at benches in the room immediately above the vulcanizing room were some 250 women, also using gasoline as a solvent and thus in an atmosphere charged with fumes. The fire spread with such rapidity that they were unable to escape, and the wooden floor on which they worked collapsed shortly into the inferno below.

This tragedy drew attention to general conditions in the rubber shoe industry which had grown swiftly in the preceding years. In 1933 there were 26 rubber shoe factories, all of them using gasoline freely without even the most elementary precautions. Some were grossly overcrowded and unable to provide adequate exits for the hundreds of women working on the shoe-forming process. Though without the legal power to do so, Industrial Division officials

[5] See Chapter II.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 through sheer insistence succeeded in closing six factories where it
466 was found impossible to effect improvement. The remaining
295 twenty were radically reformed. Among transformations which had made the whole industry reasonably safe by 1937 were the isolation of processes where gasoline was used, so that if a fire were to occur in one place it might not spread; the installation of proper electrical fittings for fume atmospheres; the inspection by qualified engineers of boilers, vulcanizers and other pressure vessels; the provision of adequate exits; and the installation of exhaust ventilation. Many owners built and occupied new premises. It was unfortunate that the hostilities in 1937 destroyed some enterprises and damaged many others where higher standards had been established.

The story of this particular industry has been related in detail since it is typical of the work that had to be done under conditions where no previous regulation had existed. Wherever it was possible to do so, in a wide range of industrial processes, standards were raised. But, as will be shown later, many fires and explosions occurred during the course of the improvement programme.[6] It almost seemed as if, as the efforts at betterment were being made, tragedies occurred to supply concrete evidence of the dangers. They assisted in the development of a public opinion urging action to prevent them. They were an added spur, if one were needed, to the efforts of those responsible for securing action. It can be asserted that the occasions so sadly presented were not lost. They meant renewed efforts by those whose aim was the elimination of the hazards which caused the tragedies.

633 Less obvious to the public perhaps but as serious to the workers
466 were the health hazards which efforts were also made to eliminate and which are referred to later in this chapter.[7] A difficulty confronting the authorities lay not only in obtaining an initial compliance on the part of employers. Action could be secured finally, after sufficient insistence, by exploiting something of a nuisance value in repeated visits to offending factories, or, otherwise, appealing to the better nature of employers. Securing the permanence of the better conditions induced required further insistence. Mechanical installations for the removal of metal dust from polish-

[6] See page 38.
[7] See page 39, ff.

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381 theless industrially out of gear with the rest of China to such an
439 extent that the match industry imported even its paper and cardboard.*

Chinese sources could maintain Shanghai's soap manufacturing, using relatively bulky agricultural raw materials, but the match industry, dependent on relatively finished and specialized materials, was obliged to rely predominantly on overseas sources. The city's market was able to hold both of these greatly dissimilar enterprises, each typical of much of its manufacturing complex.

• 306 The jade-cutting industry may be cited as a final illustration of
439 the market-oriented character of Shanghai manufacturing as a whole. While jade-cutting would presumably be less likely than diamond-cutting to gravitate to primate financial and banking centers, it is equally dependent on specially skilled labor, which is most often found in the largest cities, and on the commercial services and connections of a primate market. Most of the world's jade is mined in northern Burma, but Shanghai, rather than Rangoon or Calcutta, was the world's leading jade center for cutting, polishing, and marketing. It imported its rough jade from Burma by sea, paying a 50 per cent export duty *ad valorem*, and sold the finished product not only in China but all over the world. Japanese attempts at competition in this industry during the 1920's failed to dislodge Shanghai from its leading position.[35] An early start and accumulated skill have been more important in this industry than in almost any other, but it was the Shanghai market which attracted and continued to hold it.

The Cost of Raw Materials

435 It will be useful to estimate the percentage of total costs which is represented in different Shanghai industries by the cost of delivered raw materials in order to throw light on the competitive position of the city as a location for manufacturing. The published estimates of costs are contradictory, and the implication is that accurate information is not available, an understandable condition in view of the

* The relative importance in Shanghai manufacturing of the industries discussed above (pp. 171–178) is indicated by the tables above on pages 168, 169, and 170. Consumption figures are unfortunately not available.

503 Chen-chiang the canal is shallower.[8]

133 In the area between the Yellow River and the Yangtze River, the Hwai River is the main [311] source of irrigation. The Hwai River receives water from about a dozen radiating tributaries but, curiously, has no outlet to the sea. Since 1853, when the last change in the course of the Yellow River usurped the Hwai's channel and dammed the river's flow with silt, the Hwai has emptied into land-locked Hung-tse Lake. Because the lake was gradually filling up with silt, the water during a flood ran overland and inundated thousands of acres in the vicinity.[9]

503 The North Kiangsu Main Irrigation Canal, completed by the Peking regime, helps to reliev the Hwai of its high water pressure during the flood season. On the upper reaches of the Hwai a total of sixteen reservoirs are being built to divert flood water.

133 The Yangtze River flows into this region from the west. Its width is restricted to 1 kilometer (3,280 ft.) by the Huo-shan Range as far as Chiang-yin, where it widens to over 4 kilometers (3 mi.). The entire stretch of the

8. Ch'u, Shao-t'ang, op. cit., p. 74.

9. In the 1950 flood, over 40 million mou of land were submerged; 13 million people were affected. Cf. Cheh Shin-chien, op. cit., p. 53.

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311

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Table I. Cultivated Land and Rural Population of East China*

S = Shih-mou)

(Unit: 1,000 A = Acres)

Province	1946					1955				
	Cultivated Land	Rural Population	Farm Households	Shih-mou per Household	Shih-mou per Capita	Cultivated Land	Rural Population	Farm Households	Shih-mou per Household	Shih-mou per Capita
Kiangsu	85,1965 (13,616A)	25,080	5,057	16.87 (2.61A)	3.40 (0.57A)	110,2968 (18,383A)	38,477	7,095	15.54 (2.59A)	3.11 (0.52A)
Chekiang	41,6585 (6,9[illegible])	14,020	3,165	13.16 (2.19A)	2.97 (0.49A)	55,6552 (9,276A)	19,665	3,933	14.15 (2.36A)	2.83 (0.47A)
Anhwei	73,1285 (12,1[illegible])	15,162	2,682	27.27 (4.54A)	4.82 (0.80A)	93,0283 (15,505A)	26,096	5,219	17.82 (2.97A)	3.56 (0.59A)
Shantung	100,4806 (16,746A)	33,024	5,918	16.97 (2.83A)	3.04 (0.51A)	100,6525 (16,777A)	42,034	8,407	11.97 (2.00A)	2.39 (0.40A)
Fukien	21,0945 (3,516A)	7,202	1,626	12.97 (2.16A)	2.93 (0.49A)	23,2045 (3,867A)	11,303	2,261	10.21 (1.70A)	2.04 (0.34A)
Total (or Average)	321,6268 (53,604A)	94,508	18,448	17.43 (2.91A)	3.43 (0.57A)	382,8513 (63,808A)	134,575	26,915	14.22 (2.37A)	2.84 (0.47A)

*1946 statistical figures are based on Chung-hua Min-kuo T'ung-chi Nien-chien 1948 [The Statistical Year Book of China], Nanking, Bureau of Statistics, 1948, pp. 70-71. For 1955 data: (1) the rural population figures are from the census of 1953, New China News Agency release of November 1, 1954; (2) the area figures are based on Chung-hua Jen-min Kung-ho-kuo Fen-cheng Ti-t'u [Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1955; (3) the farm household figures are based on a report made by Premier Chou En-lai, New China News Agency release of September 24, 1954.

(Table 1 faces p. 739.)

162 calculate the relation of the rural to the urban population by the ratio of 86 to 14, the figure of the rural population amounts to about 135 million, leaving 21 million city dwellers.[2] How the Communists arrived at this arbitrary ratio for rural and urban population had not been explained.

162 311 The average acreage per farm household and per capita is even lower in 1955 than in 1946, because of the increase in rural population. The comparison of these marked changes is shown in shih-mou with equivalent acres given in parentheses in Table 1.

2. Ibid.

311 Note that the average farm in Fukien is only 10.21 shih-mou (1.7 acres), the smallest in this region; while that in Anhwei is 17.82 shih-mou (about 3 acres), the largest.

II. THE LAND-REFORM PROGRAM OF EAST CHINA

423 185 In February 1950, the provincial authorities of East China began preparations for the introduction of "Land Reform." In July 1950 work began on propaganda, the mobilization of the masses, the training of cadres, and the carrying out of experiments in selected districts. In September 1950 and again in November, conferences were held to examine the result accomplished in the experimental areas.[3]

Since the middle of December 1950, the work of land reform had been developed extensively in the "new liberated areas," and the finishing touches had been put on the "old liberated areas." In April 1951, because of intensification of the "spring cultivation campaign," the Land Reform Movement was suspended for a time. After the summer harvest, the holiday period of the peasants was utilized for the resumption of the "reform" campaign. By the end of September 1951, in both new and old "liberated areas,"

3. Chieh-fang Jih-pao [Liberation Daily] Shanghai, November 29, 1951.

FOUR

Location

Shanghai's Hinterland

"The first and most natural root of a great city is the labour and populousness of the adjacent country, which supplies the materials of subsistence, of manufactures, and of foreign trade." [1] Shanghai is a great city primarily because it stands at the apex of the most fertile and populous area of comparable size anywhere in the world, the lower Yangtze basin.

The Yangtze watershed totals 750,000,000 square miles, or half of China proper, and has a population of approximately 200,000,000. The section of the river's basin which we may call the fertile triangle, bounded by Chinkiang, Hangchow, and Shanghai, an area of about 20,000,000 square miles, has an estimated population of 40,000,000, or an overall average of about 2,000 inhabitants per square mile. Nearly 80 per cent of the total land area is cultivated (map 10), and this region stands out as one of the three most widely cultivated in China (the Red Basin of Szechuan and the north China plain being the other two). Nodes of commerce are thickly scattered over the fertile triangle, which contains three cities of over half a million population (Hangchow, Soochow, and Shanghai — map 5). The Yangtze delta supports by far the densest single concentration of population in China for an area of similar size (map 7). The river's course is marked by successive clusters of settlement, terminating westward in the densely peopled Red Basin of Szechuan.

Of the other major cities of the lower Yangtze basin, Hangchow, Soochow, and Nanking were all at one time imperial capitals, and all have remained important commercial and industrial centers. Hangchow and Soochow are still among the three or four leading cities in China in silk reeling and weaving, and both act as central places for the surrounding rice and silk areas of the delta. Nanking

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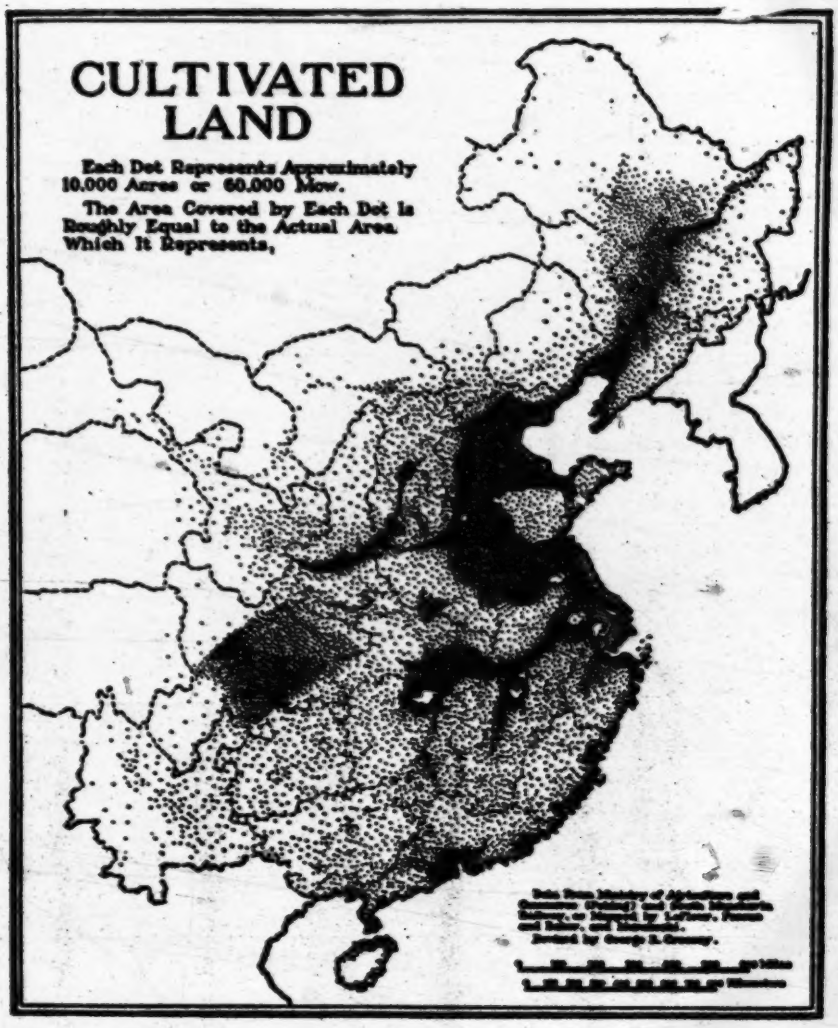

Map 10. Distribution of Cultivated Land in China (reproduced here by the courtesy of the McGraw-Hill Book Company, Inc., from G. B. Cressey, *China's Geographic Foundations* [1934]).

[p. 134]

the areas immediately north and the leaching of the areas immediately south. It shares with most of south China however a soil which has a high clay content and is thus suitable for wet-rice cultivation in paddies. Of equal importance for the soil with the amount, distribution, and nature of the rainfall is the continual renewal of the alluvium by the Yangtze and its tributaries. While in the absence of frequent floods covering the whole of the area this renewal cannot keep pace with the soil exhaustion attendant on 2,000 years of farming, the material which the rivers bring down and deposit is a highly fertile mixture of well-varied origin containing in particular considerable calcium.[1]

Rainfall over the fertile triangle as a whole averages about 43 inches annually, and falls largely in gentle showers. The peak in late April, May, and June is especially favorable to agriculture, coming as it does during the planting season for most crops in this area and continuing through the first important weeks of early growth. These are the so-called plum rains (*pai-yü*), accompanying weak cyclonic storms whose effect is somewhat lessened by the counter influence of the monsoon wind system of east Asia. The growing season is long, averaging 287 days at Shanghai between killing frosts, 291 at Nanking, and 307 at Hangchow.

Relief forms almost no obstacle to cultivation. For the triangle as a whole, about 80 per cent of the total land area is cultivated (eliminating the area covered by lakes), the highest figure for an area of comparable size in China, according to J. L. Buck's figures.* The

* J. L. Buck, *Land Utilization in China* (1937). This is a highly statistical study, whose limitations are obvious in dealing with a largely illiterate peasant society where accurate or complete statistical information is unobtainable. Buck's figures have often been used too literally, but since they are virtually the only ones available on a national basis they may be used to advantage if it is realized that despite their detail they are no more than approximations, arrived at by Western methods whose applicability to the traditional Chinese society is questionable. Their safest use is as estimates of orders of magnitude. Subsequent citations here from Buck's work should be read with these considerations in mind.

Buck's figures have the advantage of considerable regional detail. Since the discussion of food production and marketing here is largely limited to the fertile triangle, Buck's statistics are more readily usable than others gathered or presented on a provincial basis. However, reference should be made to some of these more general studies by Chinese, of agriculture and of rice production, which bear on the problems treated here, and which I have used in a general way in addition

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311 The extensive system of lakes articulated with Tai Lake is by no means
226 lost to agriculture, since most of these bodies of water are shallow
244 enough to permit widespread aquiculture of water chestnuts and lotus (whose roots form an important part of the local diet), as well as supporting a considerable fishing industry on both an exploitative and a farming basis.[2]

311 Cultivation within the triangle is at least as intensive as in any
241 other part of the world. The growing season allows only one crop of rice, but winter crops of wheat and rape seed harvested in May occupy the rice fields after they are drained following the rice harvest in September-October. Cotton is planted in dry fields at the same time as rice in early May. Broad beans are usually intercultivated with the cotton. West and northwest from Soochow as far as the northern tip of Tai Lake as much as 20 per cent of the cultivated area is devoted to mulberry, but even here rice is dominant, and over the triangle as a whole occupies about 75 per cent of the total crop acreage. Vegetables are grown in small plots by nearly every farmer, and within a day's boat travel of Shanghai (approximately 30 miles) they rank third (after rice and cotton) in total acreage.[3]

241 Intensive cultivation is decreed by the dense population characteristically associated with deltas in east Asia (the fertile triangle is one of the primary density areas of China), and made possible by the natural fertility of the soil and the ready availability of water. Common usage in the area of the triangle calls for the bodily exchange of soil once in every three years between rice paddies and

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to depending on them at the specific points for which they are cited below. They would include C. C. Chang, Agricultural Statistics (1930), and *China's Food Problem* (1931), Chiang I-shih, Production of Various Cereals (1947), Chao Lien-fang, The Problem of Rice Production (1947) — including estimates from the early 1930's of the amount of cultivated land in rice, by provinces — Chiang Hsüeh-chai, A New Estimate of the Supply and Demand (1936), Feng Hu-fa, Source Materials (1935), Kuo Ming-hsüeh, Chinese Agricultural Resources (1948), Shen Tsung-han, Chinese Food Problems (1947), and *The Agricultural Resources of China* (1951), and T'ang Chi-yu, *An Economic Study of Chinese Agriculture* (1924) — including figures as of 1920 for rice production and cultivated land in the seven leading rice provinces. Wang P'ei-hsün, The Volume of China's Food Imports and Exports (1947), is a brief general discussion of China's foreign trade in food commodities as an introduction to selected statistics from individual ports.

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silt.[5] A foreign resident writing in 1915 took a gloomy view of the city's future because he considered that six storeys was the maximum possible for buildings on this site.[6] These problems have been overcome, at considerable expense, by floating the taller buildings on concrete rafts in order to provide a stable foundation adequate to support structures which would otherwise sink into the alluvium. Until the first experiment with this method in the building of the new Shanghai Club in 1910, large buildings had been set on wooden pilings driven into the silt, and great care was necessary to prevent unequal settling. Shanghai's twenty-storey hotels and public buildings, erected during the 1920's and 1930's, float on their concrete rafts in this jelly-like subsoil, a scant 800 miles from the major earthquake belt running through the Japanese islands, but fortunately in the hundred-year history of the foreign settlements, no serious shocks have occurred.

Surface drainage has also been a constant problem in the development of modern Shanghai. The original site[7] (adjoining the walled Chinese city — map 6) as the British found it in 1842 was a typical agricultural landscape of the Yangtze delta: wet rice paddies and dry cotton fields, crisscrossed by creeks and canals, and with occasional clusters of family villages. This land was subject to frequent floods at high tides by the tidal inflow of water from the Yangtze and the resultant backing up of fresh-water outlets (primarily Soochow Creek and the Whangpoo), and until recently it was still flooded nearly every year in late summer by typhoon winds from the east and accompanying heavy rains. The land within the metropolitan area was gradually raised by filling to permit the building of roads and houses. Filling was easier and cheaper than artificial drainage for all but the swampiest areas and proved adequate for the growth of the city, but it was accomplished only at a considerable expense of money and energy.

The commercial core of the city, concentrated along the Whangpoo frontage, remained regularly subject to flooding. One of the first public works projects to be carried out under the Communist administration (which has attempted to make Shanghai a showplace of efficiency as an advertisement of the virtues of the new regime) was the filling of the lowest places in this downtown area, particu-

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larly its major commercial artery, Nanking Road, which follows fairly closely the course of a small creek culverted early in the period of foreign occupance (map 6). It was thus one of the most frequently flooded areas in the city. Paving along this heavily traveled street through the heart of the hotel and retail district was removed for nearly a mile back from the river, and replaced after the ground level had been raised sufficiently to protect it from all but the worst floods.

The numerous tidal creeks (map 6), characteristic of the lower delta, were useful in the early days of the Settlements as master drains and for demarcating legally and defending militarily Settlement boundaries. They were also used for carrying off sewage, where their tidal ebb was an advantage, and for movement of goods within the city and to and from the hinterland. The so-called Defense Creek at the western limit of the British Settlement of 1848 (map 6) was culverted and covered with a roadway in 1906, a few years after the Settlement had reached its greatest areal extent in 1899, but the Yang Ching Pang, which formed the boundary between the French and International Settlements on the south, remained an open sewer and transport artery until 1915, when as an enclosed culvert it was covered over with a broad boulevard named Avenue Edward VII as a gesture of ideological if not political unity between France and Great Britain. The remaining uncovered creeks are still important transport arteries, and as such key factors in the economic life of the city. While Shanghai has at least to this extent turned its delta site to advantage (and in a largely unique way as we shall see below), the problems which the delta has presented far outweigh its benefits.

The City

The site of the original British Settlement, on the left bank of the Whangpoo at its confluence with Soochow Creek, was determined by the existing walled Chinese city just upstream, whose trade had attracted British interest in a concession there (map 6). Soochow Creek, the original natural and later canalized waterway to the leading delta city of Soochow for which Shanghai served as the port, was the primary factor fixing the Chinese city, and it was

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naturally built on the outside of the bend in the Whangpoo, where 361
tidal scour cut a channel and where it could tap a larger hinterland than on the inside of the bend. It may be assumed that the Chinese city was originally at the junction of Soochow Creek and the Whangpoo, and that since its founding in approximately the fourth century A.D., deposition and alterations in the character of both Creek and River (see the next section of this chapter) have left the city on the Whangpoo about 5000 feet upstream from the Creek's mouth. A considerable area was thus left between the city walls and the mouth of Soochow Creek, and here the British Settlement was established.

Sir Henry Pottinger, head of the British delegation at the Treaty of Nanking, selected the site for the British Settlement at Shanghai on his way back from signing the Treaty, his choice being influenced by strategic considerations.[8] The area he fixed on was the little square bounded on three sides by defensible waterways and on the fourth by the navigable Whangpoo (map 6). The main suburbs of the Chinese city lay between its wall and the Yang Ching Pang, while north of this creek the land-use was agricultural.

The boundaries of the original British leasehold of 1843 and later 364
additions, and of the original French leasehold of 1849, made close 312
use of existing waterways. These were useful not only for demarcation and defense, but also for sewage disposal, drainage, and transport, although not for drinking since they were both brackish and polluted. Roads (including Nanking Road) were built over many of these streams, but they continued to act as sewers. The course of 503
Defense Creek and its junctions suggest that it was canalized for at least part of its length and diverted to supply the moat of the Chinese city, supplementing the water also received from the three other creeks emptying into the moat.

There are no contemporary accounts of natural levees anywhere 133
on this site in 1843, and the possibility of their existence is lessened 361
by the contemporary pattern of streams and canals as it can be reconstructed from period maps and records. Possibly the material which must have been deposited by Soochow Creek and Whangpoo flood waters along their respective banks was continually removed by local farmers in order to spread the alluvium over their fields

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make an overall width more than double the original thirty feet. At 503
the northern end of this embankment, at the mouth of Soochow 367
Creek, the Council made use of some gratuitous real estate, deposited by the Creek around the hulk of a sailing ship wrecked there in 1851, and soon made part of the mainland by continued deposition, for the establishment of a park on the river side of the Bund. A broad boulevard was built from Soochow Creek to the Yang Ching Pang along the new embankment (later extended by the French into their Settlement), and this artificially preserved freeway has been maintained by the modern city as its chief showplace and promenade ground, lined to landward by hotels, banks, trading houses, and public buildings, but on the river side by unsightly floating wharves (necessitated by the annual tidal range of 13.6 [133] feet) and mud flats exposed at low tide.

On this problem also the Communist administration of the city 367
have expressed themselves in another project to dress up China's modern front door to the West. The current project for the Bund (now largely completed) calls for the removal of the railway and street car lines which have run down the middle of the broad embankment, with attendant rickshaw stands and cargo stations, and their replacement by an island to be planted with grass and trees, in a reversion to the original late nineteenth century pattern. Planting is also to be added on the river side of the Bund, to provide some screen in front of the harbor functions which are too important to move, however unsightly.

Water Supply

Water for drinking and for the manifold needs of a large city has 312 ●
been a perennial difficulty, since the brackish Whangpoo is high in carbonates and indifferently potable, while most local wells yield an even less desirable and more limited supply. Only the relatively modest demands of most of the Chinese population and the absence of any large pure-water consuming industries make the water supply adequate for such a large city on this site.

Until 1883 all water used by the foreigners for drinking (aside from that drawn from the few local wells) was dipped from the Whangpoo or Soochow Creek (and by the Chinese from the other

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312 creeks and canals as well) and settled in earthen jars with the help of alum to precipitate the mud. The water was then boiled and cooled, but this beverage was not held in much favor by the foreign community, and beer, wine and spirits imported from abroad filled most of the needs of at least the male foreign residents, aside from 364 the missionaries. In 1883 a foreign-owned and directed water company under contract to the Shanghai Municipal Council began to supply water to the foreign community in pipes, and this service was gradually extended to Chinese residents of the Settlement after 1884, primarily to help prevent disease, which could so easily spread. This water, pumped from the Whangpoo, was purified by slow sand filters, alum, and chlorine, but it remained unpalatable and was distributed to less than 10,000 users in all until the turn of the century. The intake for this plant has remained on the Whangpoo below the city in south Yangtzepoo.[11]

Location downstream from the city enables the plant to draw on the tidal inflow from the Yangtze, which is less contaminated, fresher, and less muddy near the surface than what the Whangpoo brings down. The widespread use of city refuse of all kinds for fertilizing fields and for filling low-lying land makes a downstream location so near the city less of a danger than it would be in most 133 Western cities. The Whangpoo may originally have been a tidal salt water creek which later benefitted from stream piracy in making connections with a fresh-water stream or streams farther inland as its own headwaters. Such a possibility is suggested by the Whangpoo's short total course compared with the volume of water it carries, by the sharp right-angle bend it makes in flat alluvial country about ten miles above Shanghai (map 5), and by what is known of the hydrographic history of this area, which is discussed in greater detail below.

364 This private British-owned company, the Shanghai Waterworks Ltd., continued to provide about half of the piped water supply of the entire city until 1936, by which time it distributed a daily average of about 54 million gallons. It was supplemented in 1903 by a company owned by the government of the French Settlement with an intake above the city on the Whangpoo, and also using sand filters, alum, and chlorine to supply a daily average of about 32 million

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gallons by 1936. Two Chinese-owned waterworks were also in operation, one in Chapei (part of the Chinese municipality — map 3) established in 1921 and drawing water from an intake on the Whangpoo just above Woosung. This was the largest Chinese-owned waterworks in China, and supplied an average of about ten million gallons daily. The other Chinese waterworks was built in 1906 in Nantao, with an intake just upstream from that of the French company, but it operated intermittently until 1930, and by 1936 supplied only about three million gallons daily. These two Chinese waterworks served a tiny fraction of the Chinese population outside the foreign settlements, primarily in the areas immediately adjoining the Settlements on the northwest and south. Both plants used sand filters and chlorine to purify their water, but in 1926 the supply of the Chapei company was found to be grossly polluted and probably responsible for a cholera epidemic in that year in which several foreign as well as several hundred Chinese cases were reported.[12]

Aquiferous sand strata with water pockets of some size underlie parts of the city's site at depths of 100 feet or more, and most of the textile and paper factories have tapped this relatively pure and soft water by wells deeper than those dug during the early days of the Settlement. Drilling in the alluvium is cheap, but while water thus obtained appears to be satisfactory for soft-water using industries, it is questionable whether it is renewable and will not soon be exhausted, and certainly whether it is adequate to supply even a small part of the city's needs.

Despite the chemical purity of the water supplied by at least the two foreign companies, most foreign residents continued into the 1930's to boil and filter it before using it for drinking, an old habit which died hard and which was doubtless prolonged by the unpleasant taste of the heavily treated water. The total piped and treated water consumption of the entire city in 1936, approximately 100 million gallons a day exclusive of private wells, would not have supplied New York in the same year (with a population a little less than twice that of Shanghai) for more than two and a half hours.*

* New York used approximately one billion gallons a day in 1936, according to the 1936 edition of the New York *World Almanac*.

505 drawing fifteen feet and for the same distance at low water for vessels drawing six feet. Smaller steam launches use the river for about 700 miles at all seasons. The Hsi system, however, drains only about 210,000 square miles, and contains no such extensive lowland as the Yangtze basin (map 2).

On the Yangtze there is an all-year ship channel for 5,000-ton ships as far as Hankow, 600 miles from the river's mouth, and a summer (high-water period) channel to Hankow for 10,000-ton ships. Above Hankow, permanent steamship service is maintained as far as Chungking, 1400 miles from the sea, by vessels up to 2,000-tons, and river steamers also operate to Suifu (Ipin, Süchow), 150 miles farther upstream where the Yangtze leaves the mountain mass of central Asia and is joined by its navigable tributary, the Min, from the western part of the Red Basin of Szechuan. Map 4 shows the extent to which the river's tributaries are navigable by different sized ships (Suifu on this map is referred to as Süchow). The total of inland waterways navigable from Shanghai by junks at all seasons (excluding the canals of the delta) is nearly 30,000 miles, reaching approxi-
434 mately 200,000,000 people. This transport network is reflected in the fact that Shanghai between 1865 and 1936 handled between 45 and 65 per cent of the total foreign trade of China by value.

503 The Yangtze system feeding Shanghai is reproduced in miniature
505 within the delta itself (map 5). A maze of canals dissects the fertile triangle, connecting with natural waterways to form through water links between every village and town in this area and from
[312] all of them to Shanghai. The canals are used primarily for transport, but they also serve as sources of irrigation water for wet paddies and as community water supplies, in addition to providing drainage, which may have been their original purpose.[2] The alteration of the natural environment which the canals represent has been in progress for at least the last 2,000 years, and now constitutes probably the largest concentration of artificial waterways anywhere in the world.

When the canals are added to Tai Lake and the chain of smaller lakes to its east, the Yangtze, the Whangpoo, Soochow Creek, and many smaller rivers in this area, the landscape becomes an enormously magnified Venice. Within a radius of at least 100 miles from Shanghai it is possible to go from any village or town to any other

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of three scattered years in which either the tea or silk crop failed.[6] 439
The merchants in foreign trade at Shanghai deplored the success at their expense of tea cultivation in India, Ceylon, Japan, Java and Formosa, and of silk production in Japan. But they were nevertheless able to maintain the volume of tea and silk exports from Shanghai until 1930 at the same time that they were adding to the list of exports a variety of new goods which in the aggregate after 1890 were increasingly more important than tea and silk combined (table I).

Among the new exports were two new virtual monopolies: pig bristles and wood oil (t'ung oil), both produced predominantly in Szechuan and both marketed predominantly through Shanghai.*[7] [237 314]
But together with the increasing commercial exploitation of the entire Yangtze basin after 1860, in which wood oil and bristles played a prominent part, the end of the century also saw the rising importance of manufacturing in Shanghai. Agricultural and animal products (or raw materials in general) remained the majority of Shanghai's exports through 1930, but their prominence continued to decrease after 1890 as textiles and other manufactured goods increased in importance. Raw cotton disappeared from the list of major exports after 1910 as it was increasingly in demand in Shanghai textile mills, and exports of miscellaneous manufactures finally exceeded exports of miscellaneous raw materials in 1930 (table I).

Table II showing imports demonstrates that the relative decline in opium was not due to the prohibition of its import as much as to the spread of opium cultivation in China and the ease with which Szechuan opium could compete in Shanghai with foreign opium (see above, Chapter Seven). The table shows that by 1890 opium accounted for only 22 per cent of Shanghai's imports by value (as against an estimated 54 per cent in 1850), but the import of opium was not legally abolished until 1917 (an international convention in 1911 increased the duty on opium imports and fixed

* China's trade in pig bristles has recently been severely cut into by the use of nylon bristles, and the trade in wood oil has also been badly damaged by the increase in domestic production in the United States (China's chief market for wood oil) during and since the war, and by the use of substitutes and synthetics.

402 Machinery produced in Shanghai has been used
433 in many construction projects elsewhere, including the Yümen oil field in Kansu, the new automobile manufacturing plant in Ch'ang-ch'un, and other factories in Manchuria. Shipbuilding, another branch of heavy-machinery manufacturing, is also highly developed in Shanghai.

IV. SURVEY OF SELECTED INDUSTRIES IN EAST CHINA

The above general review may be further supplemented by a brief discussion of some selected industries.

A. Coal

316 There are relatively few large coal
433 mines in East China. Among the most important are Huai-nan in Anhwei, Tzu-po and Tsao-chuang in Shantung, and Chia-wang in Kiangsu. Total coal production in East China may be roughly estimated at 5.3 million tons in 1949, which rose to 11.1 million tons in 1953.[10] Twenty per cent of the region's total

10. Estimated from the following sources: Hsin-hua Yüeh-pao [New China Monthly], Vol. I, No. 2, Dec. 15, 1949, p. 410; People's Daily, Peking, No. 16, 1952; New China News Agency, Peking, Dec. 29, 1953, and Jan. 11, 1954.

316
433 production was derived from Huai-nan; Tzu-po and other mines in Shantung probably contributed about 75 per cent. On the other hand, total coal consumption by the electric utility and industrial plants in Shanghai alone amounted to no less than 7.9 million tons in 1953, while for the region as a whole the corresponding figure would be about 11 million tons.[11] Obviously, such consumption requirements, which did not as yet include demand for railway and bunker fuel as well as household consumption, could not be met out of the region's own coal production.

The Huai-nan coal mine, as mentioned earlier, is one of the few large construction projects earmarked under the first Five-Year Plan in East China. After the adoption of new mechanized production methods allegedly suggested by Soviet experts, the Communists reported a tenfold increase in production in 1952 over the corresponding figure in 1949.[12] Sinking of a new pair of coal shafts was started in March 1954, and construction was started on two additional pairs of vertical

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11. Estimated from: Wen-hui Daily, Hong Kong, Aug. 26, 1953; New China News Agency, Peking, Jan. 11, 1954.

12. Kung-jen Jih-pao [Workers' Daily], Peking, Nov. 15, 1952.

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316 433 shafts in the latter part of the same year. The shafts are scheduled for completion in 1957.[13] Capital investment was said to have been stepped up during 1955 when total annual investment was to equal the entire amount invested in 1951-1954. The reconstruction of four pits was said to have been completed in April 1955, raising the mine's output by 17 per cent.[14] The same report also mentioned the construction of more new shafts than the number mentioned in the report of the preceding year. Total production at Huai-nan, according to the Five-Year Plan, will reach about 6.85 million tons in 1957, which, if accomplished, will make it one of the largest mines in the country outside Manchuria.[15]

B. Electric Power

377 Since the establishment of the Communist regime there has not been any report on the construction of large thermal power plants in East China. According to a comparatively complete report in 1948, there were 23 electric utility plants in this area, ranging

13. New China News Agency, Hopei, March 16, 1954.

14. Survey of China Mainland Press, Hong Kong, April 15, 1955, No. 1,028, p. 30.

15. Ta-kung Daily, Tientsin, July 30, 1955.

[135] China has significant deposits
439 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

439 316 Consular and Customs reports from Shanghai during the early decades of the modern city show that it depended almost entirely on overseas imports of coal. There was a large movement in ballast from England to Shanghai from the opening of the port to foreign trade in 1843 through the period of the 1860's, when foreign merchants had difficulty finding a market for foreign goods in return for China's tea and silk.[43] It was consumed largely by the coastal, river, and ocean vessels fueling at Shanghai.[44] This relatively cheap ballast coal from England was however gradually replaced after 1870 by even cheaper coal from Nagasaki in Japan and from the large Chinese government-operated Keelung mines (subsequently taken over by the Japanese in their conquest of Formosa in 1895) at the northern tip of Formosa, opened in 1875. Both of these new sources were on tidewater and coal from both could move to Shanghai as part of the growing volume of east Asian maritime trade.

316 438 The first large-scale coal mine in China was opened at Kaiping, Hopeh, in 1878,* (map 9), and the first shipment from Kaiping to Shanghai arrived in 1881, but this coal was unable to compete with Japanese imports at Shanghai until after the turn of the century. By 1930, the Kaiping mine accounted for 23 per cent of China's annual coal production.[45] Kaiping was connected by rail to Tangku and Tientsin in 1888 (the first permanent railway in China), and to Shanhaikuan, via Chingwantao, in 1894. At Chingwantao, 79 miles by rail north of Kaiping, a seawall and wharves were built between 1899 and 1902 to permit shipment of Kaiping coal from this port, where there was no bar as at Tangku.[46] [503]

438 439 This facilitation of transport, and the relatively short rail-haul from the mines to Chingwantao, were undoubtedly factors in the increased ability of Kaiping coal to compete in the Shanghai market after 1902. In the 1890's, with the assistance of French capital, another new supply of coal appeared on the east Asia market, from Indo-China. The mines, located on tidewater near Haiphong (map

* This was the Kaiping Mining Bureau, organized at the instigation of Li Hung-chang in 1878, and later (1912), after a period of British control (1901–1912), reorganized as the Kailan Mining Administration, a joint Sino-British undertaking and one of the pioneer modern industrial enterprises in China. For a valuable account of its development, see Ellsworth Carlson, *The Kailan Mines* (1949).

9), could compete in Shanghai with Japanese, Formosan, or north China coal. 439 438

The table below estimates the relative rank of major sources for Shanghai's coal in the 1930's, by percentages of total tonnage of coal delivered in Shanghai in each year from all the sources listed.[47]

Source	*1931*	*1932*	*1933*	*1934*	*1935*	*1936*	*Average 1931–36*
Kaiping (Hopeh)	37	46	37	36	37	36	37.5
Tzuchuan-Poshan (Shantung)	7	6	11	17	19	22	14.0
Japan (ex-Nagasaki)	18	16	15	8	5	3	10.8
Fushun (Manchuria)	19	13	13	6	3	1	9.5
Anhwei (mines on Yangtze)	—	—	9	10	14	23	9.2
Chunghsing (Shantung)	8	8	6	12	12	8	9.1
Haiphong (Indo-China)	4	6	6	5	5	5	5.3
Shansi (mine(s) unspecified)	7	5	3	6	5	2	4.6
	100	100	100	100	100	100	100.0

Mainland places mentioned in the foregoing table will be found in map 9. The Poshan and Tzuchuan mines were located in the major coal field of Shantung. Both mines began to produce coal on a large scale in the late 1920's, after they were connected by rail to Tsingtao, approximately 175 miles away. Tzuchuan and Poshan coal moved to Shanghai largely by rail to Tsingtao and thence by sea, although there was some rail shipment via Nanking and thence to Shanghai via the Yangtze. Fushun was linked by rail with the port of Yingkow (Newchwang), 120 miles to the south at the mouth of the Liao River, as well as by limited water transport on the river, and by rail with Dairen, Manchuria's leading port, 210 miles to the south. The mines in Anhwei were located along the Yangtze, but production was not begun on a large scale until after 1932. The Anhwei coal deposits are relatively small and their exploitation is more expensive than in the larger Chinese mines, such as at Kaiping. Only their location along the Yangtze made their exploitation profitable as a source for Shanghai's coal supply. Coal from Chunghsing in Shantung moved 120 miles by rail to Haichow, and thence to Shanghai by sea. Shansi coal entering Shanghai came principally from the mines at Tzu- 438 316

438 chou, and moved to both Tientsin and Haichow by rail, whence it
316 traveled to Shanghai by sea.

The figures for coal imports from Japan and Manchuria in 1931,
439 1932, and 1933 listed in the foregoing table owe their size primarily
438 to Japanese dumping of coal on the Shanghai market in these years at a price which was often less than two-thirds of the domestic price of coal in Japan. The table shows that while this dumping did not greatly affect sales of Kaiping coal in Shanghai, it did cut into the Shanghai market for Shantung coal in particular (Tzuchuan, Poshan, and Chunghsing). This may suggest, in the absence of complete available price figures, that Kaiping coal was relatively cheap in Shanghai and that Shantung coal was relatively expensive. A reason for this difference may be found in the long rail-haul necessary for coal moving from Shantung mines to Shanghai (120 miles from Chunghsing and 175 miles from Tzuchuan-Poshan), compared with the shorter rail haul of 79 miles for Kaiping coal to Chingwantao.

[497] Railway figures show that coal shipments arriving in Shanghai by rail in the years 1931, 1932, and 1933 averaged less than one-quarter of the railway coal shipments recorded for 1930, 1934, 1935, and 1936.[48] Apparently direct rail haulage of coal from Shantung (or from other sources) to Shanghai was not profitable in the face of Japanese dumping in Shanghai. Figures of the Maritime Customs for these years show no significant falling off in seaborne cargoes of coal arriving in Shanghai between 1931 and 1933, and in fact record a slightly higher average for these three years than for the years immediately preceding and following them, readily explainable in terms of larger imports of the unnaturally cheap Japanese coal for inland distribution as well as for consumption in Shanghai. In any case, Kaiping coal apparently had no difficulty in maintaining its position on the Shanghai market despite Japanese dumping.

438 Shanghai drew most of its coal from sources closely oriented to
316 water transport. Coal deposits are widely distributed over large areas of north and central China. While Shanghai received its largest supply from Kaiping mines near the coast, and a relatively constant supply from the mines on tidewater at Haiphong, it drew

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inland coal only from Fushun (on a navigable tributary of the Liao, and normally the cheapest pit-head coal in East Asia due to easy extraction from huge open-pit mines), Anhwei (deposits along the Yangtze), Shansi (China's major coal reserve), and Shantung (the nearest large coal deposits to Shanghai). The Chinghsing mines in Hopeh could not depend for transport on their largely unnavigable river connections with Tientsin, 190 miles away by rail. 438 316

The accompanying table lists the average annual production (in millions of tons) of the major coal-producing provinces of China in the early 1930's.[49]

Province	*Production*
Hopeh	7.7
Shantung	3.5
Shansi	2.7
Honan	2.1
Szechuan	.9
Hunan	.6
Anhwei	.6

Hopeh, with its Kaiping mines 79 miles by rail from the port of Chingwantao, supplied the largest share of Shanghai's coal for the period 1931–1936 (37.6 per cent). Shantung, immediately north of Kiangsu and the nearest large coal producer to Shanghai, but with limited water transport, supplied an average of only 23.1 per cent of Shanghai's coal during the same period. Inland Honan, Szechuan, and Hunan do not figure as sources of Shanghai coal. Anhwei, also without a seacoast, but with mines along the Yangtze, accounted for 23 per cent of Shanghai's coal supply by 1936. Landlocked Shansi, China's third producer of coal accounted for less than five per cent of Shanghai's coal supply for the same period. Overseas coal imports (Japan, Manchuria, and Indo-China) accounted for 25.6 per cent of Shanghai's coal supply for the period 1931–1936, or more than any Chinese province except Hopeh (see table above on p. 185). 439

Ting estimates that for China as a whole in the period of the 1930's domestic coal was moved 70 per cent (by weight) by rail, and 438 461

288 Textile Factory at Tsingtao that a woman worker, Ho Chien-hsiu, developed her accelerated method of work which won her international recognition (at least among the Soviet nations) as a "labor heroine." A convalescent hospital and rest camp for "model laborers" has been established at the famous beach resort.
489 The port of Tsingtao, whose extensive rail spurlines connect the wharf with nearby warehouses, has a breakwater over 1,300 feet in length.

The Tientsin-P'u-k'ou Railway passes Tsinan, Tzu-yang , and Hsü-chou . Hsü-chou is in Kiangsu Province and has been the locale of many decisive battles in ancient and modern Chinese history. The Lunghai Railway links Hsü-chou with Lien-yün-kang on the coast. Lien-yün-kang, with a wharf of about 1,000 feet in length, is not an extensive port.

There is no north-to-south railway in Kiangsu Province, but the highway net is a complete one. The Grand Canal connects many eastern Kiangsu cities with Yang-chou , [317] formerly a noted resort. Besides luxury and comfort, Yang-chou also offers a large supply of salt produced in the lower Hwai River area.

489 361 In southeast Kiangsu the communication center is, of course, Shanghai. This city, the largest in the Far East, must rely on the

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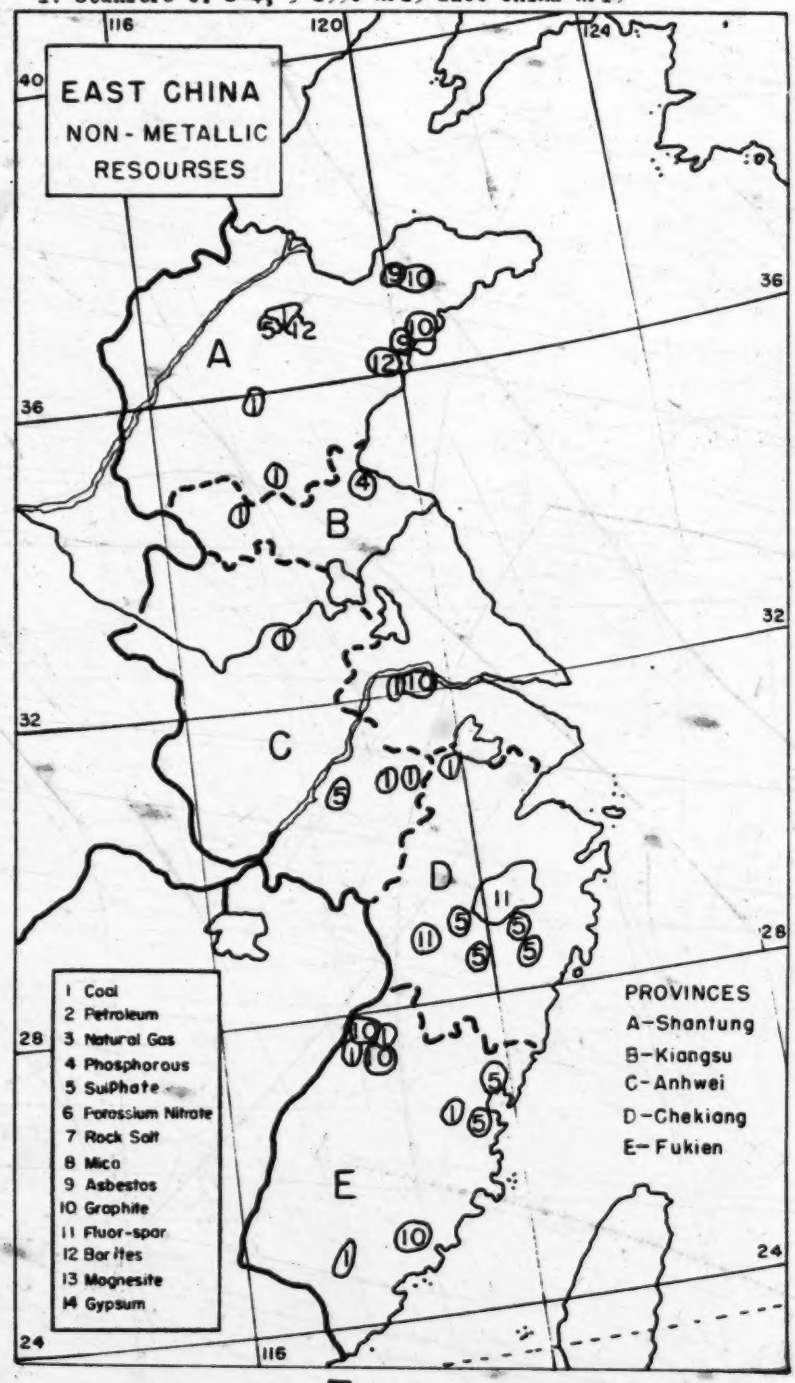

[Face p.769(c)]

[135] China has significant deposits
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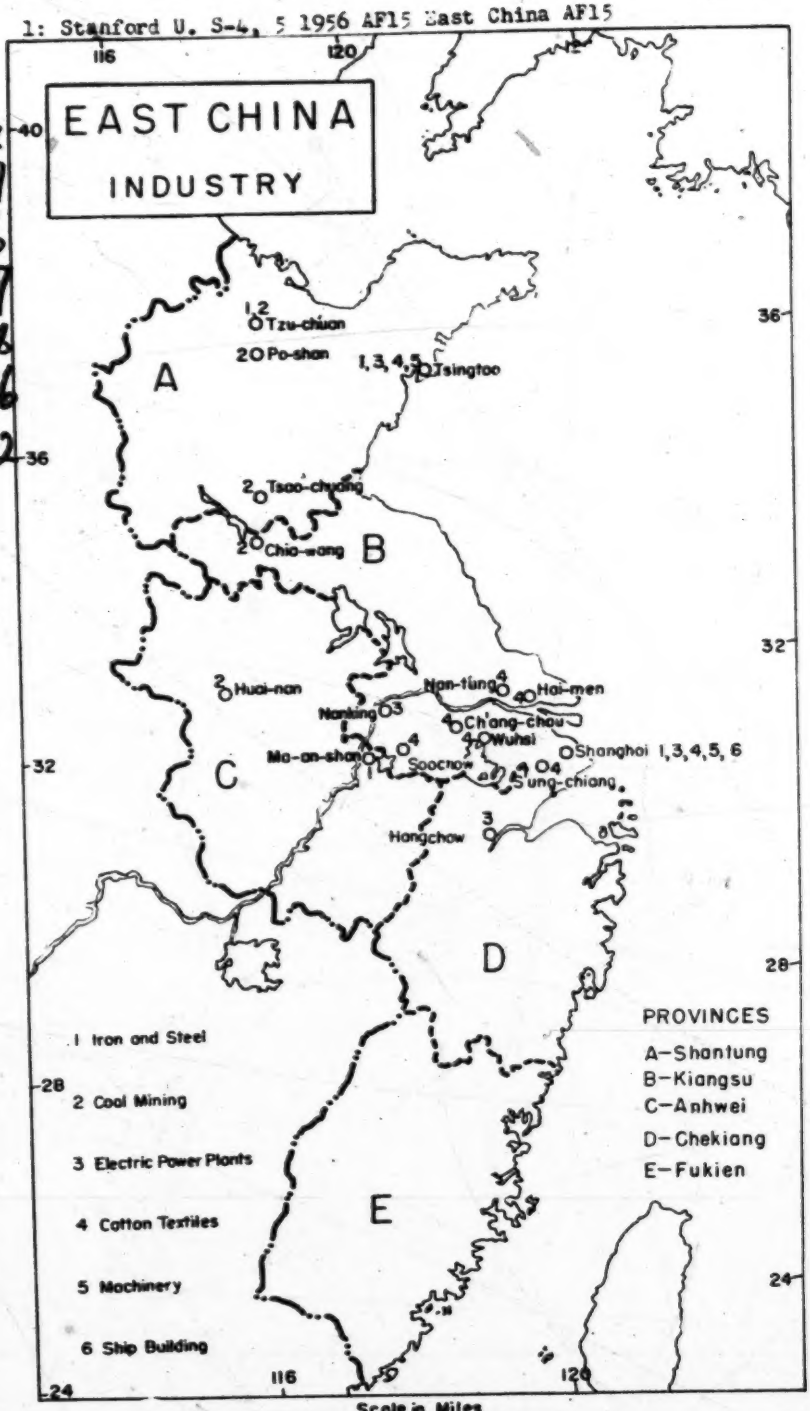

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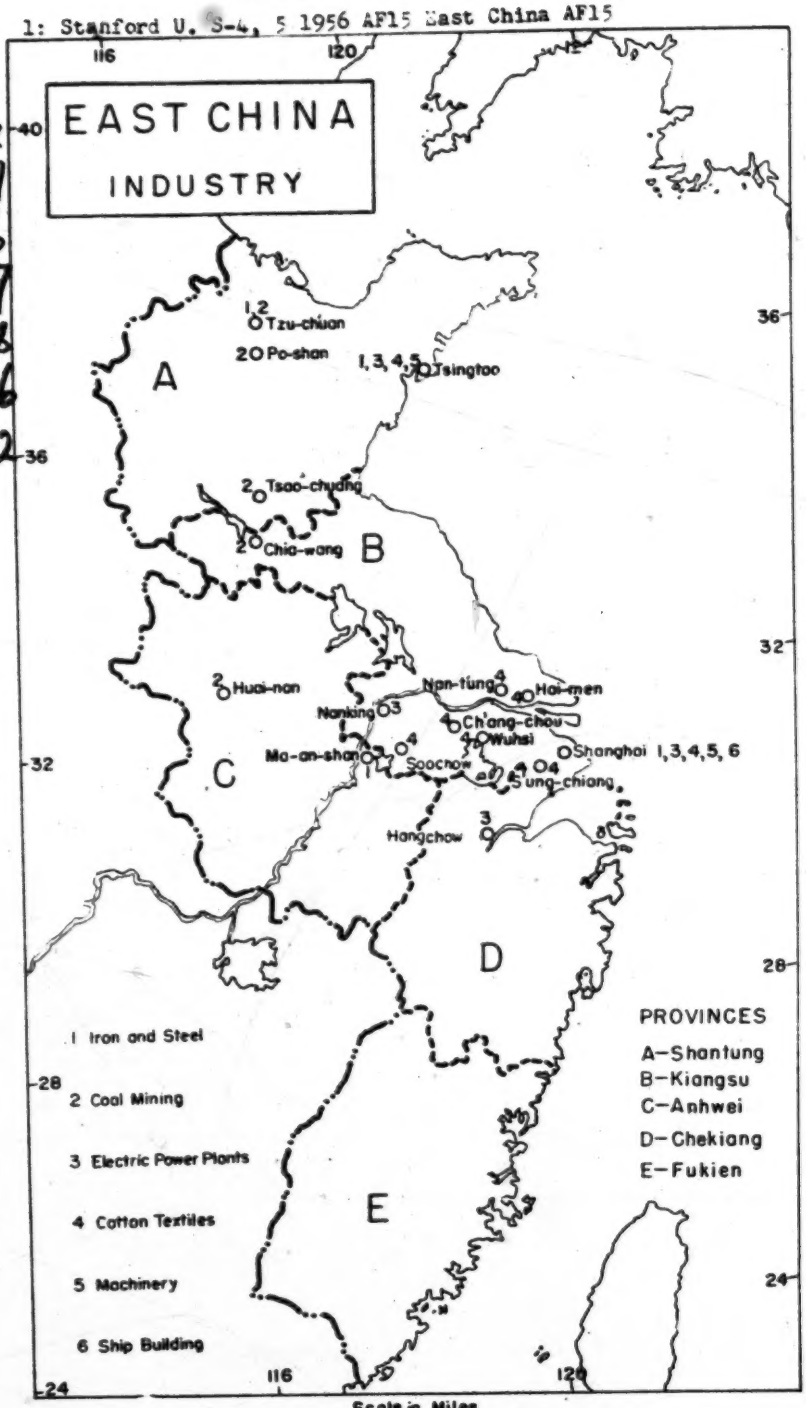

[Face p. 769(a)]

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377 carried out both to reduce foreign exchange outlay and as a countermeasure to the Nationalist blockade. However, this development has led to even greater dependence on coal which, as we have seen, is by no means easily available in East China.

C. Iron and Steel

●327 433 As for the iron and steel industry in this region, two large blast furnaces were installed by the Japanese at Tsingtao in Shantung Province during 1943 and 1944. These had an estimated annual capacity of 110,000 tons of pig iron.[21] At Ma-an-shan in Anhwei Province the Japanese also planned to erect 20 small blast furnaces with an estimated capacity of about 73,000 tons.[22] Two small blast furnaces with an estimated capacity of 16,000 tons a year were also reported in operation during World War II.[23] Recent information has been lacking in detail, although it is known that the Ma-an-shan plant is being expanded under the Five-Year Plan and that pig iron shipments from Ma-an-shan to Shanghai have been in progress.

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21. Foreign Minerals Survey, Washington, D.C., Department of Interior, Jan. 1948.
22. Ibid., Vol. II, No. 7, pp. 35.
23. Ibid.

327 There are two principal steel works in
433 East China, the Shanghai Iron and Steel Works and the Hsin-ho Iron and Steel Works, both located in Shanghai. The former is equipped with two 10-ton open-hearth furnaces and has an annual capacity of about 12,400 tons of ingots and 50,000 tons of rolled steel products. The Hsin-ho works is equipped with two 10-ton open-hearth furnaces and has an annual capacity of 16,500 tons of ingots, 30,000 tons of rolled steel, and 20,000 tons of steel wire.[24]

All in all, however, the iron and steel industry of East China is relatively little developed. This situation is understandable in view of the lack of iron and coal resources in the region.

D. Cotton Textiles

288 Contrary to its backwardness in the
433 production of iron and steel, East China is the most highly developed area in China for the manufacture of consumer products, as we have indicated. In particular, the cotton

24. Chung-kuo Kung-yeh [China's Industry], Peking, April 20, 1950, Vol. I, N . 12, pp. 21-22.

277 all the factory-made cigarettes in China were produced in Shanghai
437 from 1925 to 1935.[18] The Shanghai cigarette factories drew about half of their tobacco from Shantung, 20 per cent from Anhwei, and 20 per cent from Honan.[19] The remaining 10 per cent was imported, mainly from the United States, but the amount imported continued to decline as domestic production of foreign-style leaf increased, and by 1935 it was about half what it had been in 1925, the overall average for the period 1925–1935 being 10 per cent. The magnetism of the Shanghai market gave it a commanding position in spite of its distance from the leaf-producing areas.

• 327 Shanghai industries using large amounts of metal, and the
439 rubber goods industry, were the farthest removed from their sources of raw materials. Virtually all of the steel, ferro-alloys, and non-ferrous metals (with the exceptions of antimony and tungsten) were imported. Until the recent subsidized development program of the Communist Government, large-scale modern production had not been profitable in China proper for either iron or steel, with the exception of three plants which produced mainly from local scrap and which served a local market.[20] These three plants were in Shanghai, and were therefore by definition market-oriented. Two plants in Pootung were established in 1918. One produced steel from local scrap in two open-hearth furnaces of 30 and 70 tons capacity respectively, and the other probably produced no steel (since its "blast furnaces" were of only 12 and 33 tons capacity respectively), but poured iron castings.[21] Both plants worked only sporadically until 1934, when they were shut down. They were reopened by the Japanese in 1938, presumably on a military, and therefore a non-paying basis.[22] (Iron and steel were made for a few years during the war in Chungking, but on a small and uneconomic basis.)

The third plant was the steel-casting unit of the Kiangnan Arsenal, which operated two 15-ton electric furnaces to produce regular plate, high-speed, and armour steel for its shipyards and munitions works, using entirely local scrap. It was dismantled in 1932.[23] Other engineering and metal-working plants in Shanghai had small iron- and steel-casting furnaces of a few tons' capacity, but such small furnaces are necessary in any modern industrial complex for re-working scrap. They do not add to existing stocks.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods. 327 435 135

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27] 439 396

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits [255] 439

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431 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

133 of the river bed indicate an average of about one foot added overall to the elevation of the bed at the river's mouth in each twenty-year period, or about one mile added to the coastline in each sixty-year period.[1]

131 On this basis, the site of Shanghai would have been on the seacoast about 500 B.C., an empirical estimate which agrees with the record of Chinese history. All cities in the delta area east of the line of Sungchiang (map 5) for which there are adeqaute records were founded after the third century A.D.[2] Records of the Eastern Han dynasty (25 A.D. to 220 A.D.) speak of Kunshan, now 80 miles from the sea, as the seaport of Soochow in the second century A.D., but Shanghai has served as Soochow's port since about the fifth century A.D. Tsungming Island in the Yangtze estuary, according to the official gazetteer of the island, first emerged as a habitable sand spit in the tenth century A.D. By the thirteenth century it was sufficiently densely populated to be made a separate *hsien* (county), and at present measures approximately 43 by 8 miles.[3]

Building and Drainage

134 The material on which Shanghai rests is thus totally unconsolidated and presents serious problems for building. An average vertical section shows silt from the surface to about 20 feet, sand to 300 feet, and gravel mixed with sand and silt to about 1000 feet, where some 133 consolidated conglomerate is reached. The water table lies between [503] five and eight feet below the surface of the ground.[4] It may be assumed that before the draining and filling done by the foreigners since 1843, the water table was considerably higher, and that even before 1843 the canals dug by the Chinese provided enough drainage to keep the water table lower than it would otherwise have been considering the soil and elevation of the site.

[447] Foreigners were discouraged to find in 1875 when a bridge was 135 built across the mouth of Soochow Creek * that one blow from the 341 small pile driver employed buried the pilings out of sight in the silt

* "Soochow Creek" is the name given by foreign residents to the Woosung Chiang, originally a much larger stream, which drains into the Whangpoo at Shanghai and connects the city with Soochow, some sixty miles inland. In the interests of clarity and consistency it will hereinafter be referred to as Soochow Creek, the name by which it has most generally been known in Shanghai itself.

silt.[5] A foreign resident writing in 1915 took a gloomy view of the city's future because he considered that six storeys was the maximum possible for buildings on this site.[6] These problems have been overcome, at considerable expense, by floating the taller buildings on concrete rafts in order to provide a stable foundation adequate to support structures which would otherwise sink into the alluvium. Until the first experiment with this method in the building of the new Shanghai Club in 1910, large buildings had been set on wooden pilings driven into the silt, and great care was necessary to prevent unequal settling. Shanghai's twenty-storey hotels and public buildings, erected during the 1920's and 1930's, float on their concrete rafts in this jelly-like subsoil, a scant 800 miles from the major earthquake belt running through the Japanese islands, but fortunately in the hundred-year history of the foreign settlements, no serious shocks have occurred.

Surface drainage has also been a constant problem in the development of modern Shanghai. The original site[7] (adjoining the walled Chinese city — map 6) as the British found it in 1842 was a typical agricultural landscape of the Yangtze delta: wet rice paddies and dry cotton fields, crisscrossed by creeks and canals, and with occasional clusters of family villages. This land was subject to frequent floods at high tides by the tidal inflow of water from the Yangtze and the resultant backing up of fresh-water outlets (primarily Soochow Creek and the Whangpoo), and until recently it was still flooded nearly every year in late summer by typhoon winds from the east and accompanying heavy rains. The land within the metropolitan area was gradually raised by filling to permit the building of roads and houses. Filling was easier and cheaper than artificial drainage for all but the swampiest areas and proved adequate for the growth of the city, but it was accomplished only at a considerable expense of money and energy.

The commercial core of the city, concentrated along the Whangpoo frontage, remained regularly subject to flooding. One of the first public works projects to be carried out under the Communist administration (which has attempted to make Shanghai a showplace of efficiency as an advertisement of the virtues of the new regime) was the filling of the lowest places in this downtown area, particu-

Settlement and Trade

341 347 The foreign population of the city, swollen to 100 in 1843 by the presence of British troops, fell to 50 in 1844, but by 1849 had risen to 175 traders, missionaries, and consular staff, who built the first Settlement roads, following the small winding creeks. The first foreign buildings were mainly godowns (warehouses) and residences combined in one large establishment within two-or-three-acre compounds along the landward side of the Whangpoo Bund. No foreign architects were available, and the plans were drawn by the merchants and modified by Chinese builders to fit local materials and Chinese techniques, so that the resulting structures were of the simplest design.

On the river side of these compounds was a perfectly square bungalow-type building which contained bedrooms, mess hall, and offices. In order to shut out the summer sun and keep the inside as cool as possible, the stamped earth or native sun-dried brick walls were at least three feet thick and plastered or stuccoed in white on the outside, while an open verandah with wide arches ran around the outside of the first two stories. Overhanging roofs shielded the two or three upper stories. In the rear of the compound were usually four or five godowns (for the different trade goods), dwellings for the Chinese assistants, the residence and office of the compradore* (the chief Chinese assistant or agent), and the

441 *The compradore was a treaty port institution which epitomized the hybrid economy and business order produced where China and the West met. It originated with the Portuguese in the East Indies in the sixteenth century, who supplied the term. In the China treaty ports, the compradore was usually a banker or merchant who was acquainted not only with the China market and with indigenous business methods and conditions, but had also learned enough from and about the foreigners to be an invaluable aid. He usually had his own Chinese staff, and guaranteed their honesty by his personal and verbal bond, in the Chinese tradition, but in keeping with Western usage also deposited a cash security with his employing firm. He was paid a fixed salary, plus a commission, and was seldom in want of funds. More than once a foreign firm was saved from bankruptcy by the generosity of its compradore. Such men were highly respected by the foreign community as shrewd and scrupulously honest business men, and as friends. Their standing in the Chinese community depended on the prevailing attitude toward the foreigners (see pp. 25–7 above). As a group they were quick and apt students of Western civilization in all of its practical aspects, and from their number was recruited a majority of modern China's political and economic leaders (among them, T. V. Soong and H. H. K'ung) until the final success of the Communist revolution. By about 1930 most

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arches facing the Bund provided an indication of the search for Chinese markets for foreign goods in return for China's wealth of tea and silk. This architectural style, common to all the nineteenth-century treaty ports in central and south China, was wittily and fittingly christened the "Compradoric," for it was a necessary blend of Chinese with foreign methods.

The larger foreign firms had two or three partners and eight 441
or ten foreign clerks, plus fifty or sixty Chinese staff (with families), all living in the compound. Among the foreigners there was a notable preponderance of Scots, including the partners of Jardine, Matheson, Ltd., the largest trading firm in Shanghai and known universally as "the muckle house." Apparently the enterprise of these perennial pioneers had conquered Shanghai as it had conquered London. William Jardine, the firm's founder, had been a surgeon on one of the East India Company's ships trading to Canton. He found trading more profitable than healing, and in 1828 persuaded his compatriot James Matheson to join him in his new company at Canton. A Jardine ship carried the first cargo of "free" tea from Canton after the old Company's monopoly was removed by Act of Parliament in 1834. William Jardine was said to keep only one chair (his own) in his office, to encourage his clients to state their business and leave.*

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* See Greenberg, British Trade, for a detailed account of the history and operations of this and other private firms in the Canton trade, based on contemporary letters and business records.

† Until 1890, overseas exports in this category were primarily hides, leather, bristles, horsehair, China grass, and art objects; imports, aside from opium and textiles, were largely limited to hardware, cotton yarn (for Chinese household and small-scale industry), and machinery.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

the type of houses in which Chinese families live in the Shanghai foreign areas so that the "house" unit has some meaning. Of 41,160 houses in which 113,286 families lived in the most congested areas, the modal figure, that holding for the greatest number of families, namely 22,764, was four families to a house. The median figure was 4.6 families. Expressed in terms of persons, the mode was 24 inhabitants per house.

In the summer of 1938, a year after the outbreak of Sino-Japanese hostilities, the manager of a large textile mill requested a study of the living conditions of workers employed in the factory, the majority of whom lived in the usual type of house. It was found that the modal number of families in 60 houses studied was 7.22; the median was 5.81.

Housing developments where the bulk of the Chinese population lives consist of row after row of two-storied houses,[3] the rows separated by alleyways. The so-called "Chinese house" represents a recognised type of building construction in which the frame is made of native Foochow poles or of imported Oregon pine. If Foochow poles are used, the height is limited by the length of the poles, which in general permit two-storey buildings, each floor ten to twelve feet in height. The width of the house is usually eleven to twelve feet, and the depth varies from twenty-four to forty feet. The house itself originally contains a single front room downstairs, and a kitchen behind, with two rooms above. By the construction of horizontal and perpendicular partitions, however, spaces are provided for additional families. A principal tenant rents the house from a landlord, and by sub-divisions produces what Chinese call *pai ke hsiang*—a dovecote, with cubby-holes in each of which a family lives.

The typical Shanghai "Chinese house" is entered from the small courtyard in the front. One steps into the main downstairs room which is often the residence of the principal tenant, who may cut off a narrow passageway to provide the other tenants with access to their own quarters, or may permit his own room to be the passageway. As a rule, he builds a vertical partition toward the back of the room, thus making a second room which lacks a window. This room in turn may have a horizontal partition, creating an upper space, access to which can be obtained half-way up the

[3] In later years three-storied houses have become common.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

342 stairway. This dark loft may be the only home that many a family
362 knows. The kitchen, at the rear of the house, may or may not be used for its original purpose; more likely it is the residence of yet another family, while portable coal-briquette stoves are placed anywhere for cooking purposes. In the same way the upper front room may have both vertical and horizontal partitions, making spaces for other families; and the room above the kitchen will house yet another household. The area for each family is obviously minimal.

511 The alteration of buildings without permit was illegal. Application should be made to the Building Surveyor of the Public Works
362 Department for permission to carry out any building alterations. In practice, however, it was very difficult to detect interior alterations while they were being made. While theoretically the removal of unauthorized structures might be required, and while the Building Surveyor waged a vigilant struggle against such structures, there were certain difficulties in the way of complete enforcement. Not the least of these difficulties was the fact that the earnings of the majority of the Chinese population were insufficient to permit them to rent larger living quarters than they actually occupied. The basic cause of housing congestion was economic. As we have seen, the earnings of a principal wage earner were in general insufficient for the needs of his family, nor did the average total wages earned by all family members meet these needs. Under these circumstances it is obvious that a family will pay as little as possible for rent, and will occupy an unbelievably small space in order to reduce rental expenditure.

633 THE SETTLEMENT WAS by no means complacent in the matter of its bad housing conditions. At the annual meeting of ratepayers in
362 1936, a British resident proposed the following resolution:

"Whereas the constant growth in the population of this Foreign Settlement has been accompanied by a rapid development of industrialism and many changes in the living conditions of the people: and

"Whereas serious public concern has been manifested over the resultant housing congestion and other unfavourable conditions associated therewith: and

"Whereas no definite steps have been taken toward the examination of the problem with a view to possible measures for preventing its further aggravation,

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

362 nomic and social recommendations. The early onset of hostilities
633 precluded action.

On August 13 fighting broke out, and the city entered a most difficult period from which, down to August 1942, it had not emerged. If a housing problem existed prior to hostilities, it was more serious later. If difficulties were experienced in finding remedies then, they were rendered almost insuperable by the influx of a refugee population which largely remained in the city.

342 IT HAS BEEN POINTED out that the provision of housing by owners
362 of large industrial enterprises was frequent.[4] This may take the form of factory dormitories, accommodating single men or women within the factory compound. Or it may be that the management constructs houses of the usual type which are let to workers, often at rates below the rate ruling in the city generally. The Division's view was that dormitories were not desirable, for workers housed in them were in the position of being virtually under the direction of employers both during their working and their leisure hours. Admittedly the physical conditions in some dormitories were better than those within the ability of low-paid workers to obtain in the community; but the freedom which the right to leave the factory at the close of the day represents may not be dearly bought by accepting less good housing outside. Employers took the view that they were conferring a benefit in the provision of housing at cheap rents, but such payment in kind is close to the old evil of "truck." Adequate wages for workers to obtain their own housing are desirable.[5]

633 Controls over dormitory development were exercised in the first
342 instance through the Building Surveyor, who carefully calculated the per capita air space for the number of beds which it was pro-
362 posed to install. Through the Industrial and Social Division, progress was made in obtaining the installation of bathroom and laundry accommodations, and more recently of ventilation systems, in

[4] See the discussion of Employment Relations, Chapter V.

[5] In June 1941, one enterprise which housed 330 men in a dormitory on a mill compound and intended to erect a second building to house 300 women workers reversed its policy. It added $10 per month to the wages of all employees, men and women, to help them to find housing elsewhere. It continues to supply hot baths, and provide laundry facilities, activities in the best "welfare" tradition of western countries. A second millowner who had not thought of dormitories in the light of limitation of freedom abandoned extension programmes.

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new dormitories. Provision for rooms for drying workers' clothes by steam, instead of having them hanging damp, depressing and unhygienic in already crowded bedrooms, represented further betterment. Standards were rising. The happiness of workers in dormitories is conditioned also by psychological factors. In an effort to enlist dormitory matrons in the campaign for better conditions of dormitory life, a course of discussions over six weeks was held. Thirty-six women from twenty-six factories came, their interest increasing as the course proceeded. Hygiene in the dormitory, food, provision of recreation and education, and some talks aimed to interest the matrons in achieving harmony and more ordered living were among the subjects discussed. Individual visits were paid to the matrons and they were encouraged to come to the office of the Division for consultation and refreshment in their task.

REFERENCE HAS BEEN made to the high rents which the overcrowding resulting from hostilities produced. Rents in 1942 were almost five times what they had been in 1936. To some actual property owners this figure seemed fantastic. By rulings of the First Special District Chinese Court, rentals of those lessees amenable to the Court were not permitted to be raised by more than twenty per cent, which means that the property owner did not receive more than twenty per cent above his 1936 rate. His costs meantime increased greatly. Charges for water consumed in many cases equalled the rent received. For the purpose of the cost of living index figures, actual "retail" rentals paid by sub-tenants who rent a portion of a house from the principal tenant were considered. The principal tenant, taking advantage of the enormous demand for housing produced by the hostilities, raised the rentals of his sub-tenants on every pretext.

To discover the extent to which principal tenants were exploiting the housing shortage and squeezing the last cent possible from their sub-tenants, a study of the problem was made by Council officials in 1940. A typical situation was found to be as follows. The principal tenant paid his landlord an annual rental of only $960, although investigation of investment, water costs, which the landlord met, and other charges demonstrated that he should, instead, have paid $1,398. In rentals from his sub-tenants, however, he took in $2,004, in addition to the value of the space which he

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489 361 Huang-p'u River and a seven-mile railway to benefit from its port of Wu-sung (Woosung) at the Yangtze (Whamgpoo) River estuary. Wu-sung faces Ch'ung-ming Island on the estuary, and the forts on Wu-sung shore defend the entrance to the Yangtze River. From Shanghai it is about 450 miles to Chi-lung (Keelung) on Formosa and about 460 miles to Nagasaki. Since the Communist occupation, the city of Shanghai has been undergoing a great deal of reorganization. Over one-hundred industrial concerns have been moved outside of the city as a sanitary measure. The northwest section of the city, downwind, is being developed into an industrial "city within a city." [349] A gigantic structure, begun on May 4, 1954, is rising on the former Hatung Garden on the western side of central Shanghai and is to be named "the Great Hall of Chinese-Soviet Friendship." Topped by a 330-foot tower, it will be the highest point in Shanghai.

There are three main routes inland from Shanghai: the Shanghai-Nanking Railway, the Shanghai-Hangchow Railway, and the Yangtze River. Nanking is, at present, the provincial capital of Kiangsu. The city is encircled by a wall twenty-one miles long -- the longest of [873] its kind in the world. The central section of this erstwhile national capital has been undergoing a face-lifting, and a cultural center is rapidly rising with Nanking University and Nanking Engineering College as its center. The

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 those who were ill-treated, took in the lost or abandoned, settled
736 many family matters involving children.

From the early part of 1937 the Council embarked on a somewhat more concrete plan of child protection. For the programme which developed, the wider term of child welfare cannot be used, for it did not concern itself with instruction to mothers in the care of children, or provision of monetary assistance to families with children, development of kindergarten schools, or nurseries, or playgrounds—any of the "welfare" features so well understood elsewhere. Because of the special problems of Shanghai, emphasis was placed first on the field of "protection."

633 THE ORIGIN OF THE Council's recent concern with child protec-
736 tion is traceable to requests of the Slavery Committee of the
597 League of Nations that it give attention to the problem of *mui*
567 *tsai* or *pei nu,* so-called girl slaves. Through past centuries and
357 down to the present, the prevailing poverty of China caused poor families in certain areas of the country to give their daughters to richer families better able to support them. During childhood and adolescence they are employed in domestic service, and then are married to husbands who have been found for them by their employers. It is obvious that this system provides possibilities of exploitation. Separated from their own relatives and in the control of others, these *mui tsai* can be worked very hard, even mistreated. In the view of the League of Nations Committee, there were elements in the situation suggestive of slavery. On the other hand, many instances were known of girls being well cared for in the homes to which they went. The League Committee, examining as it did many customs in different parts of the world where lack of freedom and of control over their own destinies characterised the lives of various groups, had urged on the governments in control of the regions in question the adoption of measures to alleviate the lot of the groups concerned. In the Far East, the League's views regarding *mui tsai* had been impressed on the governments of China, Hongkong and Malaya.

Accordingly, early in 1937 the Shanghai Municipal Council placed some responsibility on the Industrial and Social Division. The Chief of the Division was named "Protector of *mui tsai.*" The Division believed, however, that the task had been too narrowly

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them." 633 736 597 567 357

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow:

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor. 633 736 597 567

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen. 548

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

288 Textile Factory at Tsingtao that a woman worker, Ho Chien-hsiu, developed her accelerated method of work which won her international recognition (at least among the Soviet nations) as a "labor heroine." A convalescent hospital and rest camp for "model laborers" has been established at the famous beach resort.
489 The port of Tsingtao, whose extensive rail spurlines connect the wharf with nearby warehouses, has a breakwater over 1,300 feet in length.

The Tientsin-P'u-k'ou Railway passes Tsinan, Tzu-yang , and Hsü-chou . Hsü-chou is in Kiangsu Province and has been the locale of many decisive battles in ancient and modern Chinese history. The Lunghai Railway links Hsü-chou with Lien-yün-kang on the coast. Lien-yün-kang, with a wharf of about 1,000 feet in length, is not an extensive port.

There is no north-to-south railway in Kiangsu Province, but the highway net is a complete one. The Grand Canal connects many eastern Kiangsu cities with Yang-chou , [317] formerly a noted resort. Besides luxury and comfort, Yang-chou also offers a large supply of salt produced in the lower Hwai River area.

489 In southeast Kiangsu the communication
•361 center is, of course, Shanghai. This city, the largest in the Far East, must rely on the

489 Huang-p'u River and a seven-mile railway to
• 361 benefit from its port of Wu-sung (Woosung) at the Yangtze (Whamgpoo) River estuary. Wu-sung faces Ch'ung-ming Island on the estuary, and the forts on Wu-sung shore defend the entrance to the Yangtze River. From Shanghai it is about 450 miles to Chi-lung (Keelung) on Formosa and about 460 miles to Nagasaki. Since the Communist occupation, the city of Shanghai has been undergoing a great deal of reorganization. Over one-hundred industrial concerns have been moved outside of the city as a sanitary measure. The northwest section of the city, downwind, is being developed into an industrial "city within a city."
[349] A gigantic structure, begun on May 4, 1954, is rising on the former Hatung Garden on the western side of central Shanghai and is to be named "the Great Hall of Chinese-Soviet Friendship." Topped by a 330-foot tower, it will be the highest point in Shanghai.

There are three main routes inland from Shanghai: the Shanghai-Nanking Railway, the Shanghai-Hangchow Railway, and the Yangtze River. Nanking is, at present, the provincial capital of Kiangsu. The city is encircled by a wall twenty-one miles long -- the longest of
[873] its kind in the world. The central section of this erstwhile national capital has been undergoing a face-lifting, and a cultural center is rapidly rising with Nanking University and Nanking Engineering College as its center. The

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numerous scenic attractions in and around Nanking are also being groomed.

The Shanghai-Hangchow Railway starts from Shanghai and goes southwest to reach Hangchow through Chia-hsing , a key communication center on the Yangtze River Delta. Hangchow is the capital of Chekiang Province and is located on the north side of the Ch'ien-t'ang River. The famed West Lake is west of the city. Chien-ch'iao, to the northeast, was formerly the home of a cadet center operated by the Nationalist Air Force. The Chekiang-Kiangsi Railway begins at Hangchow and links such cities in Chekiang as Chin-hua , where two tributaries to the Ch'ien-t'ang River meet, and Chiang-shan , which is the last stop before the railway enters Kiangsi Province. Hangchow is also connected by highway with many important cities in eastern Chekiang Province. One of these cities is Ningpo , a well-known commercial port. This city is the meeting place for two fairly navigable rivers and is, therefore, the terminal for steamer traffic on the sixteen-mile down-river stretch to the sea. The offshore Chou-shan (Chusan) island group also contributes business to Ningpo. There is a railway connecting Ningpo with Hangchow, but the condition of this railway is at present unknown. Another important city in eastern Chekiang is Shao-hsing . Nicknamed "Home of Bureaucrats," Shao-hsing is the birthplace of modern China's literary idol Lu Hsün, to whom a memorial hall in the city

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[273]

has been dedicated by the Communists. Also well-known throughout China is the wine produced in Shao-hsing. A coastal highway connects Shao-hsing with Wen-chou , located on the Ou River about twenty miles from the sea. Only wooden boats sail on this stretch of the Ou River, and the riverfront wharf facilities at Wen-chou need much improvement. Formerly a navigation lane was in use between Wen-chou and Chi-lung on Formosa.

There is no railway in Fukien Province, and the provincial capital, Foochow , must depend on the Min River and the highways to communicate with inland cities such as Chien-yang . There is a distance of about thirty miles between Foochow and the sea. The Min River is partially navigable for small woodem boats, but seagoing vessels must anchor at Lo-hsing-t'a [Pagoda Anchorage], about nine miles downriver from Foochow. An island (Nan-t'ai) in the middle of the river gives the city additional room for expansion, and it is connected with the city by two bridges. The Ma-wei Naval Yard, fifteen miles southeast of Foochow, used to build boats for the Nationalist Navy but was destroyed during the last war. Chien-yang is the transportation center of northeastern Fukien. Two tributaries to the Min River and three highways leading into Anhwei, Chekiang, and Kiangsi Provinces converge at Chien-yang. From Chien-yang a north-to-south main highway passes through many of the important cities of central Fukien and reaches Ch'ang-ting on the southwestern

489 provincial border. In the early days of the
361 Chinese Communist development, Ch'ang-ting was for a short time, used as a main base by the Red Army. The same highway runs south of Ch'ang-ting to Shang-hang, which, in the late 1920's, was also a Red Army base.

The Fukien Province coastal highway extends from Foochow southward to Amoy . . . The city of Amoy is located in the southwest corner of Amoy Island at the estuary of the Chiu-lung [Nine Dragons] River. The strait between Amoy and the Mainland is about three miles wide. To the southeast of Amoy is Ku-lang-yü (Kulangsu) and between the two there is an excellent protected harbor. Amoy has extensive highways connecting it with the cities on the mainland. Offshore, but within sight of Amoy, lies the island of Quemoy. It is a bleak rock cluster, whose only permanent inhabitants are a few fishermen. At the end of the Ming Dynasty (c. 1640), a Ming general occupied this island, resisting the Manchus, until he was forced to retreat to Formosa. Now, the occupation of Quemoy by the Nationalists is focusing the attention of the entire world upon this tiny island.

Along the Yangtze River in this region are several key cities such as An-ch'ing and Wu-hu . Wu-hu, located on the south bank of the Yangtze River, is the largest economic center of Anhwei Province. The Ch'ing-i River cuts the city into two parts. The Huai-nan

489 Railway terminates at the point directly opposite
361 the Yangtze River. As of early 1955, traffic had not yet been restored on the railway running south from Wu-hu which was destroyed during the war. An-ch'ing at one time was the provincial capital. The southern edge of the city overlooks the river, with a terrain suitable for river defense The railway going north from Wu-hu passes through Hofei , the capital of Anhwei Province. Hofei is a large rice market and is linked with Pang-pu to the north by the same railway. Pang-pu is also on the Tientsin--P'u-k'ou Railway and provides a market for the coal produced at the Huai-nan Mine to the southwest. Strategically, Pang-pu has always been mentioned with Hsü-chou to the north (in Kiangsu Province) because both are on the main route between North and South China.

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ONE

Introductory

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This is the study of an anomaly. A city of four million people grew up in the short space of a hundred years out of the traditional agrarian economy of China, before the building of a modern railway network, before the development of a single national market, and before other Chinese commercial cities of metropolitan size had appeared. The city of Shanghai, born out of Western commercial enterprise and organized in its economic life largely along Western lines, was in effect superimposed on a peasant civilization. On this agrarian base, it erected first a trade which reached to all parts of the globe, and subsequently a manufacturing complex which put it among the leading urban industrial centers of the world.

In both respects, Shanghai has been the center of a vortex of economic change spreading from the city to engulf the rest of China, a process which is still in its early stages. Toward the close of the first century since its opening to foreign trade in 1843, Shanghai accounted for half of China's foreign trade and half of its mechanized factories. The city's four million people formed one of the first five or six metropolitan groupings in the world, and Shanghai was well over twice the size of each of its nearest urban rivals in China, Peking and Tientsin.

The rise of other great cities has in the main depended on either or both of two factors: the concentration of the administrative functions of a large empire or political unit in a single pre-eminent center (Rome, London, Peking); and the concentration of trade from and manufacturing for a highly integrated and commercialized economy in an outstanding urban location (New York, Rotterdam, Osaka), based on the existence of low-cost volume carriers. Shanghai has never performed any administrative functions beyond its own metro-

361 177 politan limits, and the Chinese economy on which its trade is based remains far from integrated or commercialized, while railways are still perhaps China's most notable lack.

361 439 177 But Shanghai lies near the seaward face of the Yangtze delta, where the extensive water routes of a great river system are gathered into a knot, and where the coast of China extends farthest into the open sea. Goods which different local areas produced and for which foreign traders found overseas markets could thus move out for export through Shanghai, and foreign goods entering China in return could be distributed over a wide area from the city. Shanghai thereby became the commercial center for virtually all of the Yangtze basin, which includes the most populous and productive half of China. Not only did trade flow through the city, but Shanghai also became one of the world's leading financial centers. Its banks financed the Chinese government as well as the economic life of the city and of its commercial hinterland of half of China and all the Chinese ports. They controlled "at a very conservative estimate 90 per cent of the imports and exports between China and foreign countries."[1] As manufacturing developed in the city during the twentieth century, aided by the accumulation there of foreign and Chinese capital earned in trade, it was able to compete successfully with other manufacturing centers, despite the local absence of most industrial raw materials, because of the ease and cheapness of water transport for the materials of manufacturing brought from more distant places. Finally, Shanghai's four million people could be fed largely from rice produced in the fertile Yangtze delta.

361 162 177 Perhaps the most remarkable aspect of the city is simply its size. Dense populations have long been associated with deltas, and in southeast Asia nearly all of the notable population concentrations are on fertile deltaic soils where ample water is available for the irrigation of paddy rice. Each of the major deltas in southeast Asia also supports the largest or second largest city in its political unit (Hanoi, Saigon, Bankok, Rangoon, and Calcutta). But none of these cities approaches Shanghai in size; Calcutta, the largest, has a population of only about two and a half millions.

361 439 Two outstanding locational factors distinguish Shanghai from other delta cities in the lower and lower-middle latitudes: its central

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361 position on the coast of east Asia, and the great extent of its trade
439 hinterland. With a similar delta agrarian setting for all of these
177 cities, Shanghai is nearly twice as large as any of them because the trade of half, and that half the richer one, of the most populous political unit in the world is funneled through the city by the pattern of inland waterways and sea routes which focuses on it. In the pre-industrial economy of China, water transport is by far the most important volume carrier. While China remained agrarian, the stimulation of its external trade by foreign commercial enterprise produced an interregional flow of goods which moved largely through Shanghai. This situation continued to implement the physical advantages of the city's location to make it the major point of contact between China and the West.

369 Modern Chinese banking and finance, manufacturing, and com-
177 mercial organization (and the new class of Chinese associated with them and divorced from traditional China) all got their start there, are still largely concentrated there, and for the last hundred years have spread out from there as from the center of a whirlpool. Of the whole process of Westernization in China, only railways came relatively late to Shanghai, a logical exception in view of the abundance of good water transport. Otherwise the city rapidly became, within the first decade of its opening to foreign trade, a physical and economic replica of the nineteenth-century Europe which had built it, and in time of the twentieth-century America which was also a prominent contributor.

Shanghai and the pattern of its development during the past century have been modern China in microcosm. In the city China for the first time learned and absorbed the lessons of extraterritoriality, gun-boat diplomacy, foreign "concessions," and the aggressive spirit of nineteenth century Europe. There more than anywhere else the two civilizations came together: the rational, legal-minded, scientific, industrialized, efficient, expansionist West, and traditional, intuitive, humanist, agrarian, inefficient, seclusionist China. The sequel, and China's response, began primarily at Shanghai, and there modern China was born.

China's economic revolution, as fully as Chinese nationalism, struck its first modern roots beside the Whangpoo, and these two

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Concession," which was, like the originally British and later International Settlement, merely an area which by written agreement with the local Chinese authorities was set apart for the leasing and later for the purchase of land by French nationals. It was largely residential, and was governed by a Municipal Council in the same way and with the same powers as the International Settlement under the Shanghai Municipal Council. The population of both foreign settlements was overwhelmingly Chinese.*

One peripheral matter may be mentioned here in brief since it is a common difficulty in all great cities and since Shanghai's solution of it has been somewhat unusual. This is the problem of conveniently located space for suburban residential occupance. The development of large-scale manufacturing came relatively late in Shanghai, and was not a primary factor in the city's economy until about the first decade of the twentieth century. Most of the city's industrial area (map 3) has been occupied since that time, and while most of the Chinese industrial workers lived in the area of the factories (many of which were supplied with workers' dormitories on the premises), there was a growing need for conveniently located housing in residential suburbs for higher-income Chinese and foreigners engaged in the expanding economic activity of the city. A combination of circumstances had left such an area near to the city's commercial core only sparsely occupied until about the end of the first world war. This was the major part of the French Settlement, behind its narrow river frontage.

The last and largest addition to the French Settlement was made as late as 1914, and it covers substantially the area which had become residential by the 1920's. The French Settlement had not expanded earlier in this direction for a variety of reasons. In common with their practice in other colonial areas, the French had favored their own nationals in the granting and registering of title deeds to land in their Settlement. (Registry was managed through the French consul.) The choice sites went to French merchants, and most of the other foreigners took their business elsewhere, while the volume of French business alone was not sufficient to produce adequate grounds for territorial expansion. The French Settlement was further

* Wherever Shanghai is named here, it refers to the conurbation as a whole.

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handicapped in its commercial and industrial growth by the very small extent of its frontage on the Whangpoo, on which most of the city's traffic moves, and French access to this waterfront was impeded by the interposition of the old Chinese city, which remained under Chinese control and through which no adequate roads were ever built. Just as important a handicap was the lack of navigable creeks running through the Settlement, since these have remained basic transport arteries in the modern economy of the city and have been important in locating many of its functions. Siccawei Creek (map 3) runs along part of the Settlement's southern border, but leaves it well before it enters the Whangpoo, and it has attracted industry along its southern bank rather than in the French Settlement. Finally, the French area is on the south side of the city, away from the Yangtze and the major industrial development reaching downriver toward Woosung, and upstream from the part of the harbor where ocean ships can dock.

Thus with the new addition in 1914, a relatively unoccupied area, free from industrial nuisances, but near to the center of the city and under the protection of foreign law and administration, was available for residential occupance at about the time when the suburban problem became acute. In addition to providing agreeable space for upper-income housing, it increasingly served as the entertainment center for the city and as a home for Chinese political figures in temporary retirement or for wealthy Chinese criminals who profited from the laxness of the French authorities and the ambiguous legal status of the Settlement. "Frenchtown," as the foreign residents of Shanghai called it, was famous before the war as the home of every variety of legal and illegal entertainment enterprise, as well as of most of the wealthy foreigners and Chinese in Shanghai.

Population Figures

Caution is the rule in the use of any statistics pertaining to China, and Shanghai, despite its measure of foreign control, is not an exception. The overwhelming majority of the city's population has always been Chinese (graphs 1 and 2), and census figures compiled by both the National Government and the Shanghai Municipal Council are admittedly estimates. In addition to the inaccuracy of

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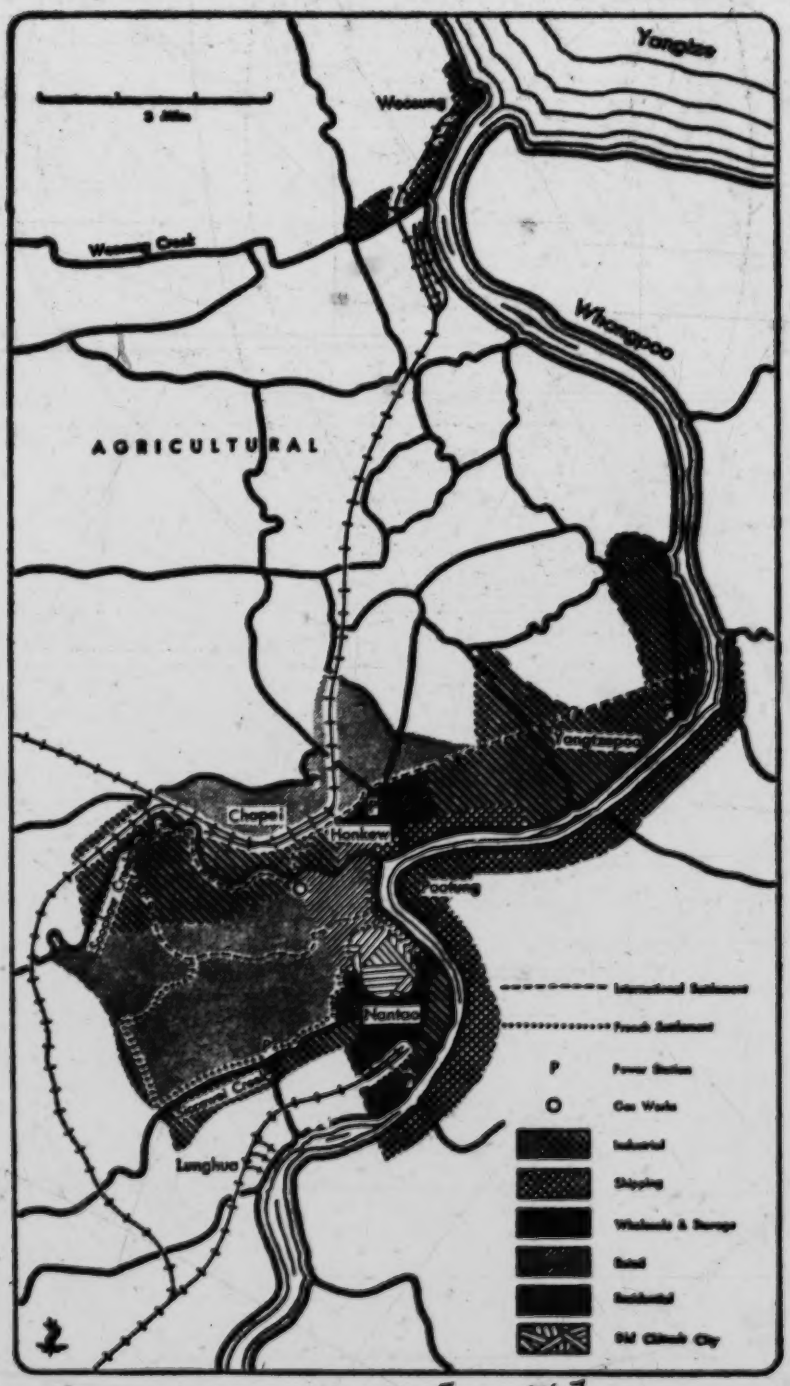

Map 3. Land Use at Shanghai, 1936 [p. 26]

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312 larly its major commercial artery, Nanking Road, which follows
731 fairly closely the course of a small creek culverted early in the period of foreign occupance (map 6). It was thus one of the most frequently flooded areas in the city. Paving along this heavily traveled street through the heart of the hotel and retail district was removed for nearly a mile back from the river, and replaced after the ground level had been raised sufficiently to protect it from all but the worst floods.

364 The numerous tidal creeks (map 6), characteristic of the lower
505 delta, were useful in the early days of the Settlements as master drains and for demarcating legally and defending militarily Settlement boundaries. They were also used for carrying off sewage, where their tidal ebb was an advantage, and for movement of goods within the city and to and from the hinterland. The so-called Defense Creek at the western limit of the British Settlement of 1848 (map 6) was culverted and covered with a roadway in 1906, a few years after the Settlement had reached its greatest areal extent in 1899, but the Yang Ching Pang, which formed the boundary between the French and International Settlements on the south, remained an open sewer and transport artery until 1915, when as an enclosed culvert it was covered over with a broad boulevard named Avenue Edward VII as a gesture of ideological if not political unity between France and Great Britain. The remaining uncovered creeks are still important transport arteries, and as such key factors in the economic life of the city. While Shanghai has at least to this extent turned its delta site to advantage (and in a largely unique way as we shall see below), the problems which the delta has presented far outweigh its benefits.

The City

361 The site of the original British Settlement, on the left bank of the Whangpoo at its confluence with Soochow Creek, was determined by the existing walled Chinese city just upstream, whose trade had attracted British interest in a concession there (map 6). Soochow Creek, the original natural and later canalized waterway to the leading delta city of Soochow for which Shanghai served as the port, was the primary factor fixing the Chinese city, and it was

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naturally built on the outside of the bend in the Whangpoo, where 361
tidal scour cut a channel and where it could tap a larger hinterland than on the inside of the bend. It may be assumed that the Chinese city was originally at the junction of Soochow Creek and the Whangpoo, and that since its founding in approximately the fourth century A.D., deposition and alterations in the character of both Creek and River (see the next section of this chapter) have left the city on the Whangpoo about 5000 feet upstream from the Creek's mouth. A considerable area was thus left between the city walls and the mouth of Soochow Creek, and here the British Settlement was established.

Sir Henry Pottinger, head of the British delegation at the Treaty of Nanking, selected the site for the British Settlement at Shanghai on his way back from signing the Treaty, his choice being influenced by strategic considerations.[8] The area he fixed on was the little square bounded on three sides by defensible waterways and on the fourth by the navigable Whangpoo (map 6). The main suburbs of the Chinese city lay between its wall and the Yang Ching Pang, while north of this creek the land-use was agricultural.

The boundaries of the original British leasehold of 1843 and later 364
additions, and of the original French leasehold of 1849, made close 312
use of existing waterways. These were useful not only for demarcation and defense, but also for sewage disposal, drainage, and transport, although not for drinking since they were both brackish and polluted. Roads (including Nanking Road) were built over many of these streams, but they continued to act as sewers. The course of 503
Defense Creek and its junctions suggest that it was canalized for at least part of its length and diverted to supply the moat of the Chinese city, supplementing the water also received from the three other creeks emptying into the moat.

There are no contemporary accounts of natural levees anywhere 133
on this site in 1843, and the possibility of their existence is lessened 361
by the contemporary pattern of streams and canals as it can be reconstructed from period maps and records. Possibly the material which must have been deposited by Soochow Creek and Whangpoo flood waters along their respective banks was continually removed by local farmers in order to spread the alluvium over their fields

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133 361 (a common practice in the delta), or to maintain proper ground levels for the flooding of rice paddies. It is therefore unlikely that foreign settlement was fixed in any respect by the protection or by the higher and drier ground which natural levees would have afforded.

648 A frontage on the navigable Whangpoo, completing the water defenses around the British Settlement, was an additional source of security for the foreigners, since it permitted British naval vessels to command the entire site with their guns. George Balfour, the first British consul at Shanghai, in expressing his approval of Pottinger's choice of a site, stressed the importance of the Whangpoo on this point: "By our ships our power can be seen, and if necessary, felt."[9] This consideration may have been a factor in the decision to retain the prohibition against building on the river side of the Bund, a problem which is discussed in more detail below. Certainly foreign naval vessels have been prominently anchored off the Bund at every period of Shanghai's history from 1843 until the Communist take-over in 1949.

503 Along the Whangpoo and Soochow Creek, the muddy tidal foreshore was not usable for buildings or wharves until embankments had been constructed. This process, known in all the China treaty ports by the Anglo-Indian term "bunding," was a continuing job requiring large sums of money. In the case of the famous Bund along the Whangpoo frontage of the International Settlement from Soochow Creek to the Yang Ching Pang, the terms of the original grant of lease rights by the Chinese government to British subjects prohibited building within thirty feet of the high-water mark, which space was to be reserved as a tow path for the use of Chinese trackers pulling boats upstream.

503 367 When the rights of the Chinese trackers lapsed by the mid-1850's in the face of the growing foreign stake in Shanghai and the demands of steam navigation, the Shanghai Municipal Council inherited this waterfront strip by default and successfully defended it against the designs of foreign traders who wished to make commercial use of the area for warehouses and offices which would be convenient to the river.[10] The Council undertook the bunding of this strip in 1862, and in the process extended it beyond the high-water mark to

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again. As long as water transport retains its basic place in the Chinese economy, a harbor for ocean ships will be maintained at Shanghai as the commercial center of the Yangtze basin. 503

Relief and Climate

The site has only two advantages of importance: it is almost completely flat, and it has a more favorable climate than rival south China ports. Ample level ground was useful during the purely commercial phase of the city's development in allowing adequate space for storage of goods, for half of China's foreign trade passed through Shanghai from 1865 on, but it was more important in allowing the development of manufacturing after 1895. The commercial center which began in an area of 43 acres along the Whangpoo in 1843, demarcated and defended by creeks, was able to grow outward toward the west, south, and north as both political and economic conditions provided the impetus for metropolitan industrial development. Level ground continues unbroken within a twenty-mile radius of the city. While the site's liability to floods is a notable disadvantage, level ground must in general be counted an asset, especially as against the lack of it in Hong Kong, Foochow, Amoy, and other south China ports. 133 361

Shanghai's climate is influenced alternately by cold dry air from inner Asia and Siberia, and by warm moist Pacific air; it is tropical for one third of the year and temperate for two thirds. Rainfall averages 45 inches annually, 14 inches of which falls in June and July, but with no very marked seasonal concentration. July and August are uncomfortably tropical, and while rains keep the temperature below 90° for at least a quarter of these two months, the relative humidity throughout this period averages 84 per cent. Temperatures rarely exceed 98°. Vital statistics for foreign residents of the China treaty ports included in the yearly medical reports published since 1870 by the Maritime Customs give Shanghai, with a death rate averaging 16 per thousand annually for the period 1870–1930, a relatively good record. Most of the foreign residents considered it among the healthier treaty ports despite its uncomfortable summer, during which as many of them as were able left the city for the central mountain belt or the Shantung beaches. The accompanying table com- 132 [165]

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132 pares temperatures and relative humidity at Shanghai with selected cities in different climatic regions.

	Mean Annual Temperature	Mean Annual Rel. Humidity	Dec.-Jan.-Feb.		June-July-August	
			Temp.	R.H.	Temp.	R.H.
New York	54	60	30	61	79	62
London	49	79	39	82	61	76
Canton	64	82	48	56	83	89
Shanghai	59	78	39	36	78	85

Shanghai's is a moderate climate compared with south China, especially in respect of the greater effect in winter of the Siberian high, and with daily and seasonal changes in which Chinese and foreigners can work under reasonably favorable and familiar conditions.

361 In sum however, the growth of Shanghai must be regarded as an illustration of the extent to which the advantages of an exceptionally favorable location can overcome the disadvantages of an exceptionally unfavorable site. While most of the city's site problems are common to many delta ports, its locational advantages are unique. These will now be examined in the following chapter.

FOUR

Location

Shanghai's Hinterland

"The first and most natural root of a great city is the labour and populousness of the adjacent country, which supplies the materials of subsistence, of manufactures, and of foreign trade."[1] Shanghai is a great city primarily because it stands at the apex of the most fertile and populous area of comparable size anywhere in the world, the lower Yangtze basin.

The Yangtze watershed totals 750,000,000 square miles, or half of China proper, and has a population of approximately 200,000,000. The section of the river's basin which we may call the fertile triangle, bounded by Chinkiang, Hangchow, and Shanghai, an area of about 20,000,000 square miles, has an estimated population of 40,000,000, or an overall average of about 2,000 inhabitants per square mile. Nearly 80 per cent of the total land area is cultivated (map 10), and this region stands out as one of the three most widely cultivated in China (the Red Basin of Szechuan and the north China plain being the other two). Nodes of commerce are thickly scattered over the fertile triangle, which contains three cities of over half a million population (Hangchow, Soochow, and Shanghai — map 5). The Yangtze delta supports by far the densest single concentration of population in China for an area of similar size (map 7). The river's course is marked by successive clusters of settlement, terminating westward in the densely peopled Red Basin of Szechuan.

Of the other major cities of the lower Yangtze basin, Hangchow, Soochow, and Nanking were all at one time imperial capitals, and all have remained important commercial and industrial centers. Hangchow and Soochow are still among the three or four leading cities in China in silk reeling and weaving, and both act as central places for the surrounding rice and silk areas of the delta. Nanking

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Nanking

is above the delta proper, and its water connections are limited compared with those of its delta rivals. It has profited primarily from its location at a break in transport routes (including China's major north-south railway, which breaks at the Yangtze — map 8), and from its periodic function as a political capital. 361 487

All three cities have been hampered in their modern development by the lack of harbors adequate for ocean ships. At Hangchow an impressive tidal bore and many shoals in Hangchow Bay preclude use of the Chientang estuary by ocean shipping, and the river itself is navigable only for small boats. Soochow, once a maritime trading center, is now effectively land-locked, and was in any case superseded as a port city by Shanghai by at least the eighteenth century A.D. Nanking, 210 miles from the sea, must contend with silting, river currents, and an exposed anchorage. Both Nanking and Hangchow are handicapped as commercial centers, especially in a region where most goods move by water, by the rugged country around them (map 5), which contrasts with the extensive lowland focused on Shanghai. While all three of these cities were larger than Shanghai before the opening of China to foreign trade and to Western commercial exploitation, they were quickly outstripped by Shanghai under the new economic conditions, where access by water to the entire Yangtze basin and to the major ocean lanes of world commerce gave it a decisive advantage. 504 361 439

The city lies topographically at the focus of the east China lowland, converging on it from both the west and the north, and of the Yangtze basin as a whole (map 2). The river and its tributaries, draining the productive heart of China, all feed ultimately to the mouth of the Whangpoo. In the mainly pre-industrial economy of China, the great majority of goods moving beyond purely local markets do so by water. No other location can marshall a fraction of the advantages of Shanghai on this crucial point. 133 487

Of China's two other major river systems, the Huang (Yellow) in the north is navigable for steam launches for 25 miles above its mouth and for a small part of its course through Honan, but it is otherwise useless for navigation except in short stretches by small boats. The Hsi (West) River in the south is navigable for some 230 miles in the high-water season (spring and summer) for vessels 505

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settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries."[9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected.

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively.

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889.

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their

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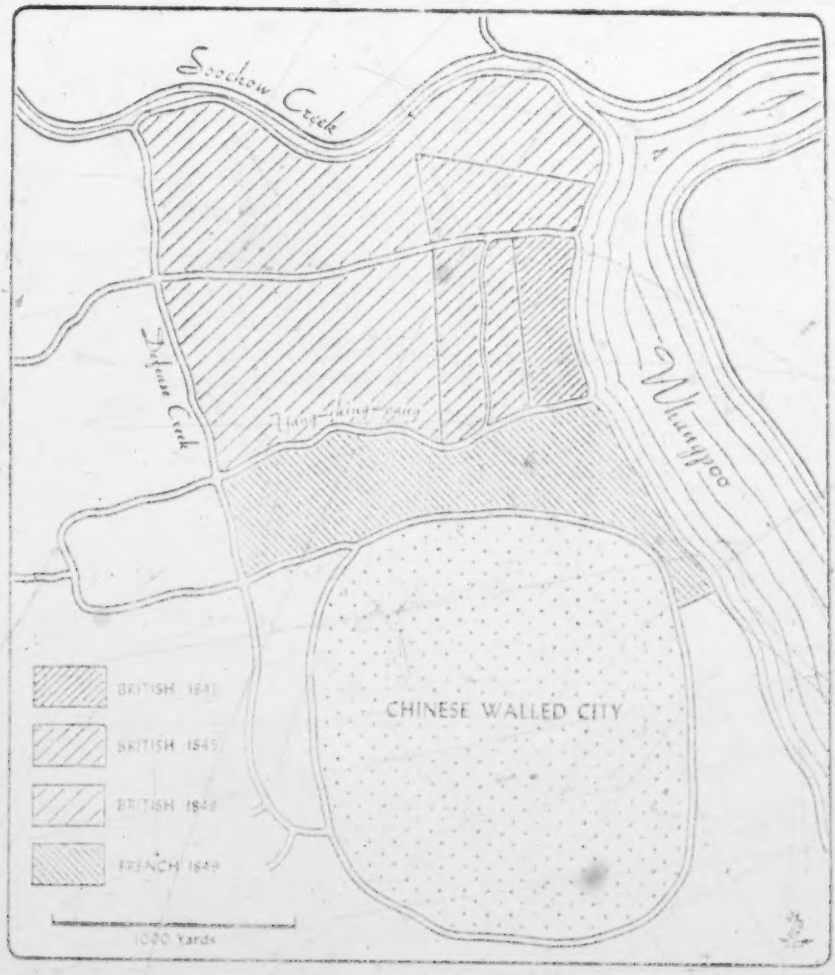

Map 6. Early foreign settlements at Shanghai

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ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures. 427

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10] 361 648

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners. 437

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could 441

in Shanghai, and visited it again late in 1848, this time under commission from the British East India Company to introduce the tea shrub into India. (He also made two later trips to the Yangtze basin, in 1853–1856 and 1861–62.) He was as much taken with the natural advantages of the place as Lindsay had been, and provided a neat and prophetic summary of the factors which have been responsible for Shanghai's growth:

> No other town with which I am acquainted possesses such advantages. It is the great gate to the Chinese empire and a place of vast native trade . . . The convenience of inland transit is unrivalled in any part of the world. The country is one vast plain intersected by many rivers, and these again joined and crisscrossed by canals, many of them nearly natural and others stupendous works of art. The port of Shanghai swarms with boats of all sizes employed in the inland traffic. Since the port has been opened these boats bring down large quantities of tea and silk and return loaded with the manufactures of Europe and America which they have taken in exchange. From what we know of the geographic nature of the country there can be no doubt that all the green teas and most of the black can be brought to Shanghai at less expense than they can be taken to Canton or any of the southern towns. The large silk districts of central China are also close at hand. The proximity of Shanghai to the large towns of Hangchow, Soochow, and Nanking forms a further advantage. Lastly, viewing this place as an immense mart for our cotton manufactures, which we already know it to be, there can be no doubt that in a few years it will not only rival Canton but become a place of far greater importance.[18]

Fortune however estimated the population of Shanghai in 1843 as only 270,000, while he gave figures of one million for Hangchow and about 500,000 for Soochow, Nanking, and Ningpo. He credited six other delta cities with populations equal to Shanghai's (Sungchiang, Chiating, Changshu, Kashing, Huchow, and Wusih — map 5).

Chinese Shanghai had risen as the port of Soochow, from a small fishing village at the junction of Soochow Creek and the Whangpoo. When silting, and presumably advance of the coastline, made maritime access to Soochow impossible by the eleventh century A.D. despite the canalizing of the Creek's lower course in

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A.D. 446, ships began to dock at Shanghai, or Hu Tu as it was then called and in 1075 an official was stationed there to administer the customs. In 1279 the town, now called Shanghai (which may be translated as meaning "up from the sea") declared itself independent of Soochow and sent its taxes direct to Peking. It was however still too small in the thirteenth century to be mentioned by Marco Polo, who gave a detailed account of all cities of importance in south coastal China. The city walls were built in 1544 following the sacking and burning of the city in the preceding year by Japanese pirates.[19]

By the beginning of the nineteenth century, Shanghai was the principal port of the Yangtze basin, and was also the center of the coastal trade between north and south China. Southern junks were not permitted to trade north of Shanghai, and vice versa. (This official regulation may have been influenced by the difference in the nature of the coast north and south of the city.) In 1812 the official gazetteer of Shanghai estimated the population of the *hsien* (county), which included an area of about 400 square miles, at 528,000.* Despite its commercial prominence, it did not seriously rival the older delta cities in size because they were in varying degrees administrative centers, a function which Shanghai has always lacked beyond its own metropolitan limits. They were as well or better situated for domestic or regional trade, but administration more than commerce was the consistent basis of urban existence and growth in the bureaucratic framework of traditional China.

Shanghai before 1843 had grown primarily on the trade of its immediate delta hinterland: tea, silk, cotton, and rice, and on its key position in the coasting trade which enabled it to act as an entrepôt and to distribute goods received by sea within the densely populated delta. But the wider water network, both sea and river, of which it stands at the focus was not fully exploited. It remained for foreign traders and foreign economic organization, implemented by the steamship, to realize the geographic potential of Shanghai's location.

* Ch'ing dynasty population figures of this period are, however, suspect, partly because of the practice of padding the census in order to impress the emperor with the prosperity resulting from his reign.

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442 to keep healthy in China, and nearly every foreigner in Shanghai
439 rode, hiked, or took part in team sports.

The Chinese were amazed at this waste of calories. "'Belong foreign man custom' they would say as they turned to their diet of rice and cabbages," according to the memoirs of an early foreign resident.[22] Certainly the foreigners ate well, but while they brought spirits and special foods from home at great expense, the bulk of their food came from the delta area, according to the records of the same early resident, who was for a time during the 1870's in charge of the mess at one of the foreign firms and lists the sources and prices of the most important items which supplied it.[23] Foreign merchants and assistants would often be gone for weeks at a time on shooting excursions in the hinterland. Wherever they wanted to go in the delta area they found they could travel by houseboat, to the smallest village or the most remote bird-feeding grounds. And wherever they went they found these waterways clogged with Chinese craft carrying both domestic and foreign goods to and from Shanghai.[24]

503 W. H. Medhurst, an early British missionary (and later consul) at Shanghai, took a trip into the tea and silk districts of Kiangsu, Chekiang, Anhwei, and Kiangsi in 1845, disguised as a Chinese. His account of the trip laid emphasis on the waterways of this region, and since his journey never took him far from the waterways of the delta or of the Yangtze system, he attributed what he saw over this large area to the whole of China:

> Canals have been dug in all directions, and spread like veins and arteries to almost every part of the empire. As far as the experience of this writer goes, the Chinese have no walled cities or large towns except in places which are accessible by water.[25]

[491] He noted that the major canals, used by grain junks, averaged about 40 feet wide and 6 to 8 feet deep, and that bridges over them were at least 20 feet above the surface of the water at the center of the arch so that the grain junks could pass under them with their masts lowered.

•361 By 1863, the original foreign leasehold at Shanghai of 43 acres had been expanded through agreements with the taotai to a total of

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2094 acres (including the French Settlement), and Shanghai was indisputably the leading port and commercial city of China. 361

Struggles with the Harbor

The problem of an adequate harbor, however, was a matter of increasing concern to the foreign community through the latter half of the nineteenth century, if not to the Chinese authorities. It was openly stated by the ranking Chinese government official at Shanghai in 1874 that Woosung Outer Bar was in fact a "heaven-sent barrier intended to prevent war vessels of heavy draught . . . from entering the harbour."[26] But foreign residents realized with alarm that the city could not hope to remain an ocean port if the silting process were allowed to continue, and they had yearly evidence of the speed with which the Yangtze was extending its delta. Blonde Shoal, near the mouth of the Whangpoo, was covered with ten feet of water at low tide in 1850, and by 1890 rose three feet above mean low water. The history of Tsungming Island, already referred to above, was well known, as well as the fact that the site of Shanghai had originally been on the seacoast and that it was rapidly being cut off from access to the sea. 503

A local resident writing in 1894 estimated that silt deposition in the Yangtze estuary would lessen the depth of the water about one foot in every eight years if spread evenly, and that while tides and currents provided some scour in certain channels, these too were filling up, although at a slower rate. The same writer, however, pointed a lesson later acted on by the Whangpoo Conservancy Board after 1905 by calling attention to the fact that when a small coasting vessel had been rammed and sunk in mid-stream just above Woosung Outer Bar in 1892, the Whangpoo current had apparently been diverted and concentrated sufficiently to scour a new and deeper channel through the bar.[27]

Shanghai's environmental dilemma was intensified by the progress of steam navigation in the latter half of the nineteenth century. The most economical ocean carriers were increasingly those of larger draught, and by 1885 or 1890, most of these new steam freighters could reach Shanghai only with difficulty or not at all. Shipping lists published in the *North China Herald* at Shanghai

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TEN

The Geography of Shanghai Manufacturing

Shanghai is not only the primary industrial center of China proper, but has a virtual monopoly of large-scale manufacturing enterprises in nearly every field. Two factors are principally responsible for this concentration. First, Shanghai and its trading area represent by far the largest marker in China; and second, despite the local absence of most industrial raw materials, cheap transportation makes it possible for Shanghai industry to produce competitively. 361

Evaluation of Data

More statistical work has been done on Shanghai manufacturing than on almost any other economic problem in China. It is therefore perhaps a commentary on statistical work in China that what has been done on Shanghai falls so short of reliability as measured by any criteria. A further difficulty is that no large-scale work has been published on the problem since 1936; this limits the use of statistics here almost entirely to the pre-war period. The standard study of Liu Ta-chün (1936) draws on the findings of six different surveys made during the late 1920's and early 1930's by the municipal governments of both the foreign and Chinese settlements and by private groups. The combined data of these six surveys do not cover more than two-thirds of Shanghai manufacturing, by workers or by industries. Where two or more surveys cover the same material, their data are almost invariably contradictory. In most of the surveys, and in Liu's compilation, totals are wrongly added, figures misplaced, columns transposed, and statistical paradoxes abound. 128

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365 Rates during the period 1926–30 averaged for all users the equivalent of US$.008 (.025 taels) per kilowatt-hour, which the president of the Shanghai Power Company claimed made his product the world's cheapest power.[59] These rates were made possible, in spite of the higher price of domestic coal in Shanghai than in Tientsin, by the very high and constant annual 24-hour load factor, which averaged nearly 70 per cent during the period 1930 to 1936, as compared with 42, 26, and 40 per cent respectively for Manchester, Birmingham, and Liverpool during the same period.[60]

365 466 The load factor reflects a high intensity of industrial operation, and a heavy dependence of Shanghai manufacturing on electric power purchased from the power companies. It also reflects the long working hours of nearly all manufacturing establishments in Shanghai, which averaged between 11 and 12 hours a day six days a week,[61] and the widespread Sunday and night-time operation among nearly all of the household and smaller-scale manufacturing establishments using electric power. The low power rates encouraged the spread of small-scale mechanized manufacturing in private houses, and more important, made Shanghai an attractive location for almost every form of manufacturing.

365 The case of electric power demonstrates again the role of the Shanghai market in locating industry there. While coal was relatively easily and cheaply obtainable in Shanghai, it was even cheaper in Tientsin, yet rates for electric power produced from coal in Shanghai were among the lowest in the world. The availability of cheap power must be counted one of the outstanding advantages of Shanghai for manufacturing. Power was cheap because water transport made a flexible and reasonably priced coal supply possible at all times short of war in the Pacific, and because the volume of industry already attracted to the Shanghai market by its transport connections, and dependent on rented electric power, made for a load factor which kept power rates exceedingly low.

Factory Location

361 As if to demonstrate a basic reason for its presence there, manufacturing within Shanghai is closely oriented to waterways, as map 3 will illustrate. Manufacturing came relatively late in the

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development of modern Shanghai, and has always been subordinate to the city's trading function. It has tended to occupy the urban margins and has not notably displaced older land-use patterns in the city. In a Western city this might give manufacturing an advantage of easy railway connections. Shanghai has at least part of a belt line, connecting the Hangchow, Nanking, and Woosung tracks, in addition to conveniently placed yards, but the railway lines touch important manufacturing areas only along Soochow Creek (the riverside industrial developments at Nantao and Woosung are relatively minor and are in both cases more closely related to the Whangpoo and its tributary creeks than to the railway). It is a surprising fact (by Western standards) that while manufacturing has spread toward the Yangtze along the left bank of the Whangpoo for about half the distance between Soochow Creek and Woosung, there is no manufacturing along the railway to Woosung from the station in Chapei (which is itself flanked on two sides by a residential area) to Woosung Creek. The greater part of this spur line passes through purely agricultural country.

The Yangtzepoo manufacturing area, the largest in the city and on the left bank of the Whangpoo, is nowhere nearer to the railway than one mile, and most of it is between two and three miles away. The manufacturing zone along Soochow Creek is mainly on the opposite bank from the railway and does not follow it when the lines leave the creek. The residential district of the French Settlement is also flanked on the south side by an industrial sector, articulated with Siccawei Creek and divorced from the railway. Manufacturing is absent from the left bank of the Whangpoo only along the well-guarded frontage of the Bund (see above, Chapter Three) and immediately downstream where wharves and docks have primary claim. Even Pootung, devoid of railway connections, but jutting into the Whangpoo in peninsular form, is an industrial area.

Power plants in any city must be located on or near large supplies of fresh water in order to cool their condensers. But of the five power plants in Shanghai, none has a direct rail connection, and all but two are considerable distances from the railway. The gas works, not heavily dependent on water for cooling purposes, but, like the

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361 power plants, a large consumer of coal, is on Soochow Creek, on the opposite bank from the railway.

Cotton textiles and flour, Shanghai's two leading industries by value of output, illustrate in the location of their manufacturing plants what is surely a unique economic phenomenon among modern industrial metropolises. Virtually all the city's cotton and flour mills are located on or near the navigable creeks by which they receive their supplies of raw cotton or wheat and send out their finished goods. The great majority of these mills had no other transport facilities, not being connected with either roads or railways.[62] Shanghai, for all its superficially Western appearance, is economically a blend in which Venetian characteristics are as discernible as British or American to the enquiring eye.

Changes in Industrial Location

Any city and any industrial center, once it reaches metropolitan size, tends to develop a seemingly automatic power of attraction for economic enterprises of all kinds. In particular once it has become a primate city, it seems to grow in snowball fashion and to corner for itself continually the lion's share of any new economic activity of the political or economic unit as a whole. This primacy in the case of Shanghai was undoubtedly in large part responsible for the continuing concentration there of trade, manufacturing, and finance. The more economic activity the city supported, in variety and volume, the more advantageous it became for new economic activity of any kind to center there.

361 By 1936, there were, however, signs that some new manufacturing
348 was locating elsewhere more than in Shanghai, and even that certain industries were moving from Shanghai to other industrial centers. The cotton textile industries of China were increasingly dependent on domestic cotton through the early 1930's (see above, p. 172). This removed some of the double advantage of Shanghai's location in the major domestic cotton producing area, and near the main shipping lanes, where it could easily import long-staple foreign cotton. The growing of long-staple cotton in China from American seeds was first begun on a large scale in Shensi in the early 1930's, but it was still cheaper for Shanghai to buy its long-

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staple supplies from overseas. Tientsin, Hankow, and to a lesser extent Tsingtao, could, however, use this improved Shensi cotton, and by the early 1930's, although the production of long-staple cotton had spread into all the cotton-growing provinces, more of it was grown in Hopeh and Shantung than in Kiangsu.[63] 361 248

A further factor was China's recovery of tariff autonomy in 1929. Up to that time, the tariff on most imported and exported goods was fixed by successive treaties between China and the major Western powers (beginning with the supplement to the Treaty of Nanking in 1843) at 5 per cent *ad valorem*. In practice the rates had varied between 3 and 10 per cent, but the average between 1843 and 1929 had been close to 5 per cent.[64] The new tariff of 1929 promulgated by the Nationalist Government in that year and revised in 1931, 1934, and 1935 imposed duties on the import of raw cotton and cotton yarn which varied considerably but which averaged about 17 per cent *ad valorem* between 1929 and 1935.[65] While Shanghai normally drew about 20 per cent of its raw cotton from abroad, Tsingtao, Tientsin, and Hankow respectively drew 93, 95, and 98 per cent of their raw cotton supply from domestic sources by 1930.[66] The average price of raw cotton in Shanghai by 1935 was about 10 per cent higher than in these three other centers, and nearly 90 per cent of the new building in the cotton textile industry in that year was elsewhere than Shanghai, although Shanghai still contained 51 per cent of the cotton spindles in China in 1936, and although total production costs for cotton spinning were still about 10 per cent lower in Shanghai than in any other Chinese city.[67] 361 651 361 288

This may prove to have been only a temporary disadvantage, since in the face of higher duties on imported raw cotton after 1929, and currently of China's desperate attempts to become independent of foreign imports, steps have been taken to increase the production of long-staple cotton, especially in Kiangsu where Shanghai manufacturing is so heavily dependent on it. The work of the Cotton Industry Commission of the National Resources Commission during the 1930's indicates that the goal of complete self-sufficiency in all types of cotton was realizable within five or ten years, under an effective administration.[68] Recent reports from China suggest that domestic cotton production, while still inadequate to supply Shang- 361 246

361 248 hai's textile factories, is now again approaching a self-sufficient level.[69]

Until 1927, the silk-reeling industry had been larger, by value of output, in Hangchow and in Wusih (where it was more closely oriented to the major silk-producing areas) than in Shanghai. With the stimulus of civil war in the delta in 1926, many of these mills moved to Shanghai, where they could get cheaper coal and electric power, abundant capital, and the general commercial advantages of a large market, as well as being able to draw their raw silk from the producing areas by water transport at nearly the same cost as in Hangchow or Wusih. By 1936, however, Wusih again led Shanghai in silk-reeling, due apparently to lower labor costs in Wusih, local skill, newer and hence more efficient plants, and the drop in the Wusih price of coal brought from Shanghai by barge trains pulled by steam tugs.[70]

361 288

361 A major and continuing development of the 1930's was the large Japanese investment in Manchurian heavy industry, notably in the Mukden area. Following the Japanese conquest of north China in 1937–38, this development was extended to include the Peking-Tientsin area, although on a much smaller scale. While these were primarily strategic or military rather than economic investments, they laid the foundation for a new heavy manufacturing center, closely oriented to its sources of bulk raw materials, and confined to the north. In addition to the logical association with coal and iron deposits, this project was geographically an obvious one for Japan to undertake from her original Korean and Manchurian base, and it did not include Shanghai, especially after the widening of the war from 1941 on made seaborne imports of raw materials into Shanghai increasingly difficult.

Japanese war-dictated industrial investments have now however become a legacy of great value for China, and heavy manufacturing is still virtually restricted to the north. In time, a second manufacturing center of this type may develop at Shanghai, dependent on cheap transportation for the assembling of bulk raw materials and shipping of finished products, cheap electric power, skilled labor, and continued market attractions. But in the current acute capital shortage in China, which is unlikely to be alleviated soon, such a development cannot be considered imminent.

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Industrially Shanghai has been an anomaly, by Western standards, since it has reached its dominant position in China in the local absence of most of the essential materials of manufacturing. This is especially striking in the case of coal, the single most important industrial material. The city's development has nevertheless proceeded rapidly once industrialization began in China (Shanghai's population doubled between 1920 and 1936) because it remained the cheapest point of assembly within China proper for the resources on which Chinese industrial structure rested. Manufactured goods which the city produced could also be marketed more cheaply than from any other location. Assembly costs and distribution costs are after all the ultimate locational considerations, and the actual presence of raw materials is important only in those terms. But Shanghai's position is a reflection of the level of the Chinese economy as a whole. As China moves from a pre-industrial economy to an industrial economy, with the accompanying expansion in transportation facilities, Shanghai may lose some of its particular advantage. By 1936 and up to the present, such a development has by no means occurred, but there are signs that it may have begun.

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466 than the rate had been in the summer of that year.[44]

Since 1951, as the result of the acceleration of "labor emulation" and Mao Tse-tung's demand that the cost of production be reduced, the Communists have neglected labor safety measures to an astonishing degree and industrial accidents have been increasing. According to statistics released by the labor bureau of the provincial government in Shantung, from January to June 1952, there were 4,392 persons injured or killed in factories and mines in that province.[45] At No. 6 Iron and Steel Factory in Shanghai, 484 persons, of which 109 were seriously injured, were involved in industrial accidents[46] in 1952. After the beginning of the Communists' first Five-Year Plan, labor safety became of less concern. This fact suggests that conditions in factories and mines on the China Mainland must be growing steadily worse.

C. Housing Conditions

362 466 The Chinese Communists assert that they spent more than 286 million yuan (new currency, equaling US$ 114.4 million) on housing projects for workers in 1952. In 1953, the government approved the construction of 130 million square feet of living quarters for workers.[47] The Chinese

44. Chinese Workers' Monthly, Nov. 15, 1950, p. 33.

45. China Weekly, Jan. 19, 1953, pp. 7-8

46. Tientsin Daily, Aug. 8, 1952; China Weekly, Jan. 26, p. 7.

47. People's China, May 1, 1955, pp. 3-5.

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362 466 Communists claim that the Central People's Government was the first government in Chinese history to provide housing for workers.

The construction of housing projects for workers in Shanghai began in September 1951. The first housing project, completed in 1952, was Ts-ao-yang Villa[48] on the western edge of the city. The project was comprised of a co-operative store, a clinic, a grade school, a market, and a club. Rent was fixed at approximately 7 per cent of the worker's gross income. Between 1952 and 1954, at least 29 new housing developments, with accommodation for over 100,000 people, are reported to have been completed in Shanghai.

The Communists also planned housing projects for workers in the Huai-nan mining district in Anhwei Province. The Huai-nan coal mine is one of two large industrial enterprises[49] which the Communists intend to develop in the East Region as part of the first Five Year Plan. The housing project was begun in 1952. By the end of 1954, some 1,300 miners and their families had moved into dwelling units. An additional 2,000 units were to have been ready by the end of 1955.[50] Compared with the slums from which these workers came, the new housing developments for workers in Communist China are probably a considerable improvement, but compared with housing projects in Western countries, they would seem meagre and overcrowded.

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48. Liberation Daily, April 28, 1952, p.1; Chinese Youth Enjoys a Happy Life, published by All-China Federation of Democratic Youth, Peking, 1953, p. 13. [See next page for 49, 50.]

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633 Concession," which was, like the originally British and later International Settlement, merely an area which by written agreement with the local Chinese authorities was set apart for the leasing and later for the purchase of land by French nationals. It was largely residential, and was governed by a Municipal Council in the same way and with the same powers as the International Settlement under the Shanghai Municipal Council. The population of both foreign settlements was overwhelmingly Chinese.*

362 361 One peripheral matter may be mentioned here in brief since it is a common difficulty in all great cities and since Shanghai's solution of it has been somewhat unusual. This is the problem of conveniently located space for suburban residential occupance. The development of large-scale manufacturing came relatively late in Shanghai, and was not a primary factor in the city's economy until about the first decade of the twentieth century. Most of the city's industrial area (map 3) has been occupied since that time, and while most of the Chinese industrial workers lived in the area of the factories (many of which were supplied with workers' dormitories on the premises), there was a growing need for conveniently located housing in residential suburbs for higher-income Chinese and foreigners engaged in the expanding economic activity of the city. A combination of circumstances had left such an area near to the city's commercial core only sparsely occupied until about the end of the first world war. This was the major part of the French Settlement, behind its narrow river frontage.

The last and largest addition to the French Settlement was made as late as 1914, and it covers substantially the area which had become residential by the 1920's. The French Settlement had not expanded earlier in this direction for a variety of reasons. In common with their practice in other colonial areas, the French had favored their own nationals in the granting and registering of title deeds to land in their Settlement. (Registry was managed through the French consul.) The choice sites went to French merchants, and most of the other foreigners took their business elsewhere, while the volume of French business alone was not sufficient to produce adequate grounds for territorial expansion. The French Settlement was further

* Wherever Shanghai is named here, it refers to the conurbation as a whole.

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handicapped in its commercial and industrial growth by the very small extent of its frontage on the Whangpoo, on which most of the city's traffic moves, and French access to this waterfront was impeded by the interposition of the old Chinese city, which remained under Chinese control and through which no adequate roads were ever built. Just as important a handicap was the lack of navigable creeks running through the Settlement, since these have remained basic transport arteries in the modern economy of the city and have been important in locating many of its functions. Siccawei Creek (map 3) runs along part of the Settlement's southern border, but leaves it well before it enters the Whangpoo, and it has attracted industry along its southern bank rather than in the French Settlement. Finally, the French area is on the south side of the city, away from the Yangtze and the major industrial development reaching downriver toward Woosung, and upstream from the part of the harbor where ocean ships can dock. 361 362

Thus with the new addition in 1914, a relatively unoccupied area, free from industrial nuisances, but near to the center of the city and under the protection of foreign law and administration, was available for residential occupance at about the time when the suburban problem became acute. In addition to providing agreeable space for upper-income housing, it increasingly served as the entertainment center for the city and as a home for Chinese political figures in temporary retirement or for wealthy Chinese criminals who profited from the laxness of the French authorities and the ambiguous legal status of the Settlement. "Frenchtown," as the foreign residents of Shanghai called it, was famous before the war as the home of every variety of legal and illegal entertainment enterprise, as well as of most of the wealthy foreigners and Chinese in Shanghai.

Population Figures

Caution is the rule in the use of any statistics pertaining to China, and Shanghai, despite its measure of foreign control, is not an exception. The overwhelming majority of the city's population has always been Chinese (graphs 1 and 2), and census figures compiled by both the National Government and the Shanghai Municipal Council are admittedly estimates. In addition to the inaccuracy of 162

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER VII

HOUSING

OFFICIALS OF THE Shanghai Municipal Council gave much thought to the question of housing congestion in the Settlement. The Commissioner of Public Works, writing of the situation in 1935, stated: 362 511

"The poorest people of this country, through age-long poverty and hardship, have become inured to a condition of living which, in some other countries, would be thought insupportable. Overcrowding, however, is not confined to the poorest classes, nor to habitation . . . and is a vast social and economic problem which can only be solved gradually by the Chinese people. As far as Shanghai is concerned, serious overcrowding is a permanent and widespread condition from Hongkew Park to the Southern Station, and from Lay Road to Avenue Haig. Political disturbances in the past (first in 1861) have often led to an influx of refugees. It is inevitable that at such times new standards of overcrowding are established more or less permanently, and from general observation it would appear that overcrowding had increased in the past decade. Actually it is overcrowding in the first instance that makes high rents possible, and it is because of overcrowding, and the consequent high rents which have been possible with but a trivial addition to the cost of the building, that capitalization of the increased net rentals goes on to the land and creates a high land value that it is difficult to break down."[1]

How true these words were was to be tragically demonstrated in 1937, two years later, when the influx of refugees fleeing from hostilities was to produce worse overcrowding and higher rentals than Shanghai had ever experienced before.

According to the 1935 census figures, there were in that year 1,120,860 Chinese residents in the International Settlement or more than 99½ per cent of the total population. A count of heads for food supply purposes in February 1942 put the figure at 1,800,000, a number considerably less than generally believed. At the turn of the century, when the first count of Chinese population in the Settlement was made, their number had been 345,276. In 162

[1] Quoted in the *Report of the Housing Committee*, Shanghai Municipal Council, 1937.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

162 1935 there were 38,915 foreign residents, of more than fifty nationalities. In 1870 at the time of the first census of the foreign population, foreign residents had numbered 1,666, and 6,774 in 1900.

Normally 1940 should have seen the taking of the quinquennial census which had been carried out regularly since the initial years mentioned above. The Council, however, decided to dispense with census-taking in that year. Police, with whose assistance the distribution and collection of census papers were accomplished, were preoccupied in combating serious armed terroristic activities. Moreover, Chinese members of the Shanghai Municipal Police had not completely resumed their former duties in the area of the Settlement north of Soochow Creek, in which Japanese military authorities continued to exercise military functions, and without police help census-taking was not possible. Great congestion persisted in the area south of Soochow Creek, but as a result of the destruction of many dwellings in 1937 during the fighting north of the Creek, the congestion per unit area there was less than formerly. The 1942 count of heads provided none of the usual additional information sought by a Settlement census. Hence it is necessary to rely on 1935 figures.

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What was the population density in 1935? The basis of computation was the number of persons per unit area—in this case the number per acre. In the most densely populated police district, the figure was 547 per acre; a figure of more than 300 per acre obtained in nineteen police districts. A non-scientific, but for the average person a revealing, method would be to state the average numbers of persons and families per house, even though the size of the houses might vary.[2] Actually there is a certain uniformity in

[2] COMPARISONS OF CHINESE POPULATION AND HOUSE OCCUPANCY
(at five-yearly periods)

Year	*Chinese Population*	*Chinese Houses* *Occupied*	*Chinese Houses* *Unoccupied*
1935	1,120,860	74,952	6,967
1930	971,397	72,686	1,509
1925	810,279	65,474	2,357
1920	759,839	60,472	517
1915	620,401	54,083	1,856
1910	488,005	47,703	4,305
1905	452,716	44,316	1,012
1900	345,276	36,902	6,021
1895	240,995	29,851	800
1890	168,129	21,976	1,508
1885	115,170	18,513	3,064
1880	99,198	16,283	1,158

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

the type of houses in which Chinese families live in the Shanghai foreign areas so that the "house" unit has some meaning. Of 41,160 houses in which 113,286 families lived in the most congested areas, the modal figure, that holding for the greatest number of families, namely 22,764, was four families to a house. The median figure was 4.6 families. Expressed in terms of persons, the mode was 24 inhabitants per house. 362 162

In the summer of 1938, a year after the outbreak of Sino-Japanese hostilities, the manager of a large textile mill requested a study of the living conditions of workers employed in the factory, the majority of whom lived in the usual type of house. It was found that the modal number of families in 60 houses studied was 7.22; the median was 5.81.

Housing developments where the bulk of the Chinese population lives consist of row after row of two-storied houses,[3] the rows separated by alleyways. The so-called "Chinese house" represents a recognised type of building construction in which the frame is made of native Foochow poles or of imported Oregon pine. If Foochow poles are used, the height is limited by the length of the poles, which in general permit two-storey buildings, each floor ten to twelve feet in height. The width of the house is usually eleven to twelve feet, and the depth varies from twenty-four to forty feet. The house itself originally contains a single front room downstairs, and a kitchen behind, with two rooms above. By the construction of horizontal and perpendicular partitions, however, spaces are provided for additional families. A principal tenant rents the house from a landlord, and by sub-divisions produces what Chinese call *pai ke hsiang*—a dovecote, with cubby-holes in each of which a family lives. 342 362

The typical Shanghai "Chinese house" is entered from the small courtyard in the front. One steps into the main downstairs room which is often the residence of the principal tenant, who may cut off a narrow passageway to provide the other tenants with access to their own quarters, or may permit his own room to be the passageway. As a rule, he builds a vertical partition toward the back of the room, thus making a second room which lacks a window. This room in turn may have a horizontal partition, creating an upper space, access to which can be obtained half-way up the

[3] In later years three-storied houses have become common.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

342 stairway. This dark loft may be the only home that many a family
362 knows. The kitchen, at the rear of the house, may or may not be used for its original purpose; more likely it is the residence of yet another family, while portable coal-briquette stoves are placed anywhere for cooking purposes. In the same way the upper front room may have both vertical and horizontal partitions, making spaces for other families; and the room above the kitchen will house yet another household. The area for each family is obviously minimal.

511 The alteration of buildings without permit was illegal. Application should be made to the Building Surveyor of the Public Works
362 Department for permission to carry out any building alterations. In practice, however, it was very difficult to detect interior alterations while they were being made. While theoretically the removal of unauthorized structures might be required, and while the Building Surveyor waged a vigilant struggle against such structures, there were certain difficulties in the way of complete enforcement. Not the least of these difficulties was the fact that the earnings of the majority of the Chinese population were insufficient to permit them to rent larger living quarters than they actually occupied. The basic cause of housing congestion was economic. As we have seen, the earnings of a principal wage earner were in general insufficient for the needs of his family, nor did the average total wages earned by all family members meet these needs. Under these circumstances it is obvious that a family will pay as little as possible for rent, and will occupy an unbelievably small space in order to reduce rental expenditure.

633 THE SETTLEMENT WAS by no means complacent in the matter of its bad housing conditions. At the annual meeting of ratepayers in
362 1936, a British resident proposed the following resolution:

"Whereas the constant growth in the population of this Foreign Settlement has been accompanied by a rapid development of industrialism and many changes in the living conditions of the people: and

"Whereas serious public concern has been manifested over the resultant housing congestion and other unfavourable conditions associated therewith: and

"Whereas no definite steps have been taken toward the examination of the problem with a view to possible measures for preventing its further aggravation,

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"The Shanghai Municipal Council is now requested to appoint a Commission, with wide terms of reference, to investigate the housing situation and to publish a report thereon with such recommendations as the Commission may see fit to make." 633 362

With slight amendment the resolution was adopted.

The Committee, when appointed, set about the examination of the housing question over a wide field. Apart from the general survey, one sub-committee concentrated on the question of the Council's administrative powers and on its building rules, while a second examined the obviously basic economic aspects of the situation.

In its findings the Committee recommended many technical methods which might control building alterations, encourage the erection of new types of dwellings in which a single room designed for the purpose would accommodate a single family, encourage the erection of small buildings to be used solely for industrial purposes, and discourage the future occupation of domestic premises for industrial uses. Specifically it recommended that no further "lofts" be permitted, in this way attempting to reduce the numbers of families which a house could contain. On the economic side, it was suggested that the Council should appoint a committee to consider means for the reduction of rent, and for the improvement of hygiene. Study was requested of such measures as public subsidy of housing schemes, reduced assessment of cheap house property, co-operation with extra-Settlement authorities in housing, improved cheap transportation, and increased wages. One recommendation was made which, in the light of what occurred upon the outbreak of war less than four months after the presentation of the report, seems particularly ironic—"discouragement of excessive population influx."

This report was considered by a special committee of the Council, modified somewhat, and finally adopted by the Council in June 1937. The general banning of lofts was not approved; it was thought preferable that poor families should continue to occupy crowded lofts than that they should be forced onto the street. A recommendation was adopted which set up a standing committee including the Commissioners of Public Works and Health and the Chief of the Industrial Division, to study and report on the eco-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

362 nomic and social recommendations. The early onset of hostilities
633 precluded action.

On August 13 fighting broke out, and the city entered a most difficult period from which, down to August 1942, it had not emerged. If a housing problem existed prior to hostilities, it was more serious later. If difficulties were experienced in finding remedies then, they were rendered almost insuperable by the influx of a refugee population which largely remained in the city.

342 IT HAS BEEN POINTED out that the provision of housing by owners
362 of large industrial enterprises was frequent.[4] This may take the form of factory dormitories, accommodating single men or women within the factory compound. Or it may be that the management constructs houses of the usual type which are let to workers, often at rates below the rate ruling in the city generally. The Division's view was that dormitories were not desirable, for workers housed in them were in the position of being virtually under the direction of employers both during their working and their leisure hours. Admittedly the physical conditions in some dormitories were better than those within the ability of low-paid workers to obtain in the community; but the freedom which the right to leave the factory at the close of the day represents may not be dearly bought by accepting less good housing outside. Employers took the view that they were conferring a benefit in the provision of housing at cheap rents, but such payment in kind is close to the old evil of "truck." Adequate wages for workers to obtain their own housing are desirable.[5]

633 Controls over dormitory development were exercised in the first
342 instance through the Building Surveyor, who carefully calculated the per capita air space for the number of beds which it was pro-
362 posed to install. Through the Industrial and Social Division, progress was made in obtaining the installation of bathroom and laundry accommodations, and more recently of ventilation systems, in

[4] See the discussion of Employment Relations, Chapter V.

[5] In June 1941, one enterprise which housed 330 men in a dormitory on a mill compound and intended to erect a second building to house 300 women workers reversed its policy. It added $10 per month to the wages of all employees, men and women, to help them to find housing elsewhere. It continues to supply hot baths, and provide laundry facilities, activities in the best "welfare" tradition of western countries. A second millowner who had not thought of dormitories in the light of limitation of freedom abandoned extension programmes.

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new dormitories. Provision for rooms for drying workers' clothes by steam, instead of having them hanging damp, depressing and unhygienic in already crowded bedrooms, represented further betterment. Standards were rising. The happiness of workers in dormitories is conditioned also by psychological factors. In an effort to enlist dormitory matrons in the campaign for better conditions of dormitory life, a course of discussions over six weeks was held. Thirty-six women from twenty-six factories came, their interest increasing as the course proceeded. Hygiene in the dormitory, food, provision of recreation and education, and some talks aimed to interest the matrons in achieving harmony and more ordered living were among the subjects discussed. Individual visits were paid to the matrons and they were encouraged to come to the office of the Division for consultation and refreshment in their task.

633 342 362

REFERENCE HAS BEEN made to the high rents which the overcrowding resulting from hostilities produced. Rents in 1942 were almost five times what they had been in 1936. To some actual property owners this figure seemed fantastic. By rulings of the First Special District Chinese Court, rentals of those lessees amenable to the Court were not permitted to be raised by more than twenty per cent, which means that the property owner did not receive more than twenty per cent above his 1936 rate. His costs meantime increased greatly. Charges for water consumed in many cases equalled the rent received. For the purpose of the cost of living index figures, actual "retail" rentals paid by sub-tenants who rent a portion of a house from the principal tenant were considered. The principal tenant, taking advantage of the enormous demand for housing produced by the hostilities, raised the rentals of his sub-tenants on every pretext.

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To discover the extent to which principal tenants were exploiting the housing shortage and squeezing the last cent possible from their sub-tenants, a study of the problem was made by Council officials in 1940. A typical situation was found to be as follows. The principal tenant paid his landlord an annual rental of only $960, although investigation of investment, water costs, which the landlord met, and other charges demonstrated that he should, instead, have paid $1,398. In rentals from his sub-tenants, however, he took in $2,004, in addition to the value of the space which he

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

511 basis but contrary to usual practice in cases involving infraction of
633 a Byelaw. A judgment of three months' imprisonment was handed
427 down in one case where the accused was charged with taking $20,-000 key money. When the sale of furniture and fixtures was involved, valuation by the Court's valuers was obtained, on the basis of which a case was instituted if it was found that the sum asked in the transfer of premises was greatly in excess of the value of these items. It will take a considerable period before key money will become recognised as being illegal, and there will always be cases where payments are made secretly. There will always be those ready to pay illegally for what they cannot obtain otherwise. Nevertheless a beginning was made in destroying the value which accrues to the tenant from the mere holding of a tenancy. Related to the question of key money was the provision in the licence to sub-let that not more than one month's rent could be collected in advance. Without such a provision a lump sum payment could be passed off as rental in advance, though monthly rentals would, in fact, also be collected.

362 The licence to sub-let aimed also at improving actual housing
633 conditions. It required that the kitchen in a house might not be sub-let for residential purposes. It provided that passages must be kept free and rear and front entrances available for use at any time. If conditions become such that housing shortage becomes less acute, the instrument of licence could be used further to require improvement in housing conditions. Use of lofts as living accommodation, for example, might ultimately be forbidden.

744 There exists another instrument which might be invoked. A
362 proposal by the Council to prevent overcrowding was approved in the form of a Byelaw by the Ratepayers' Meeting in April 1941. For years its necessity had been admitted, but difficulties in obtaining a quorum of ratepayers had prevented this and other needed reform measures from securing formal approval. It was understood that the Commissioner of Public Health would apply the Byelaw with discretion, at first only in the most flagrant cases, because of the housing shortage.[6] Nevertheless its existence provided an instru-

[6] *Byelaw against overcrowding*: "Every building or any part thereof found to be inhabited in excess of a proportion of one person for every thirty square feet of habitable floor space, or superficial area, and four hundred cubic feet of clean and unobstructed internal air space shall be deemed to be overcrowding, and the householder shall be liable to penalty or fine not exceeding twenty-five dollars."

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ment in urgent cases, and it brought the Settlement into line with municipal administrations elsewhere in that provision existed under which action could be taken. 362 744

It is obvious that an overcrowding such as has been described cannot mean adequate life for those who must submit to it. Tuberculosis incidence rose sharply in Shanghai in the years following 1937 when congestion was so great. Many virulent diseases such as smallpox, cholera, and in recent years typhus, are endemic and their spread, despite the prophylactic efforts of public health authorities in encouraging vaccination and inoculation, was obviously assisted by crowded conditions. Moreover, the chapter on food and nutrition will show a corollary of housing congestion, when even the kitchen in houses which are inhabited by many families is often sub-let, is that there are no proper facilities for cooking. Food therefore cooked in small foodshops or by itinerant vendors forms the basis of the meals of many families. Proper nutrition is impossible under such circumstances. Again, most alleyway houses have been built without sanitary accommodation. Every family must then have its wooden bucket in the room which is its only living room. Public toilets are insufficient for the people's needs and there is consequently frequent befouling of the alleyways. The wonder is that under such housing there exists in Shanghai a self-respecting fine population, maintaining a personal cleanliness almost incredible to believe in the ruling circumstances. For them surely a better housing opportunity must be presented after hostilities have ended. 166 744 362

THE SHANGHAI OF THE future will not be the divided authority it has been in the past. The two former foreign-administered areas will presumably come under the general authority of the Chinese City Government following the retrocession of the Settlement to Chinese administration by Great Britain and the United States. The development of proper transportation systems connecting the Settlement and Concession with the surrounding areas previously under the City Government must be an early consideration. They will open up areas for residence unavailable till the present because of their inaccessibility by cheap means of transport. The Shanghai of the future will, too, it is hoped, be planned on modern lines, where adequate authority will permit proper controls over 000

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312 731 larly its major commercial artery, Nanking Road, which follows fairly closely the course of a small creek culverted early in the period of foreign occupance (map 6). It was thus one of the most frequently flooded areas in the city. Paving along this heavily traveled street through the heart of the hotel and retail district was removed for nearly a mile back from the river, and replaced after the ground level had been raised sufficiently to protect it from all but the worst floods.

364 505 The numerous tidal creeks (map 6), characteristic of the lower delta, were useful in the early days of the Settlements as master drains and for demarcating legally and defending militarily Settlement boundaries. They were also used for carrying off sewage, where their tidal ebb was an advantage, and for movement of goods within the city and to and from the hinterland. The so-called Defense Creek at the western limit of the British Settlement of 1848 (map 6) was culverted and covered with a roadway in 1906, a few years after the Settlement had reached its greatest areal extent in 1899, but the Yang Ching Pang, which formed the boundary between the French and International Settlements on the south, remained an open sewer and transport artery until 1915, when as an enclosed culvert it was covered over with a broad boulevard named Avenue Edward VII as a gesture of ideological if not political unity between France and Great Britain. The remaining uncovered creeks are still important transport arteries, and as such key factors in the economic life of the city. While Shanghai has at least to this extent turned its delta site to advantage (and in a largely unique way as we shall see below), the problems which the delta has presented far outweigh its benefits.

The City

361 The site of the original British Settlement, on the left bank of the Whangpoo at its confluence with Soochow Creek, was determined by the existing walled Chinese city just upstream, whose trade had attracted British interest in a concession there (map 6). Soochow Creek, the original natural and later canalized waterway to the leading delta city of Soochow for which Shanghai served as the port, was the primary factor fixing the Chinese city, and it was

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naturally built on the outside of the bend in the Whangpoo, where tidal scour cut a channel and where it could tap a larger hinterland than on the inside of the bend. It may be assumed that the Chinese city was originally at the junction of Soochow Creek and the Whangpoo, and that since its founding in approximately the fourth century A.D., deposition and alterations in the character of both Creek and River (see the next section of this chapter) have left the city on the Whangpoo about 5000 feet upstream from the Creek's mouth. A considerable area was thus left between the city walls and the mouth of Soochow Creek, and here the British Settlement was established.

Sir Henry Pottinger, head of the British delegation at the Treaty of Nanking, selected the site for the British Settlement at Shanghai on his way back from signing the Treaty, his choice being influenced by strategic considerations.[8] The area he fixed on was the little square bounded on three sides by defensible waterways and on the fourth by the navigable Whangpoo (map 6). The main suburbs of the Chinese city lay between its wall and the Yang Ching Pang, while north of this creek the land-use was agricultural.

The boundaries of the original British leasehold of 1843 and later additions, and of the original French leasehold of 1849, made close use of existing waterways. These were useful not only for demarcation and defense, but also for sewage disposal, drainage, and transport, although not for drinking since they were both brackish and polluted. Roads (including Nanking Road) were built over many of these streams, but they continued to act as sewers. The course of Defense Creek and its junctions suggest that it was canalized for at least part of its length and diverted to supply the moat of the Chinese city, supplementing the water also received from the three other creeks emptying into the moat.

There are no contemporary accounts of natural levees anywhere on this site in 1843, and the possibility of their existence is lessened by the contemporary pattern of streams and canals as it can be reconstructed from period maps and records. Possibly the material which must have been deposited by Soochow Creek and Whangpoo flood waters along their respective banks was continually removed by local farmers in order to spread the alluvium over their fields

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creeks and canals as well) and settled in earthen jars with the help of alum to precipitate the mud. The water was then boiled and cooled, but this beverage was not held in much favor by the foreign community, and beer, wine and spirits imported from abroad filled most of the needs of at least the male foreign residents, aside from the missionaries. In 1883 a foreign-owned and directed water company under contract to the Shanghai Municipal Council began to supply water to the foreign community in pipes, and this service was gradually extended to Chinese residents of the Settlement after 1884, primarily to help prevent disease, which could so easily spread. This water, pumped from the Whangpoo, was purified by slow sand filters, alum, and chlorine, but it remained unpalatable and was distributed to less than 10,000 users in all until the turn of the century. The intake for this plant has remained on the Whangpoo below the city in south Yangtzepoo.[11]

Location downstream from the city enables the plant to draw on the tidal inflow from the Yangtze, which is less contaminated, fresher, and less muddy near the surface than what the Whangpoo brings down. The widespread use of city refuse of all kinds for fertilizing fields and for filling low-lying land makes a downstream location so near the city less of a danger than it would be in most Western cities. The Whangpoo may originally have been a tidal salt water creek which later benefitted from stream piracy in making connections with a fresh-water stream or streams farther inland as its own headwaters. Such a possibility is suggested by the Whangpoo's short total course compared with the volume of water it carries, by the sharp right-angle bend it makes in flat alluvial country about ten miles above Shanghai (map 5), and by what is known of the hydrographic history of this area, which is discussed in greater detail below.

This private British-owned company, the Shanghai Waterworks Ltd., continued to provide about half of the piped water supply of the entire city until 1936, by which time it distributed a daily average of about 54 million gallons. It was supplemented in 1903 by a company owned by the government of the French Settlement with an intake above the city on the Whangpoo, and also using sand filters, alum, and chlorine to supply a daily average of about 32 million

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gallons by 1936. Two Chinese-owned waterworks were also in operation, one in Chapei (part of the Chinese municipality — map 3) established in 1921 and drawing water from an intake on the Whangpoo just above Woosung. This was the largest Chinese-owned waterworks in China, and supplied an average of about ten million gallons daily. The other Chinese waterworks was built in 1906 in Nantao, with an intake just upstream from that of the French company, but it operated intermittently until 1930, and by 1936 supplied only about three million gallons daily. These two Chinese waterworks served a tiny fraction of the Chinese population outside the foreign settlements, primarily in the areas immediately adjoining the Settlements on the northwest and south. Both plants used sand filters and chlorine to purify their water, but in 1926 the supply of the Chapei company was found to be grossly polluted and probably responsible for a cholera epidemic in that year in which several foreign as well as several hundred Chinese cases were reported.[12]

Aquiferous sand strata with water pockets of some size underlie parts of the city's site at depths of 100 feet or more, and most of the textile and paper factories have tapped this relatively pure and soft water by wells deeper than those dug during the early days of the Settlement. Drilling in the alluvium is cheap, but while water thus obtained appears to be satisfactory for soft-water using industries, it is questionable whether it is renewable and will not soon be exhausted, and certainly whether it is adequate to supply even a small part of the city's needs.

Despite the chemical purity of the water supplied by at least the two foreign companies, most foreign residents continued into the 1930's to boil and filter it before using it for drinking, an old habit which died hard and which was doubtless prolonged by the unpleasant taste of the heavily treated water. The total piped and treated water consumption of the entire city in 1936, approximately 100 million gallons a day exclusive of private wells, would not have supplied New York in the same year (with a population a little less than twice that of Shanghai) for more than two and a half hours.*

* New York used approximately one billion gallons a day in 1936, according to the 1936 edition of the New York *World Almanac*.

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In the early years of the foreign settlements when foreigners were permitted into the hinterland for half a day's travel from the city (since they were originally not allowed to spend a night beyond the Settlements), they moved very largely by boat, and "they inevitably met on the way dung boats, dung tanks, dung buckets, and dung carriers wherever they went."[49] Until 1923 (the 1925 population of Shanghai was approximately 2,300,000, including 29,000 foreigners), there were virtually no flush toilets anywhere in the city and no central sewage system. The human wastes (or night soil) and the garbage of the city, in common with the usual practice in east Asia, were carefully saved and "sold" to contractors, who were paid a small fee for their services in removing the wastes and distributing them for sale to the farmers of the delta. Up to 1923, when a central sewage system was installed, these night soil contractors collected the wastes at most of the houses in Shanghai, including the foreign houses, and were under contract to the Shanghai Municipal Council for the removal of wastes collected by the Council from public buildings and a few private houses within the International Settlement. The Council realized an average annual revenue between 1910 and 1920 of US$50,000 from these transactions.[50]

The Council made its first contract with the night soil collectors in 1867 because it was alarmed by the health menace presented by the promiscuous dumping of wastes of all kinds in the creeks which flowed through the Settlement. Night soil contractors had been operating in the Settlement for several years before this date, but they had not removed all of the wastes, and the Council in its new contract provided for a complete disposal system.[51] By 1932, the Health Commissioner of the International Settlement was defending this system as essential not only to the health of the Settlement but to the productivity of the farms which supplied it with food.[52] As a means of disposing of the city's refuse it also had notable advantages of economy, if not of attractiveness to the foreign residents. The Council estimated in 1920 that the cost of collection and disposal of household wastes in Shanghai over the period 1908–1919 averaged about 1s 2d per ton, as against an estimated cost in London at the same period of 9s 1d per ton.[53]

In 1923 the Council built the first central sewage system, which

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by 1934 included four sewage-treatment plants and two incinerators 364
for household refuse. During the same period cesspools were dug 514
for most buildings in the Settlement beyond the limits of the 463
central sewage system. The night soil contractors continued to remove wastes from buildings without cesspools, and, by agreement with the Council, to drain the cesspools at regular intervals. Most of the sewage treated by the new plants was sold to the night soil contractors as before, but now in a concentrated form which was also less dangerous to health when used as fertilizer. Non-organic wastes were dumped at sea by the Council, or were used for raising low-lying land. Household garbage continued to be collected by the night soil contractors as before.[54] These malodorous cargoes went out from Shanghai entirely in barges, many of which were open and which were (and still are) to be seen on all of the waterways running through the city. It was these which attracted the adverse comment to which the Municipal Health Commissioner replied in the statement referred to above.

The night soil produced by two, three, or four million people 241
and distributed to farmers must have been a not inconsiderable factor in maintaining or enhancing soil fertility and in making possible unusually high yields within a thirty- or forty-mile radius of Shanghai.* Existing figures for crop yields are unfortunately calculated on the basis of *hsien*, and *hsien* boundaries do not even approximately coincide with the thirty- or forty-mile radius. The Municipality of Greater Shanghai itself occupies 320 square miles (of which 210 square miles is listed as farm land) within the area of night soil distribution from the city. The effect of this distribution therefore cannot be measured with any accuracy in terms of crop yields, although the figures do show about 10 per cent higher yields of all crops in the *hsien* which have some part of their area within a forty-mile radius of Shanghai than in the remaining *hsien* in the Kiangsu section of the delta south of the Yangtze and east of Tai Lake.[55] Soil and land forms are generally uniform over this area. It is a readily observable fact that fields are greener and crops heavier and further advanced within a day's foot or water travel

* See above, p. 137. Buck's figure was compiled from surveys in only one district (about one quarter of one *hsien*) within this area.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

648 but until the occupation of the Settlement by Japanese forces in
633 1941, this document, the Settlement's constitution as it were, remained practically unchanged. Any change in Byelaws required the consent of a special meeting of ratepayers with a stipulated quorum of the Consular Body in Shanghai, of the Diplomatic Body. Changes in the Land Regulations required approval of the Chinese Government. A Chinese Government which resented the existence of areas alienated from its control refused to contribute to the perpetuation of foreign administration by agreeing to changes in Land Regulations. Thus for several decades prior to 1941 the Council had to proceed under an archaic set of constitutional powers. It possessed no specific power to deal with labour and social issues. After the occupation of the Settlement by Japanese
722 forces and the consequent coming under Japanese direction of the
633 whole Council administration, pseudo-changes in the Land Regula-
648 tions were considered. No final information is available on this matter, but presumably the form would be gone through of submitting them to a Council which was under Japanese influence, to a compliant Consular and Diplomatic Body consisting of Axis and neutral representatives, and to the Japanese-sponsored Chinese Government in Nanking, whose consent to changes could, it is assumed, be obtained. By this procedure a semblance of legality would be sought. Whether legally obtained or not, the Nanking-stated First Special District Court in Shanghai would apply byelaws derived from newly assumed basic powers in the Land Regulations.

The Organic Law Governing Municipalities promulgated by the Chinese Government in 1930 by comparison granted wide powers to municipalities created by that Government. In particular, Sub-section 5, Article 8 of this Law gave to municipalities the power to administer and bureaucratically to enforce provisions relating to labour.

633 Possibly because of the lack of enabling byelaws, but possibly
364 also because concern with industrial and social issues came late in
744 China itself, the Council's consideration of certain types of social
[625] problems was late also. It was natural that the first municipal emphases historically were logically on the maintenance of public order through police services; on the provision of public health services in a country where modern ideas of sanitation have lagged

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

and where virulent disease is endemic; on the development of highways, sewerage and drainage systems; and, through franchises, on the supply of public utility services. Thirty years ago, however, it became evident that Shanghai was coming to be an important manufacturing city, and that a large industrial population would arise, brought to the city from rural areas by the hope of securing employment. The necessity, therefore, for concern with the social problems everywhere associated with a large industrial populace grew more urgent with the years.

633 364 744

IN THE 1920'S FIRST EFFORTS were made by the Shanghai Municipal Council to regulate industrial conditions with the attempt, in 1925, to obtain passage of a byelaw which would limit the age of commencement of work for young people to 10, rising later to 12 years.[1] Until April 1941 the limitations on the Council's powers necessitated the summoning of a special meeting of ratepayers (voters) to alter or to add to any byelaw which might permit the Council to exert authority, provided it were not incompatible with the Land Regulations. Two special meetings of the ratepayers in 1925 lacked the necessary quorum of voters. The byelaw could not be passed.

633 466

Chinese residents in the Settlement subordinating social to patriotic motives opposed the proposed byelaw, for they did not desire the extension of the Council's powers into realms not specifically provided for in the Land Regulations and existing Byelaws. The year 1925 antedated the rise of the Chinese National Government which was to show a lively concern in labour matters, and at that time the Peking Government took only a perfunctory interest in the regulation of industrial conditions. On political grounds even socially minded Chinese leaders in the Settlement opposed the Council's assumption of control over labour conditions, notwithstanding that the issue was a humane one of preventing the exploitation of children. Although under the Land Regulations, attendance and voting at ratepayers' meetings were prerogatives of foreign (i.e. non-Chinese) ratepayers, this Chinese point of view was nonetheless forcefully made known in the Chinese press which has always freely criticised the Settlement administra-

[1] "Toward the Regulation of Child Labour," *Bulletin No. 1.* Joint Committee of Shanghai Women's Organisations, 1926.

438 30 per cent by water.[50] Shanghai was thus in a relatively favorable
489 position in being able to draw its coal supplies so largely over water routes. For the period 1930 to 1936, the city imported an annual average of 3.9 million tons of coal from all sources combined.[51] Figures of the Maritime Customs at Shanghai for the same period show an annual average of 3.5 million tons of coal arriving in the city by sea and river [52] (so that railway haulage accounted for less than 10 per cent). Even so, the distances separating Shanghai from its sources of coal made domestic coal more expensive there than for instance in Tientsin, where the cost of Kaiping coal was about 10 per cent less than in Shanghai. Shansi coal, selling for CNC$5 per ton at the pit-head, sold after its long rail haul for CNC$10 at Taku and CNC$12 per ton at Shanghai.[53] (Note that the price doubled between the mines and Taku, but increased by only 20 per cent between Taku and Shanghai, more than twice as long a haul, but by sea rather than by rail.) Shanghai has the advantage of central location, and can draw with equal ease on domestic or overseas coal as prices vary.

375 Consumption of coal in the city, according to C. A. Bacon, was divided approximately as shown below.[54]

Users	*Approx. Annual Consumption, in Tons*	
Public Utilities	1,475,000	
electric power companies		1,300,000
gas works		100,000
waterworks		75,000
Other Industries	1,100,000	
Households	500,000	
Shipping	400,000	
Railways	350,000	
Miscellaneous	50,000	
TOTAL	3,875,000	

365 According to these figures, 37 per cent of Shanghai's coal consumption was accounted for by the electric power companies. There were four of these companies in the 1930's, of which the Shanghai Power Company (sold by the Shanghai Municipal Council to an American company in 1929, and in 1949–50 taken over by the Com-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

munist government) was by far the largest. An official of the company estimated that it was responsible for an average of 83 per cent of the total sales of electric power in Shanghai for the period 1925–1934, and that 78 per cent of its sales during this period were to industrial users, distributed as shown in the accompanying table.[55] 365

Industry	*Percentage of Total Industrial Power Sales*
cotton mills	78
flour mills	7
rubber goods factories	2
miscellaneous textiles	2
other industries (less than 1 per cent each)	11
	100

The city's dominant industry, cotton textiles, was thus apparently heavily dependent on rented electric power. All of the five power plants in Shanghai were entirely carbo-electric. The Shanghai Power Company operated two plants, one at the northeastern tip of Yangtzepoo (the "Riverside" plant), and the other near the mouth of Hongkew Creek (map 3). Of the other three plants, one was owned by the French Municipality and was located on Siccawei Creek at the southern edge of the French Settlement, and two were Chinese-owned, located respectively in Nantao and Chapei. The silk-reeling industry does not appear in the above table because it used primarily steam power (and steam heat), which was produced on the factory premises from coal. Approximately 80 per cent of the industrially-used electric power was purchased from the power companies, and only about 20 per cent was generated by the industrial consumers themselves. Fully half of this 20 per cent was accounted for by the generators of the Kiangnan Arsenal.[56] [288] [377]

Shanghai produced in 1936 58 per cent of the electric power generated in China, and the "Riverside" plant of the Shanghai Power Company had a larger output in 1930 (450 million kilowatt-hours) than any single station in England.[57] The combined output of all four power companies in 1930 was greater than in any English city except London.[58] This power was sold at very low rates, special rate arrangements being made for large industrial users.

365 Rates during the period 1926–30 averaged for all users the equivalent of US$.008 (.025 taels) per kilowatt-hour, which the president of the Shanghai Power Company claimed made his product the world's cheapest power.[59] These rates were made possible, in spite of the higher price of domestic coal in Shanghai than in Tientsin, by the very high and constant annual 24-hour load factor, which averaged nearly 70 per cent during the period 1930 to 1936, as compared with 42, 26, and 40 per cent respectively for Manchester, Birmingham, and Liverpool during the same period.[60]

365 466 The load factor reflects a high intensity of industrial operation, and a heavy dependence of Shanghai manufacturing on electric power purchased from the power companies. It also reflects the long working hours of nearly all manufacturing establishments in Shanghai, which averaged between 11 and 12 hours a day six days a week,[61] and the widespread Sunday and night-time operation among nearly all of the household and smaller-scale manufacturing establishments using electric power. The low power rates encouraged the spread of small-scale mechanized manufacturing in private houses, and more important, made Shanghai an attractive location for almost every form of manufacturing.

365 The case of electric power demonstrates again the role of the Shanghai market in locating industry there. While coal was relatively easily and cheaply obtainable in Shanghai, it was even cheaper in Tientsin, yet rates for electric power produced from coal in Shanghai were among the lowest in the world. The availability of cheap power must be counted one of the outstanding advantages of Shanghai for manufacturing. Power was cheap because water transport made a flexible and reasonably priced coal supply possible at all times short of war in the Pacific, and because the volume of industry already attracted to the Shanghai market by its transport connections, and dependent on rented electric power, made for a load factor which kept power rates exceedingly low.

Factory Location

361 As if to demonstrate a basic reason for its presence there, manufacturing within Shanghai is closely oriented to waterways, as map 3 will illustrate. Manufacturing came relatively late in the

done with dispatch soon after Shanghai had been taken. By the end of 1949, railways destroyed in the delta area during the civil war had been restored to operation, and by the end of 1950, most of the lines in China as of 1936 had been rebuilt, plus considerable new mileage. Great stress has also been put on maintaining a high level of commodity flow by water transport from the Yangtze and the delta to Shanghai. Numerous hydraulic improvements were undertaken in 1949, 1950, and 1951, including the widening, deepening, and regulating of existing waterways, the building of additional carriers of all types,* and in November 1950 the commencement of a very large five-year project for the regulation of the Huai River, designed primarily to prevent its disastrous floods, but also to facilitate navigation.[2]

But the sea routes, equally vital to the city's economic life, remain largely closed. Political capital has been made of this unfortunate situation, since it has in effect called the Communists' bluff in their repeated assertions that Shanghai was a foreign sore on the Chinese body politic and should be integrated with China rather than with its kindred economies overseas.

> The new Shanghai . . . is closely linked by commerce and the interflow of goods with the rest of the country. Facing inland instead of across the sea, it is integrated politically, economically, and culturally with the nation whose needs it serves. From being a source of infection in China's economic life, Shanghai has today become a source of strength to the new China.[3]

This is cold comfort. Shanghai can be a source of strength to China only if it produces, and it cannot reach more than a part of its industrial potential while the sea routes which feed it are closed. The shortage of coal in the city remains, if one may read between the lines of official statements and news releases. Electric power is rationed; new users are discouraged, and one gathers that current users are unable to get enough to increase their production. Remembering the crucial importance of cheap and abundant electric power for all of the city's industry, as we have discussed it above

* 192 inland water craft were built in Shanghai alone in 1950, totalling 28,000 tons displacement, according to Ching-Chi Chou-Pao for January 4, 1951, p. 9.

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in Chapter Ten (it constituted probably Shanghai's outstanding advantage for manufacturing), the present situation is discouraging. We may assume that the newly rebuilt railways are now carrying much larger amounts of coal from north China to Shanghai than they did before the war, but this greatly increases its price as against sea shipment, and is unlikely to have the necessary capacity. Industrial machinery, liquid fuels, rubber, chemicals, and the other goods which were imported from overseas and which are vital to Shanghai's industrial recovery are also short under the combined Nationalist blockade and United Nations embargo. 365 439

Ocean shipping using the port virtually disappeared during 1949 and most of 1950. Toward the end of 1950 it reappeared on a very small scale, and now averages perhaps two or three ships a month, all in the coasting trade. The entrances to the Yangtze have been mined by the Nationalists, and the main ship channel in the estuary has not been dredged since 1937. Sunken ships, to which floating mines still occasionally add, further block the river. Until early 1951 there was a small trade with Hong Kong, but this has now nearly disappeared with the adoption of the United Nations embargo in December 1950, and the few ships which call at Shanghai are restricted almost entirely to the trade with Tientsin, Tsingtao, and Dairen. Rates are prohibitively high, and all imports and exports through the port of Shanghai are rigidly controlled by the government. Luxury goods and most consumers' goods are excluded from the list of admissable imports. The city's busses and most of its other gasoline vehicles have been converted to run on charcoal gas. Export and import licenses can be obtained only where it is considered in the national interest, but buyers to whom exports might be sent are in many cases unreachable, as witness the consistent import surplus for Shanghai itself of 100 to 120 per cent over exports during 1951.* [4] Such conditions are crippling for a city which 505 439

* The Soviet bloc however seems now to be filling the gap in China's foreign trade left by the shrinking of commercial relations with the West, judging from current reports. (See Ch'en Han-seng, "The Future of China's Foreign Trade" (1952), *New China News Agency Bulletin*, September 29, 1951, *Hsin-Hua Yüeh-Pao*, October 1951, *Ching-Chi Chou-Pao*, September 27, 1951 and April 24, 1952, *Peoples' China*, August 1, 1952.) But for trade with the Soviet bloc, though it is still a new development whose permanent outlines are uncertain, Shanghai is in a relatively

133 (a common practice in the delta), or to maintain proper ground
361 levels for the flooding of rice paddies. It is therefore unlikely that foreign settlement was fixed in any respect by the protection or by the higher and drier ground which natural levees would have afforded.

648 A frontage on the navigable Whangpoo, completing the water defenses around the British Settlement, was an additional source of security for the foreigners, since it permitted British naval vessels to command the entire site with their guns. George Balfour, the first British consul at Shanghai, in expressing his approval of Pottinger's choice of a site, stressed the importance of the Whangpoo on this point: "By our ships our power can be seen, and if necessary, felt."[9] This consideration may have been a factor in the decision to retain the prohibition against building on the river side of the Bund, a problem which is discussed in more detail below. Certainly foreign naval vessels have been prominently anchored off the Bund at every period of Shanghai's history from 1843 until the Communist take-over in 1949.

503 Along the Whangpoo and Soochow Creek, the muddy tidal foreshore was not usable for buildings or wharves until embankments had been constructed. This process, known in all the China treaty ports by the Anglo-Indian term "bunding," was a continuing job requiring large sums of money. In the case of the famous Bund along the Whangpoo frontage of the International Settlement from Soochow Creek to the Yang Ching Pang, the terms of the original grant of lease rights by the Chinese government to British subjects prohibited building within thirty feet of the high-water mark, which space was to be reserved as a tow path for the use of Chinese trackers pulling boats upstream.

503 When the rights of the Chinese trackers lapsed by the mid-1850's
367 in the face of the growing foreign stake in Shanghai and the demands of steam navigation, the Shanghai Municipal Council inherited this waterfront strip by default and successfully defended it against the designs of foreign traders who wished to make commercial use of the area for warehouses and offices which would be convenient to the river.[10] The Council undertook the bunding of this strip in 1862, and in the process extended it beyond the high-water mark to

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make an overall width more than double the original thirty feet. At the northern end of this embankment, at the mouth of Soochow Creek, the Council made use of some gratuitous real estate, deposited by the Creek around the hulk of a sailing ship wrecked there in 1851, and soon made part of the mainland by continued deposition, for the establishment of a park on the river side of the Bund. A broad boulevard was built from Soochow Creek to the Yang Ching Pang along the new embankment (later extended by the French into their Settlement), and this artificially preserved freeway has been maintained by the modern city as its chief showplace and promenade ground, lined to landward by hotels, banks, trading houses, and public buildings, but on the river side by unsightly floating wharves (necessitated by the annual tidal range of 13.6 feet) and mud flats exposed at low tide.

On this problem also the Communist administration of the city have expressed themselves in another project to dress up China's modern front door to the West. The current project for the Bund (now largely completed) calls for the removal of the railway and street car lines which have run down the middle of the broad embankment, with attendant rickshaw stands and cargo stations, and their replacement by an island to be planted with grass and trees, in a reversion to the original late nineteenth century pattern. Planting is also to be added on the river side of the Bund, to provide some screen in front of the harbor functions which are too important to move, however unsightly.

Water Supply

Water for drinking and for the manifold needs of a large city has been a perennial difficulty, since the brackish Whangpoo is high in carbonates and indifferently potable, while most local wells yield an even less desirable and more limited supply. Only the relatively modest demands of most of the Chinese population and the absence of any large pure-water consuming industries make the water supply adequate for such a large city on this site.

Until 1883 all water used by the foreigners for drinking (aside from that drawn from the few local wells) was dipped from the Whangpoo or Soochow Creek (and by the Chinese from the other

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178 ideal helped to preserve the stability of the total social order of China, the disintegration of the traditional family system and the abolition of the imperial examination system for recruiting the ruling elite became contributing factors to the dislocation of the traditional social structure.

There was no change in the social composition of the rural population in the past several decades. As of old, the village community consisted of farm laborers at the bottom and landlords at the top. Peasant landowners and tenants constituted the bulk of the village population; and village peddlers, merchants, and artisans were members of peasant families, most of whom owned land; the village gentry, that is to say the local leaders, were mostly retired officials or educated members of landlords' or rich peasants' families.[10]

178 369 However, the growth of rural population without a comparable increase in arable land, plus the increasing number of opportunities for employment in the cities, caused the migration of some peasants to the urban centers. The continued high premium placed on learning

10. Olga Lang, Chinese Family and Society, New Haven, Yale University Press, 1946, p. 68.

178 369 practical and otherwise, inducted the wealthier rural inhabitants to send their children to modern city schools which offered new opportunities. Thus, the cities became the centers from which the forces of changed radiated into the surrounding countryside.

Some of the rural immigrants became permanent residents in the cities; others returned to their home villages. Among the permanent residents, some left their families in the country while others brought their immediate families (wives and children) to the cities. In either case, it meant the breaking up of family and clan relations. Industrial work and other city employment changed the outlook of these rural people; new professions such as modern medicine, law, engineering, and banking attracted the attention of those who would otherwise have been occupied in the study of the Confucian Classics. This was especially true after Confucian training had been condemmed as impractical and not in keeping with the conditions of modern life
87 178 Education in the secondary schools and colleges, however inadequate and artificial it might seem, was designed for better

527 played on the bridegroom, traditional songs were sung and the guests, particularly the men, thoroughly enjoyed themselves. The births of male children were often celebrated as were the betrothals, and the like. In modern times the government of the Republic of China decreed certain national holidays but these were little observed by the farm villages.

217 In addition to these occasions for relaxation, there were activities which interested some of the villagers and helped to vary their lives. Itinerant dramatic troupes occasionally performed, and until very recently the storyteller spinning out his tales to the villagers was often seen. The election of a headman for the village often involved political maneuvering and a town meeting. Pilgrimages to famous mountains or shrines were often undertaken in the slack agricultural season for religious reasons or purely for relaxation. Perhaps the most universal recreation was as in all illiterate communities gossip and desultory conversation about the weather, the crops, the iniquity of the government local disputes, and on their rare occurrence, lawsuits involving
156 fellow villagers. Despite the grim struggle for survival the average villager tended to be cheerful, self-respecting with a robust sense of humor. He went through life with a continuous concern for his own "face" or prestige among his fellows and with the strong determination that, despite all, the fortunes of his family might steadily improve

B. The Pattern of Urban Life

• 369 Urban life, although it meant a different pattern of work, was closely akin to life in the

369 villages. Town and citydwellers -- perhaps 20% of China's population -- kept their ties with their native villages. returned there whenever possible and many saw commercial activity in the town only as means to the acquisition of sufficient wealth to buy farming land and return [162] to the village.[11] The town population, then. was mostly made up of artisans and peasants plus a small number of landlords retired officials county functionaries and established merchant [634] families. The county seats (hsien capitals) were the centers for tax collection and administration of the surrounding farm-villages and also served as market towns where the peasant might sell his crop and purchase the manufactured goods he could not produce.

369 511 Town life for the average artisan was as meager as that of his relatives in the village. Long hours hard work low pay. few holidays were the lot of most and living conditions were generally poorer and more crowded than those [466] in the villages. Proprietors of many shops required their employees to live on the premises so that they seldom visited their families. The [262] diet of the town dweller was as poor as that of the poor farmer -- mostly cereals vegetables, and some condiments and meat and fruit on 369 holidays only. Brief holidays were allowed at the New Year the Ch'ing-ming festival. the 527 mid-Autumn festival, and the Dragon Boat festival. On these occasions, townspeople usually tried to return to their villages; if this was impossible they enjoyed such delicacies as they could afford and strolled the streets, perhaps

11. Cf. Cressey. Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.218]

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527 visiting friends and attending seasonal fairs and theaters.

369 Life in the towns was then closely linked with village life. But in the provincial capitals such as Tsinan, Nanking, and Foochow, life in some respects has been greatly altered by the modernization that spread from the coastal to the inland cities. The streets are paved and schools, newspapers, motion pictures, and radio make the people more aware of the outside world than are their cousins in the towns and villages. In Shanghai and other modern cities major industries built large dormitories for workers labor unions and political clubs developed as new foci for social activity. Yet the living conditions grew worse as workers moved into the cities. Crowding reached unbelievable proportions. The only comparable figures are for Chengtu, a city outside the East China area, but they suggest the dimensions of this problem in all urban centers. Chengtu, with predominantly one-storied buildings, had a population density of 50,000 per square mile, as compared with 28,500 per square mile in New York City.[12]
[466] One survey suggests that workers in the newer industries were somewhat better off than workers in the traditional trades,[13] but their traditional holidays were shortened without in most cases
527 the introduction of a six-day week. In the crowded
369 cities the festivals of the agricultural year continued to determine the holidays -- although

12. Winfield op. cit. p. 88. These figures would seem to be for the period 1945-47.

13. Lang op. cit., pp. 88-89.

527 national holidays were increasingly observed --
369 and like the town dwellers city workers tried to return to their family villages for at least one of the holidays. Another link to one's native place
515 was the system of clubs composed of those city-
369 dwellers who had a common provincial origin; the clubs operated hostels and sometimes arrangements for mutual-aid. Secret societies provided another focus of social life, particularly in the towns and cities. Their rituals passports and secret signs of greeting were all subordinate to their basic aim, which was to provide members with security-through assosi ation with an insurance against the hazards of a disintegrating and increasingly predatory society.

369 It will be noted that the ties of kinship and custom were strong even between the large modern cities and the farm villages. The ways of life tended increasingly to diverge yet one of the strongest cohesive forces of all was the common set of attitudes and values which even when change has been accounted for held together all Chinese of village and town and city.

II. THE INFLUENCE OF COMMUNISM

668 In discussing Communist efforts to alter the Chinese way of life, it should be stressed that our material is unsatisfactory. Statistics, declarations, news releases -- all give few realistic details of life in the villages under Communist domination, andmost refugees from Communist China have come from the cities.

First of all, the farmer's annual routine is basically unchanged. Pilot collectives are in

668 517 369 Yet the villagers' way of life has been greatly altered by the intervention of the government, through the cadres, in all social, economic and political activities. The pressure to conform, at least outwardly. is formidable. Self-chosen leisure-time activities are few, meetings occupy a great deal of time and attendance at harangues by Party cadres, entertainment furnished by traveling theatrical groups (all with their ideological message) take up more of his leisure. The slack winter season may now find him in winter school or involved in a community work project directed by the local cadre.

668 369 Settlement of accounts before the New Year holiday means payment of taxes and the sale to the government of most of the balance of the farmer's grain. for which he receives coupons. The cadres carry this out at the village level.[21] The New Year festival itself is characterized by some traditional activities, modified by some new features to help promote government aims. The peasant may buy New Year's pictures to decorate his house, but they will probably be romanticized portraits of Mao and other Communist heroes rather than the colorful deities of former days.[22] He may decorate his gate with paired mottoes but the mottoes will no longer carry the old

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21. SCMP 979, Feb. 2, 1955, p. 30.
22. Enlightenment Daily, Jan. 23. 1955, p. 2.

668 wishes for long life, happines, and wealth, but
369 exhortations to conform to Communist standards.[23]
The government may allow some additional foods for the season, but gambling is forbidden, and social life has been so thoroughly organized that it can be no longer restricted entirely to family and friends. The peasants have been urged to organize their own dramatic troupes to play the approved repertoire. Traveling troupes brought dramas to the villages, and 1500 film projecting teams moved into the countryside. The cadres organized "cultural lectures" for the rural groups. The old exchange of visits with relatives in nearby towns now has its Communist counterpart: interchange of visits between urban and rural workers' groups to observe one another's "progress in Communist reconstruction."[24]

668 The seasonal pilgrimage, in company, to
369 some famous shrine also has its Communist
788 counterpart: mass pilgrimages to Mao Tse-tung's native villages, which is being publicized as a national shrine.[25] Despite its frontal attack on the old familism, the Communist government last year provided special trains to take city dwellers back to their native villages for the holiday; a mass exodus was reported from Peking.[26]

668 Ch'ing-ming is no longer an approved festi-
527 val, presumably because of its function as a celebration of kinship ties and family continuity. The next approved traditional holiday is the Dragon Boat festival in June. The boat races

23. Cf. collection of mottoes in Hua-nan t'ung-shu [South China Almanac] Canton, 1953, p. 32.
24. Enlightenment Daily, Jan. 23 1955, p. 2.
25. Ibid. 26. Ibid., Also, SCMP972, 1954 p. 21.

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668 to use the New Year holiday to plan their work for
565 the year to come.

The bulk of the old middle class may have survived, but its activities have been increasingly restricted by government controls and by the growth of government-producing and marketing facilities. They are a tough and tenacious group, but their old comfortable life is already threatened and, as a class, they are scheduled for extinction.[34]

369 The growing cities now appear to be replacing the country as the goal of the ambitious. It is likely that, as urbanization and industrialization proceed, the cities rather than the farm villages will determine as the Communists plan, the new mores and patterns of living for society as a whole.

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34. Rostow, op. cit., pp. 162-64.

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361 position on the coast of east Asia, and the great extent of its trade
439 hinterland. With a similar delta agrarian setting for all of these
177 cities, Shanghai is nearly twice as large as any of them because the trade of half, and that half the richer one, of the most populous political unit in the world is funneled through the city by the pattern of inland waterways and sea routes which focuses on it. In the pre-industrial economy of China, water transport is by far the most important volume carrier. While China remained agrarian, the stimulation of its external trade by foreign commercial enterprise produced an interregional flow of goods which moved largely through Shanghai. This situation continued to implement the physical advantages of the city's location to make it the major point of contact between China and the West.

369 Modern Chinese banking and finance, manufacturing, and com-
177 mercial organization (and the new class of Chinese associated with them and divorced from traditional China) all got their start there, are still largely concentrated there, and for the last hundred years have spread out from there as from the center of a whirlpool. Of the whole process of Westernization in China, only railways came relatively late to Shanghai, a logical exception in view of the abundance of good water transport. Otherwise the city rapidly became, within the first decade of its opening to foreign trade, a physical and economic replica of the nineteenth-century Europe which had built it, and in time of the twentieth-century America which was also a prominent contributor.

Shanghai and the pattern of its development during the past century have been modern China in microcosm. In the city China for the first time learned and absorbed the lessons of extraterritoriality, gun-boat diplomacy, foreign "concessions," and the aggressive spirit of nineteenth century Europe. There more than anywhere else the two civilizations came together: the rational, legal-minded, scientific, industrialized, efficient, expansionist West, and traditional, intuitive, humanist, agrarian, inefficient, seclusionist China. The sequel, and China's response, began primarily at Shanghai, and there modern China was born.

China's economic revolution, as fully as Chinese nationalism, struck its first modern roots beside the Whangpoo, and these two

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have between them made the contemporary picture. Economically, the institutions, and still more the attitude and standard of values, which had grown up in the West with the end of the Middle Ages and reached a full flowering in the nineteenth century, were transplanted to Shanghai. As the city grew on this heady but nourishing diet, its growth set widening patterns of change in motion throughout the country. In the economic structure which developed at Shanghai, in the problems which economic development had to overcome, in the compromises and hybrid growths which arose, in the final maturing of a modern commercial, financial, and industrial metropolis, the city provides a key to what has since happened and is still to happen in China.

The events of the post-war years have thrown into relief the economic and political changes which have long been under way in China, but which have only recently made themselves violently apparent. Communism is merely the present vehicle, not the creator, of the revolution which has carried it to success. As a leading agent in modern China's revolution, Shanghai may claim a larger share than Moscow in the current product. War, civil war, and Communist victory have also ended the history of foreign Shanghai. The hundred years of its existence being ended, a larger perspective tends to emphasize the things about the city's development which seem most important in the light of what has followed. Hindsight would pick out evidences of Shanghai's role in stimulating Chinese nationalism and economic change, in teaching China the lessons of Western business, science, and industry, and in providing a sample of what these lessons might accomplish.

Nineteenth-century Europe was at its best in the pulpit or on the rostrum, especially when talking of its own accomplishments, and Shanghai belonged to it. A jubilee was held in the city on the fiftieth anniversary of the founding of the foreign settlements, in 1893, and the major address of the day was delivered in the park on the Bund by the Rev. Muirhead, a British missionary. His words are symptomatic of the West's attitude to the East and of Shanghai's characteristic part in it, and also perhaps enlightening toward an understanding of China's response.

INTRODUCTORY

369 177 Shanghai is the centre of our higher civilization and Christian influence for all of China. We are here in the midst of a people proud and prejudiced in favour of their ancient line of things, and what have we introduced amongst them, for their benefit as well as our own? We might well point to the English homes we have formed here. . . How different is this from what we know to be characteristic of Chinese homes? In front also we have these beautiful *hongs* (trading firms) for the transaction of business, and we may especially remark the Supreme Court, distinguished by the just and equitable conduct of legal matters, in striking contrast to what is represented to us as existing in other places. In short, look at the *tout ensemble* of the Settlement — houses and streets lit with gas and electricity, streams of pellucid water flowing in all directions, and sanitary arrangements according to the best medical advice. We have steamers, telegraphs, and telephones in communication with all the world; there are cotton and paper mills and silk filatures of Foreign invention, and last but not least, railways in the north as pioneers of what will yet be found all over China. Law and order are admirably preserved in the midst of 200,000 people at the instance of our own judicial and municipal authorities. . .[2]

369 441 454 177 In the same year, the (British) Commissioner of Customs at Shanghai wrote a trade report for a jubilee volume published by the *Shanghai Mercury* in which he also emphasized the prominence of Shanghai, but in which he expressed rather different views on other matters. The two sets of remarks are interesting to compare when viewed from sixty years later:

Chinese merchants are inclined more and more each year to make Shanghai an emporium for the trade of north China and to use the northern coast and river ports simply as landing places for such goods as may be necessary to supply the immediate needs of their districts. The largest native mercantile houses in China are all represented here. . . Chinese capital is being largely invested, not only in . . . purely native establishments . . . but also in companies established by foreigners and under foreign directorate . . . at least 40 per cent of the shares of some foreign companies are held by Chinese . . . (as well as) a considerable portion of deposits in local banks. . . Chinese capital is invested in foreign-flagged steamers, and of course a large amount is sunk in the shares of the China Merchants Steam Navigation Company. . . Having said so much, it should not surprise anyone if I express the opinion that probably in future Shanghai will furnish no such favourable opportunities

2: Murphy G-4 (no date) 1953 AF15 East China AF15

for the investment of foreign capital as it has done in the past. . . To sum up, I think the future of Shanghai depends on China and the Chinese and their interests and that foreigners would be wise to run with them.[3]

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The Commissioner and the missionary were in effect saying the same thing, although in different ways—that the most important thing about Shanghai was its relation to China; and that the city contained the seeds of great change for the entire country.

While it lasted, foreign Shanghai was an exciting and colorful place which travel folders could not exaggerate. It was for instance justly famous as one of the wickedest cities in the world, and we have the testimony of a duke for that as early as 1869. Following his visit to Shanghai, the Duke of Somerset referred to it in the House of Lords in that year as "a sink of iniquity."[4] His words pained especially the missionary residents of the city, and the Chamber of Commerce considered a formal reply through the foreign secretary, but matters never proceeded beyond the local press. The difficulty was that His Grace was right, and the city's own archives proved it. At the Landrenters' meeting in 1864, Sir Harry Parkes, then British consul at Shanghai, stated that of a total of 10,000 Chinese houses in the International and French Settlements, 668 were brothels, "while opium and gambling houses were beyond counting."[5] Seventy years later in 1934, a local Chinese newspaper estimated that Shanghai led the world's cities in prostitution as a specialty: in London, one person in 960 was a prostitute, in Berlin one in 580, in Paris one in 481, in Chicago one in 430, in Tokyo one in 250, and in Shanghai, one in 130.[6] It was indeed a major commercial enterprise in the city, and the fact that so many people earned their livings thereby stymied all attempts to eradicate or mitigate it. A special commission appointed in 1919 to investigate vice in the city recommended that all brothels be removed in five years, hoping that during that time other means of livelihood might be found. Licenses were issued in 1920 with the understanding that all licenses were to be withdrawn in 1925. But the plan was abandoned before the end of the five-year period as a complete failure. An earlier reform attempt also ended in failure when the first American judge of the United States Court for China arrived in

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369 Shanghai in 1906 and began a crusade especially against American
548 brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese
369 city also after 1911, and into the 1940's). Kidnapping[1] was another
683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

625 Law enforcement was severely handicapped by the complex but
692 ambiguous legal and administrative situation. Chinese police could not pursue suspects into the foreign settlements, and foreign police
648 were similarly excluded from the Chinese areas. Foreigners in
369 Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1] [in Shanghai -- Analyst]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

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369 166 morality for the laxity and easy virtue which some Shanghai residents thought would prove a match even for the Peoples' Government.*

369 166 122 455 Another element which made life in Shanghai exciting, lawless, and profitable for the foreigners was the periodic flooding of the city by refugees from civil disorder in China. Shanghai was a tiny island of relative security at such times, where the presence of foreign consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

Land within the Settlements which sold for an average of £50 an [529] acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

This pattern was repeated in most of its details whenever trouble threatened in China, as it did for example in 1884–85 (war between France and China), 1900 (the Boxer Uprising), 1911 (the republican revolution), 1915–18 (the first world war and Japanese intervention in Shantung), 1926–27 (the northern campaign of the Kuomintang), 1932 (Japanese attack on Shanghai), and most of the period of anti-Japanese and civil war from 1937 to 1949. It of course affected the economic life of the city in fundamental fashion, and understandably speculation flourished. It also meant that the foreigners lived in a state of some uncertainty and insecurity, since what brought the city prosperity could also destroy it. A foreign resident complained about this in a letter to the editor of the *North China Daily News* (published in Shanghai) which was printed the day before the Japanese attack on Shanghai in 1937, in a sense the last day of foreign Shanghai's existence: 369 722

Since I arrived in Shanghai some seventeen years ago I have been under arms as a member of the Volunteer Corps on a dozen different occasions in defense of the Settlement. Always these occasions have meant a cessation of business, a period of anxiety and possible danger, and no benefit to us as a community. 'Old stagers' of the mud-flat days will smile when one talks to them on the subject and say they have got used to the idea, but are we content to see this sort of thing continue indefinitely? We should organize ourselves as a community . . . that will enable us to have a more normal life. It is time the old idea that foreigners come to Shanghai for a few years and then go away with a fortune was abandoned. This is a place of permanent residence for most of us and we have a right to demand that same freedom and security which is the common possession of all civilized countries. . .[12]

The city's population, swollen periodically with refugees, was also an excellent source of cheap labor and an opportunity, or invitation, for labor abuses, especially after manufacturing became an important factor in the Shanghai economy during the twentieth century. The refugees had no bargaining power and lived in universal privation. Their presence in the labor force helped to account for the fact that factory conditions, wages and hours, and industrial 369 464 466

Slums were as acutely bad in Shanghai as anywhere else in the world.

from the center of town. The present Communist administration has turned the race course, symbol of the foreign occupation, into its chief parade ground.

000 slums were as acutely bad in Shanghai as anywhere else in the world. ●369 Living standards among the Chinese were correspondingly low. A 511 British visitor to Shanghai in 1843, one month after the founding of the foreign settlements, gave as his opinion in an account of the city that "in no other country in the world is there less real misery and want than in China."[13] This may be taken as a reflection of the state of Europe in 1843, and as a measure of what the second half of the nineteenth century, beginning with the Taiping Rebellion, did to China, but it also shows what happened in Shanghai (as it had happened in eighteenth-century England) when the industrial revolution came to a peasant society. Factory conditions and slum housing were bad, but scarcely worse than the condition of perpetual [764] refugees who had neither factory nor slum to go to. In 1935, a comparatively peaceful year in China, the Shanghai Municipal Council collected 5,590 exposed corpses from the streets of the International Settlement alone. In 1937 the figure reached 20,746.[14]

369 An effective public health program under such conditions was 744 impossible, and foreign residents lived in constant fear of epidemics. Cholera, smallpox, typhoid, dysentery and plague recurred periodically, and cases could not be restricted to the Chinese. The Council's attempts to improve the public health situation were also hampered by foreign and Chinese property owners. A code of public health laws was submitted to the Ratepayers' Association as early as 1903, but was voted down by "those with vested interests."[15] Later attempts met with similar obstruction, and nothing was ever done on the scale called for. Money dominated Shanghai, and everything gave place to it.

369 Even by 1941, however, it was still possible to walk from the center of the Bund to the unchanged agricultural countryside in three or four hours. It was less than ten miles, and the rice paddies and peasant villages could be seen clearly from any of the city's tall buildings. This was one of the sharpest and most dramatic boundaries in the world. Traditional China continued unbroken almost to the limits of the foreign settlements. It was hard to see there any sign of Shanghai's influence. The final proof of that influence came with the entry of the Communist armies into Shanghai in 1949.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

course depressed by the high figure for raw cotton. Nevertheless 288
it seems clear that Tientsin, despite its rail and water connections 435
and its location in a major cotton-producing area, paid a considerably higher price than Shanghai for delivered raw cotton. If this was true for raw cotton, we may assume that it was true for most of the other industrial raw materials consumed in Tientsin, with the obvious exceptions of coal and the wool, hides and skins of north China, and the possible exception of wheat.* If Tientsin could obtain the necessary raw materials in these latter cases more cheaply than Shanghai, this is further evidence of the paramountcy of the Shanghai market and of the market-oriented character of its manufacturing. If Tientsin paid a higher price than Shanghai for most delivered raw materials, we may assume that other Chinese industrial centers did so too.

Water transport has been a key factor in the development of 505
manufacturing in Shanghai. The city's railway connections are inferior to Tientsin's, and yet its manufacturing apparently paid less for most of its raw materials, and in fact was a greater consumer than Tientsin manufacturing of the leading industrial raw materials of north China: coal, hides, and wheat, all of which can move to Shanghai by sea from north China ports. In turn, the primacy of the Shanghai market depends in large measure on the water transport network which includes half of China in the city's tributary area. The market is able to exercise its attractiveness for manufacturing of all kinds by its ability to draw to its generally resource-poor area by sea and river transport the industrial raw materials which it needs.

Coal and Electric Power

The single most important industrial raw material, coal, has 375
been left for final consideration, since it plays a major role in nearly every industry, directly, or in the form of electric power.

* Shanghai nevertheless led Tientsin in the 1920's and 1930's in the consumption of coal and in the production of leather goods and flour, and in fact shipped nearly 10 per cent of its total flour production to Tientsin on an annual average. (For comparative figures on consumption of coal and production of leather goods and flour, see respectively Leonard Ting, "The Coal Industry in China" (1937), p. 217; Chinese Year Book (1936), p. 1153; Y. C. Chang, "Flour Milling in China" (1922), p. 219).

438 30 per cent by water.[50] Shanghai was thus in a relatively favorable
489 position in being able to draw its coal supplies so largely over water routes. For the period 1930 to 1936, the city imported an annual average of 3.9 million tons of coal from all sources combined.[51] Figures of the Maritime Customs at Shanghai for the same period show an annual average of 3.5 million tons of coal arriving in the city by sea and river [52] (so that railway haulage accounted for less than 10 per cent). Even so, the distances separating Shanghai from its sources of coal made domestic coal more expensive there than for instance in Tientsin, where the cost of Kaiping coal was about 10 per cent less than in Shanghai. Shansi coal, selling for CNC$5 per ton at the pit-head, sold after its long rail haul for CNC$10 at Taku and CNC$12 per ton at Shanghai.[53] (Note that the price doubled between the mines and Taku, but increased by only 20 per cent between Taku and Shanghai, more than twice as long a haul, but by sea rather than by rail.) Shanghai has the advantage of central location, and can draw with equal ease on domestic or overseas coal as prices vary.

• 375 Consumption of coal in the city, according to C. A. Bacon, was divided approximately as shown below.[54]

Users	*Approx. Annual Consumption, in Tons*	
Public Utilities	1,475,000	
electric power companies		1,300,000
gas works		100,000
waterworks		75,000
Other Industries	1,100,000	
Households	500,000	
Shipping	400,000	
Railways	350,000	
Miscellaneous	50,000	
TOTAL	3,875,000	

365 According to these figures, 37 per cent of Shanghai's coal consumption was accounted for by the electric power companies. There were four of these companies in the 1930's, of which the Shanghai Power Company (sold by the Shanghai Municipal Council to an American company in 1929, and in 1949–50 taken over by the Com-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

The experiment could not be carried out to its logical conclusion, however, because after the spring of 1939, when the Japanese instituted controls over the cocoon output in the provinces, it became increasingly difficult to obtain cocoons from these areas. By the end of 1940 only two or three filatures were still operating, and the spring of 1941 saw very few cocoons reaching Shanghai. 288 722

DESPITE THE LACK of legal powers, it proved possible radically to reform the manufacture and operation of steam pressure vessels. Prior to 1936, when the institution of controls began, local boiler yards manufactured boilers almost exclusively from metal plate of unknown quality and test, and from designs which did not conform to accepted standards. Neither owners nor workers in the boiler yards had the necessary knowledge for an engineering task requiring special training. The result was that hundreds of initially unsatisfactory boilers had been installed. Regular inspection of them was unknown. Explosions were frequent, at times accompanied by loss of life; and the wonder was that they did not occur almost every day. 633 466 375

In 1936 the Council adopted rules governing vessels and systems under pressure, and for the registration of boiler yards. By the rules all local boiler yards had to employ the services of a Council-approved boiler surveyor who would design and supervise the construction of all vessels. Boilers had to be inspected and registered. Thereafter annual re-inspection was required. A roster of qualified engineers of all nationalities was obtained with the assistance of a specially appointed Boiler Board.

Although the regulations carried no penalty clause, it proved possible to apply them to a very considerable extent. All of the 34 boiler yards in the Settlement were registered, and no boiler after 1936 was manufactured or extensively repaired in them unless a permit therefor had previously been obtained. Qualified boiler surveyors supervised the construction and repair, and submitted copies of certificates describing the metal plate used. Considering the steep rise in the price of imported steel during those years, a result of higher world prices and the lower exchange value of the Chinese dollar, it is noteworthy that tested steel became universally used in pressure vessels manufactured in the Settlement.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 There remained much to be done before the goal of regular annual
466 inspection of all pressure vessels could be achieved.[10]
375 In July 1940 licence conditions under Byelaw 35 were instituted as a measure to control the use of celluloid and allied substances.[11] In 1939, twenty fires had occurred on premises associated with the
466 use of these substances, involving the loss of 28 lives (50 per cent of
633 all deaths in factory fires during that year), and an additional 35 persons were injured. In 1940 there were 15 fires with five deaths in factories using celluloid and cellulose spray paint. Many very small enterprises, operating on domestic premises and manufacturing such items as spectacle frames, combs and small toys, constituted a real danger. Cellulose spray painting operations were widespread. Use of a portable spray gun makes this type of work possible on all kinds of premises. The Division required installation of suitable exhaust ventilation in factories using cellulose spray paint and refused special "hazardous goods licences" for spraying operations in unsuitable premises. Progress was consequently made in removing this particular danger.

From July 1941, all enterprises handling hazardous liquids as alcohol, ether, amyl acetate, etc., also became subject to licence. When mixed with air in certain proportions, these liquids are explosive in addition to possessing inflammable properties. With the licence system, factories manufacturing alcohol, and others using gasoline as a solvent in the manufacture of rubber shoes, or amyl acetate as a solvent in the handling of celluloid, were brought under the control of the authorities. Failure to comply with requirements rendered a factory occupier liable to legal prosecution, but the comparatively small fine applicable was but a slight deterrent. Only after several court charges could Article 18[12] in

[10] By the end of 1940, 1,167 pressure vessels (including 969 boilers) were registered, and the Council's identification number had been stamped on 613 of these. In 1940, 440 inspection certificates were executed by Council-approved boiler surveyors. The 1941 figures showed a small improvement.

[11] Byelaw 35 reads: "No person shall keep, store, sell or manufacture any firearms other than those used solely for sporting, volunteer or police purposes, or any dangerous or inflammable materials, namely those which on account of fire or explosion may endanger life or property . . . or carry on any dangerous or hazardous trade . . . without a licence first obtained therefor from the Municipal Council, and in the case of a foreigner countersigned by his consular authority."

[12] The Article reads: "Prohibition of business may be ordered when the offender is found guilty of recidivism in respect of a similar offence."

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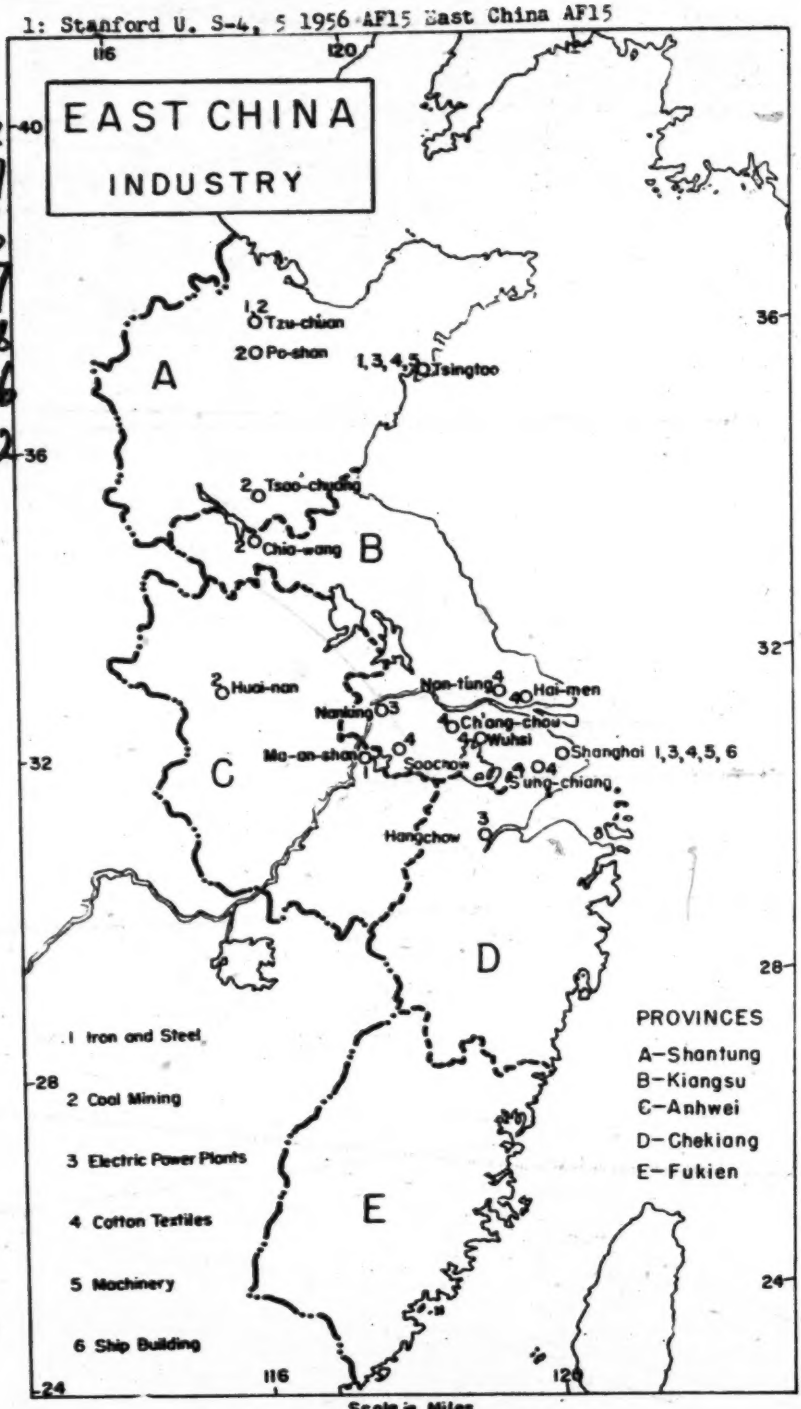

[Face p. 769(a)]

316 shafts in the latter part of the same year.
433 The shafts are scheduled for completion in 1957.[13] Capital investment was said to have been stepped up during 1955 when total annual investment was to equal the entire amount invested in 1951-1954. The reconstruction of four pits was said to have been completed in April 1955, raising the mine's output by 17 per cent.[14] The same report also mentioned the construction of more new shafts than the number mentioned in the report of the preceding year. Total production at Huai-nan, according to the Five-Year Plan, will reach about 6.85 million tons in 1957, which, if accomplished, will make it one of the largest mines in the country outside Manchuria.[15]

B. Electric Power

• 377 Since the establishment of the Communist regime there has not been any report on the construction of large thermal power plants in East China. According to a comparatively complete report in 1948, there were 23 electric utility plants in this area, ranging

13. New China News Agency, Hopei, March 16, 1954.

14. Survey of China Mainland Press, Hong Kong, April 15, 1955, No. 1,028, p. 30.

15. Ta-kung Daily, Tientsin, July 30, 1955.

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•377 from the 640-kilowatt plant at An-ch'ing in Anhwei Province to the 173,500-kilowatt plant of the American-owned Shanghai Power Company. The total capacity of these plants amounted to 395,693 kilowatts in 1947,[16] and was subsequently reported to have been 578,257 kilowatts in 1950, according to another source.[17] During 1947 the total output of electricity generated amounted to 133.7 million kilowatt-hours.[18] According to the Communists, the electric power output showed an increase of over 30 per cent in 1952 for the region as a whole as compared with the pre-Communist period.[19] In Shanghai, largest center in the consumption of electricity, a market reduction in household consumption has been reported since the arrival of the Communist; industrial consumption has increased correspondingly.

Another notable development in the generation of electric power in East China is the conversion of the Shanghai Power Company plant from fuel oil to coal.[20] This was

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16. Chung-hua Nien-chien [China Year Book], Shanghai, 1948, pp. 1, 539-542.
17. Newspaper Reading Handbook, Hankow 1950, pp. 513-14.
18. Economic Bulletin, Hong Kong, March 29, 1954, p. 12.
19. Shanghai News, Shanghai, May 29, 1952.
20. Liberation Daily, Shanghai, May 28, 1952.

377 carried out both to reduce foreign exchange outlay and as a countermeasure to the Nationalist blockade. However, this development has led to even greater dependence on coal which, as we have seen, is by no means easily available in East China.

C. Iron and Steel

327 433 As for the iron and steel industry in this region, two large blast furnaces were installed by the Japanese at Tsingtao in Shantung Province during 1943 and 1944. These had an estimated annual capacity of 110,000 tons of pig iron.[21] At Ma-an-shan in Anhwei Province the Japanese also planned to erect 20 small blast furnaces with an estimated capacity of about 73,000 tons.[22] Two small blast furnaces with an estimated capacity of 16,000 tons a year were also reported in operation during World War II.[23] Recent information has been lacking in detail, although it is known that the Ma-an-shan plant is being expanded under the Five-Year Plan and that pig iron shipments from Ma-an-shan to Shanghai have been in progress.

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21. Foreign Minerals Survey, Washington, D.C., Department of Interior, Jan. 1948.
22. Ibid., Vol. II, No. 7, pp. 35.
23. Ibid.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

and public utilities industries, and relatively smaller-scale production in the paper-printing, chemical, metal working, wood working, leather-rubber, and scientific-instruments-jewellers industries. 471

For the Chinese Municipality

Indu	*Number of Factories*	*Number of Workers*
textiles	690	73,448
vehicles (including boats)	46	50,472
food, drink, and tobacco	84	32,379
clothing	344	16,621
machinery	720	16,708
rubber and leather	78	11,845
chemical (including soap, matches and industrial chems.)	121	7,426
power generating	8	5,267
wood working	25	4,101
brick, tile, cement and glass	61	3,370
iron works	169	3,224
building materials	31	1,796
scientific apparatus and jewellery	72	1,779
furniture	46	(no figures)
others	181	17,023
Totals	2676	245,664

Machinery is high on this list also, but the figures show an average of only 23 workers per factory producing machinery. The [396] relatively high place of vehicles and the apparently large scale of production in this industry are presumably accounted for by the two shipyards attached to the Kiangnan Arsenal and by the five foreign-owned shipyards on the right bank of the river.[6] Power [377] generating is necessarily a large-scale industry, but it may be doubted whether six of the eight plants listed here are independent establishments rather than adjuncts, and particularly whether as many as 5,267 workers are employed directly in this industry or whether at least half of this figure represents auxiliary labor outside the plants themselves, such as linesmen, service men, etc.

The relative importance of the other industries listed here is about the same as listed for the Settlement, despite slight differences

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ings slightly altered to house machinery which is tended by the residents of the house, often members of one family. These small industries are engaged in a bewildering variety of production, and despite their universal under-capitalization, most of them use electrically-driven machinery. "Factories" of this kind produce, for instance, machine tools, cast iron, electric appliances, soap, acids, textile machinery, power presses, boilers, and telephone parts, as well as a long list of light consumer goods, such as flashlights, light bulbs, thermos flasks, clothing, lamps, electric fans, and food products.[9] Despite crowding and poor working conditions, the quality of production in these plants was apparently high. American orders for telephone parts were placed in Shanghai from 1932 to 1935 for export to South America, and the contracts went predominantly to these small household operators.[10] There was a very high rate of turnover among these "factories"; their small scale and small capitalization enabled them to react with great sensitivity to market changes and to crowd or evacuate lines of production alternately as profits varied.*

Market and Raw Materials

Market considerations are the leading factor in the concentration of manufacturing as a whole in Shanghai. As the primate commercial and industrial center of China, not only were capital, relatively trained industrial labor, and electric power available there more abundantly and in most cases more cheaply than anywhere else in China, but Shanghai includes in its trade hinterland half of the country. With the notable exception of the textile industries, most of the raw materials necessary to maintain Shanghai's manufacturing were not available locally in its immediate hinterland. It was the market which attracted and held most manufacturing.

We may logically begin with the exception, the textile industries. Shanghai is located near the center of China's chief cotton-producing

* The *Chinese Economic Bulletin*, published in Shanghai, records many of these changes. For example, there were 11 industrial establishments in Shanghai in November 1930, producing "gourmet powder" (made mainly from wheat flour), 9 in October 1931, and none in June 1932, according to the *Bulletin's* weekly industrial news columns.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

munist government) was by far the largest. An official of the company estimated that it was responsible for an average of 83 per cent of the total sales of electric power in Shanghai for the period 1925–1934, and that 78 per cent of its sales during this period were to industrial users, distributed as shown in the accompanying table.[55] 365

Industry	*Percentage of Total Industrial Power Sales*
cotton mills	78
flour mills	7
rubber goods factories	2
miscellaneous textiles	2
other industries (less than 1 per cent each)	11
	100

The city's dominant industry, cotton textiles, was thus apparently heavily dependent on rented electric power. All of the five power plants in Shanghai were entirely carbo-electric. The Shanghai Power Company operated two plants, one at the northeastern tip of Yangtzepoo (the "Riverside" plant), and the other near the mouth of Hongkew Creek (map 3). Of the other three plants, one was owned by the French Municipality and was located on Siccawei Creek at the southern edge of the French Settlement, and two were Chinese-owned, located respectively in Nantao and Chapei. The silk-reeling industry does not appear in the above table because it used primarily steam power (and steam heat), which was produced on the factory premises from coal. Approximately 80 per cent of the industrially-used electric power was purchased from the power companies, and only about 20 per cent was generated by the industrial consumers themselves. Fully half of this 20 per cent was accounted for by the generators of the Kiangnan Arsenal.[56] [288] [377]

Shanghai produced in 1936 58 per cent of the electric power generated in China, and the "Riverside" plant of the Shanghai Power Company had a larger output in 1930 (450 million kilowatt-hours) than any single station in England.[57] The combined output of all four power companies in 1930 was greater than in any English city except London.[58] This power was sold at very low rates, special rate arrangements being made for large industrial users.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

The average Shanghai price before the war was nevertheless substantially below that of foreign vegetable oil imports (despite the production of coconut oil in southeast Asia). Vegetable wax from central China also largely replaced foreign imports of paraffin wax after 1930, when the *likin* (internal customs tax) was abolished by the Kuomintang government. The cheapness of domestic tallow, oils, and wax in Shanghai relative to seaborne foreign imports was clearly related to the use of inland water transport in bringing these products to the city. The fact that 80 per cent of Shanghai's soap production in the early 1930's was marketed outside Kiangsu also suggests that the city's water connections with its hinterland were basic in locating the industry there. Only 10 per cent of the Shanghai soap industry's raw materials were imported, largely coconut and olive oils for making especially high-quality soap for the domestic market.[33]

By contrast, the Shanghai match industry was almost entirely dependent on overseas sources for its raw materials. It imported all of its sulphur (largely from Japan), all of its paper and cardboard (from Sweden), and all of its match-making machinery (from Japan). Most of its phosphorous was also imported, but some was produced locally from animal bones. Ample sulphuric acid was produced in Shanghai. For this product of such high unit-value by weight, raw materials to which so much value was added by manufacture could economically be imported, and the finished matches were marketed in every province of China.[34] Shanghai was never-

381 theless industrially out of gear with the rest of China to such an
439 extent that the match industry imported even its paper and cardboard.*

Chinese sources could maintain Shanghai's soap manufacturing, using relatively bulky agricultural raw materials, but the match industry, dependent on relatively finished and specialized materials, was obliged to rely predominantly on overseas sources. The city's market was able to hold both of these greatly dissimilar enterprises, each typical of much of its manufacturing complex.

306 The jade-cutting industry may be cited as a final illustration of
439 the market-oriented character of Shanghai manufacturing as a whole. While jade-cutting would presumably be less likely than diamond-cutting to gravitate to primate financial and banking centers, it is equally dependent on specially skilled labor, which is most often found in the largest cities, and on the commercial services and connections of a primate market. Most of the world's jade is mined in northern Burma, but Shanghai, rather than Rangoon or Calcutta, was the world's leading jade center for cutting, polishing, and marketing. It imported its rough jade from Burma by sea, paying a 50 per cent export duty *ad valorem*, and sold the finished product not only in China but all over the world. Japanese attempts at competition in this industry during the 1920's failed to dislodge Shanghai from its leading position.[85] An early start and accumulated skill have been more important in this industry than in almost any other, but it was the Shanghai market which attracted and continued to hold it.

The Cost of Raw Materials

435 It will be useful to estimate the percentage of total costs which is represented in different Shanghai industries by the cost of delivered raw materials in order to throw light on the competitive position of the city as a location for manufacturing. The published estimates of costs are contradictory, and the implication is that accurate information is not available, an understandable condition in view of the

* The relative importance in Shanghai manufacturing of the industries discussed above (pp. 171–178) is indicated by the tables above on pages 168, 169, and 170. Consumption figures are unfortunately not available.

[135] China has significant deposits
439 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

● 388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

2: Murphy G-4 (no date) 1953 AF15 East China AF15

1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

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471 the latter year, the government of the Chinese Municipality of Greater Shanghai collected similar figures for industries located in the Chinese Municipality (i.e., exclusive of the two foreign settlements).[5] The two sets of figures provide the most reliable indication available of the pre-1937 industrial pattern in Shanghai.

For the International Settlement

Industry	*Number of Factories*	*Number of Workers*
textiles	567	75,242
food, drink, and tobacco	155	35,886
machinery	1108	19,051
paper and printing	663	17,730
clothing	226	13,765
chemical (including soap, drugs, matches, and industrial chems.)	191	4,225
metal working	167	2,602
woodworking	98	2,010
bricks, pottery, and glass	45	1,637
vehicles (including boats)	20	1,292
leather and rubber goods	36	1,039
furniture	23	912
scientific and musical instruments and jewellers	22	640
public utilities	5	362
others	95	4,311
Totals	3421	170,704

471 392 The discrepancies of this list with Liu's figures on page 167 will be noted, in particular the relatively high place which it gives to machinery. It is obvious from the totals that the figures are not limited to factories employing over 30 workers, but the Council's Report indicates that they do not cover all the industrial establishments in the Settlement and are in general limited to those using power-driven machinery. This would help to account for the relatively higher place of machinery manufacturing, since the figures show that the average number of workers per factory pro-
471 ducing machinery recorded in this survey is only 17. The figures also indicate the relatively larger-scale production in the textile, food-drink-tobacco, clothing, bricks-pottery-glass, vehicles, furniture,

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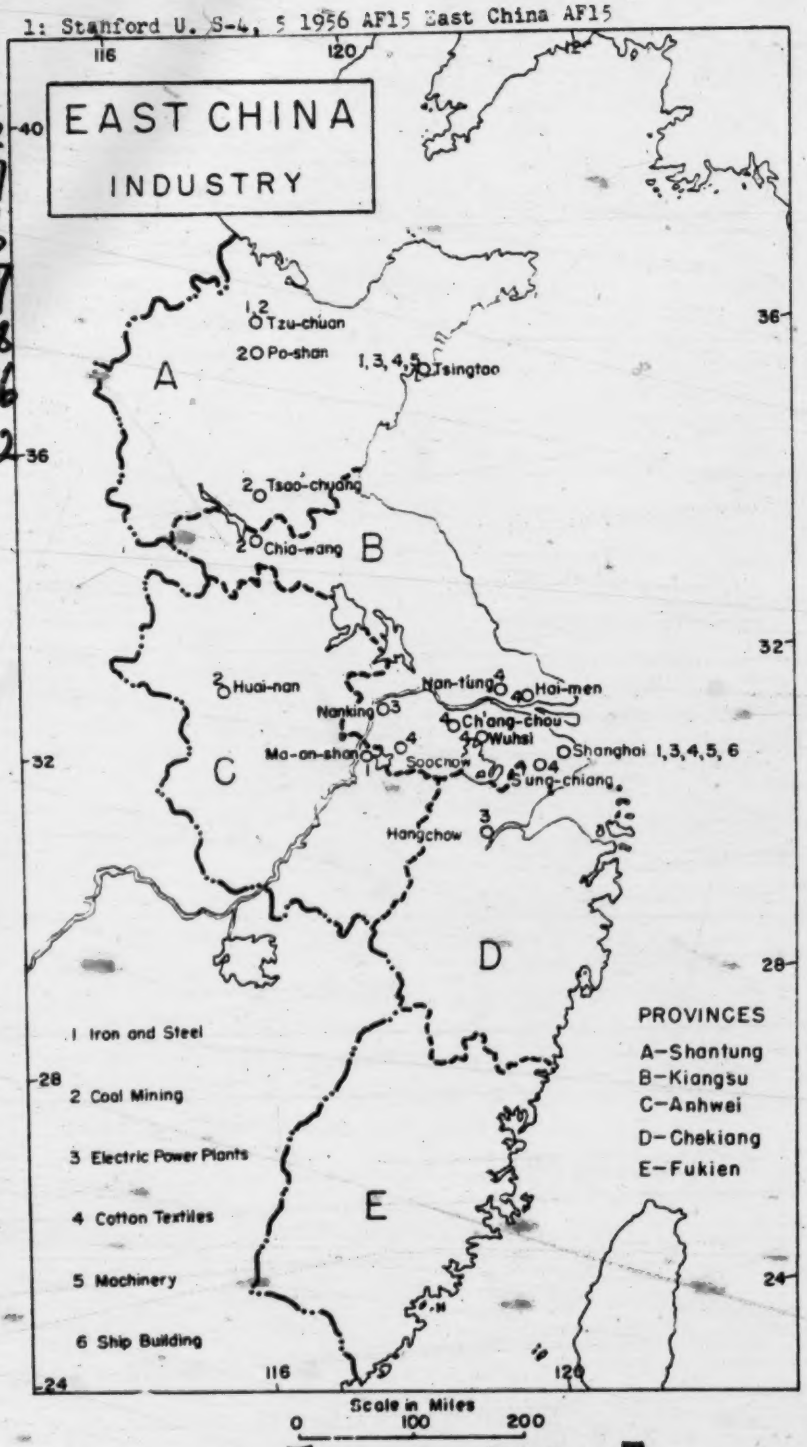

[Face p. 769 (a)]

501 Among the total 892 ships, 251 were government-owned and 641 were privately owned. The Nationalist Government managed to save most of the government-owned ships at the time of the evacuation of the Mainland in 1949. It was estimated that less than 20 per cent of the shipping tonnage of the government-owned China Merchant Steamship Company was left to the Communists.[12] The Communists made 396 substantial recovery during 1950-54. Of the dozen dockyards in East China, the Shanghai Dockyard, which has been enlarged, is most up-to-date. The total number of workers employed increased from 700 in 1949 to 2,500 in 1952.[13] From 1949-52, all the dockyards in the East China Region are reported to have manufactured 200 steamers of various sizes, including 24 tugboats of 300 hp. and 48 tugboats of 100 hp.[14] Further progress in

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12. Ching-chi Chou-pao [Economic Weekly], Shanghai, Jan., 1950, Vol. X, No. 1, pp. 7-8.

13. Fei-ch'ü Ti Hang-yün Chiao-t'ung [Navigation in Communist China], Taipei, The Sixth Section, Central Committee, Nationalist Party, Part I, 1953, pp. 16-17.

14. Ibid.

396 ship-building probably has been made since 1952. For example, the Chiangnan Shipbuilding Company completed a river steamer for the Minsheng Shipping Company in March 1954.[15] No statistical data on water transportation in East China is available for comparison.

502 The adoption of the "single-file towing" method suggested by Soviet experts has increased both the speed and the volume of water transport on the lower reaches of the Yangtze 505 River. The Yangtze Navigation Administration announced that from March to December 1952, the volume of freight traffic was increased by several hundred-thousand tons over that reported a year previously. A considerable reduction of transport cost in the section between Shanghai and Yü-hsi-k'ou was also reported. The tugboats of the East China Shipping Company pull approximately 24.2 tons of freight per hp. by using the "single-file towing" method as against 7 tons per hp. by the old method.[16] Because it is cheaper to ship by water, the Communists have reduced freight rates on the inland waterways in the East China Region. Freight rates for ten daily necessities shipped

15. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, June 14, 1954, No. 372, p. 30.

16. Navigation in Communist China, Part II, p. 16.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

and public utilities industries, and relatively smaller-scale production in the paper-printing, chemical, metal working, wood working, leather-rubber, and scientific-instruments-jewellers industries. 471

For the Chinese Municipality

Indu	*Number of Factories*	*Number of Workers*
textiles	690	73,448
vehicles (including boats)	46	50,472
food, drink, and tobacco	84	32,379
clothing	344	16,621
machinery	720	16,708
rubber and leather	78	11,845
chemical (including soap, matches and industrial chems.)	121	7,426
power generating	8	5,267
wood working	25	4,101
brick, tile, cement and glass	61	3,370
iron works	169	3,224
building materials	31	1,796
scientific apparatus and jewellery	72	1,779
furniture	46	(no figures)
others	181	17,023
Totals	2676	245,664

Machinery is high on this list also, but the figures show an average of only 23 workers per factory producing machinery. The [396] relatively high place of vehicles and the apparently large scale of production in this industry are presumably accounted for by the two shipyards attached to the Kiangnan Arsenal and by the five foreign-owned shipyards on the right bank of the river.[6] Power [377] generating is necessarily a large-scale industry, but it may be doubted whether six of the eight plants listed here are independent establishments rather than adjuncts, and particularly whether as many as 5,267 workers are employed directly in this industry or whether at least half of this figure represents auxiliary labor outside the plants themselves, such as linesmen, service men, etc.

The relative importance of the other industries listed here is about the same as listed for the Settlement, despite slight differences

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The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods. 327 435 135

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27] 439 396

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits [255] 431

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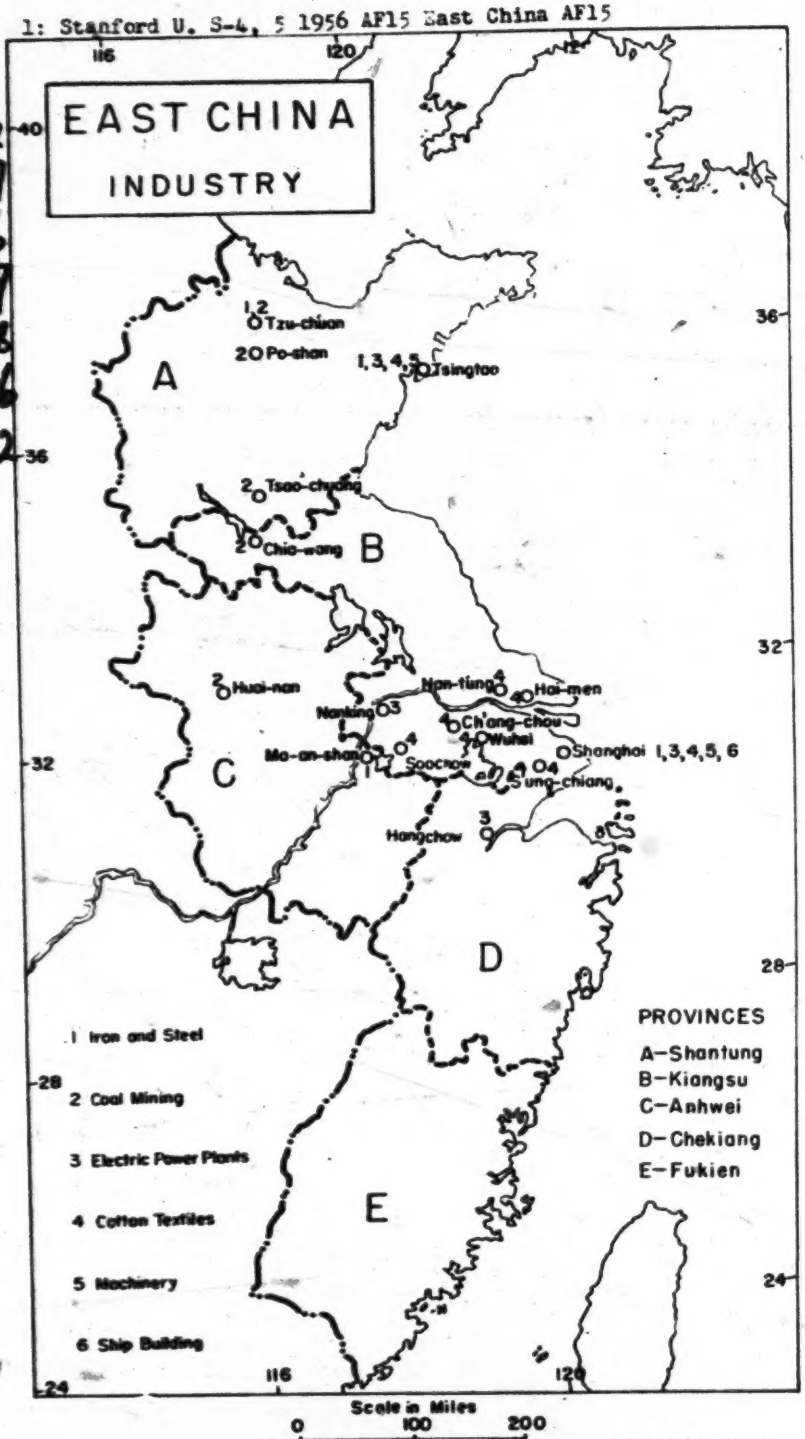

[Face p. 769 (a)]

433 seriously disrupted the city's power supply, industrial production was at a low ebb for a considerable time during the year. However, even if we allow for exaggeration, it cannot be denied that there has been a significant recovery of industrial production in Shanghai following the establishment of the new regime.

According to a Hong Kong report, the total value of industrial production in Shanghai in 1953 was equivalent to 368 per cent of that of 1950.[6] Other reports have put the industrial production of Shanghai in 1953 as equivalent to one-fifth of that of the entire country.[7] 402 The city is also said to be responsible for 39 433 per cent of the country's total spindleage and one-third of the country's machinery-manufacturing capacity.[8] The annual output of electrical and industrial machinery in Shanghai registered, according to one Communist report, a sixfold increase between 1951 and 1953, and growth was especially notable in the production of machine tools and spindles.[9]

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6. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 22, 1955, p.

7. Cf., for instance, Far Eastern Economic Review, October 29, 1953, p. 551.

8. Economic Bulletin, Hong Kong, March 29, 1954, p. 12.

9. New China News Agency dispatch, September 30, 1954.

402 Machinery produced in Shanghai has been used
433 in many construction projects elsewhere, including the Yümen oil field in Kansu, the new automobile manufacturing plant in Ch'ang-ch'un, and other factories in Manchuria. Shipbuilding, another branch of heavy-machinery manufacturing, is also highly developed in Shanghai.

IV. SURVEY OF SELECTED INDUSTRIES IN EAST CHINA

The above general review may be further supplemented by a brief discussion of some selected industries.

A. Coal

316 There are relatively few large coal
433 mines in East China. Among the most important are Huai-nan in Anhwei, Tzu-po and Tsao-chuang in Shantung, and Chia-wang in Kiangsu. Total coal production in East China may be roughly estimated at 5.3 million tons in 1949, which rose to 11.1 million tons in 1953.[10] Twenty per cent of the region's total

10. Estimated from the following sources: Hsin-hua Yüeh-pao [New China Monthly], Vol. I, No. 2, Dec. 15, 1949, p. 410; People's Daily, Peking, No. 16, 1952; New China News Agency, Peking, Dec. 29, 1953, and Jan. 11, 1954.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

fields growing other crops (primarily cotton), since this entails a 241
thorough turning over of the soil which crop rotation alone would not accomplish. When the exchange is completed, the new surfaces are then overlaid with an average per acre of 70 tons of mud dug from the canals. Maintenance of navigability in the canals is a 503
communal responsibility, and farmers are recompensed for their 241
dredging labor by using the highly fertile calcareous mud (which as a rule has supported a heavy growth of water weeds as well as ultimately receiving considerable farm and village waste), also by making use of the canals to market their production and receive goods from outside.[4]

The farms are small, 93 per cent of them under 50 *mow* and 25 241
per cent under 5 *mow*, with an average size of 34 *mow*, according to a Chinese statistical study[5] (one *mow* equals approximately one sixth of an acre). Their cultivation is better described as gardening than as farming. Tools in general use are limited to the *t'u t'ou* [412]
(earth head) — a large-bladed hoe — and smaller metal-headed rakes, hoes, and mattocks, all designed for painstaking hand labor. Water is transferred from the canals to fields for irrigation by means of endless chains of small buckets mounted on inclined frames and driven by foot treadles.[6] The average number of total animal units per farm is lower in this area, according to Buck, than anywhere else in China.[7] This is due to the small size of the farms, and to the abundance of human labor, which cannot afford to allocate feed for animals in return for the labor, meat, and manure which they produce. Manual gardening gives a greater return than animal husbandry or farming with draft animals from this fertile and repeatedly refertilized soil in proportion to the food it consumes, and permits a population of 40 million people in the fertile triangle.

With such intensive cultivation, crop yields in the fertile triangle 241
are among the highest in China. Buck's samplings show both rice 433
and wheat yields in this area consistently among the upper five per cent of rice and wheat yields for the 161 localities in China covered by his study.[8] Within a thirty-mile radius of Shanghai, where the city's night soil is cheaper and more readily available than in outlying districts (see below, pp. 162–64), yields of all crops are exceeded by only two counties in China (both near Canton)

311 Note that the average farm in Fukien is only 10.21 shih-mou (1.7 acres), the smallest in this region; while that in Anhwei is 17.82 shih-mou (about 3 acres), the largest.

II. THE LAND-REFORM PROGRAM OF EAST CHINA

423 185 In February 1950, the provincial authorities of East China began preparations for the introduction of "Land Reform." In July 1950 work began on propaganda, the mobilization of the masses, the training of cadres, and the carrying out of experiments in selected districts. In September 1950 and again in November, conferences were held to examine the result accomplished in the experimental areas.[3]

Since the middle of December 1950, the work of land reform had been developed extensively in the "new liberated areas," and the finishing touches had been put on the "old liberated areas." In April 1951, because of intensification of the "spring cultivation campaign," the Land Reform Movement was suspended for a time. After the summer harvest, the holiday period of the peasants was utilized for the resumption of the "reform" campaign. By the end of September 1951, in both new and old "liberated areas,"

3. Chieh-fang Jih-pao [Liberation Daily] Shanghai, November 29, 1951.

423 comprising in all 37,865 hsiang villages , the
185 redistribution of land was carried out.[4] In 17,903 of these hsiang, according to the official report, new title deeds were issued by November 1951. In the remaining areas comprising 5,403 villages, land redistribution was carried out during the winter of 1951 and the spring of 1952.[5]

As a result of land reform in East China, membership in peasant associations throughout the region increased from a little over 10,000,000 before the "reform" to 33,900,000 members, including 2,900,000 members of the "people's militia" and 15,000,000 members of the Women's Federation.[6]

During the Land Reform Movement in Fukien, some degree of preferential treatment seemed to have been given to families which had members overseas. According to a report, "During the 'Land Reform' Movement, the Fukien People's Government carried out faithfully the policy relating to the disposal of land and other property belonging to Chinese overseas. As a result, land and other values, such as production materials, had been distributed to the majority of overseas Chinese families, so that their difficulties were solved and they were enabled to participate in active production. Rich peasants, industrialists, and merchants, and also 'landlords' among the overseas Chinese, had their interests taken care of, and all were satisfied."[7]

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4. Liu Jui-lung "Hua-tung Ch'ü T'u-kai Pao-kao" ["Report on Agrarian Reform of East China"] Shanghai, [Liberation Daily,] Nov. 29, 1951.

5. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung pao, 1953, p. 149.

6. Liberation Daily, Shanghai, Nov. 29, 1951. [7 see next page.]

423 185 Of the total 196 farm families in Hsieh-t'ang Ts'un of Fu-ch'ing Hsien, 70 households, or 35 per cent, were overseas Chinese families. The latter's population was 376, or 45.3 per cent of the total population 830. A comparison of their landholding after re-distribution with that held previous to Land Reform is shown in Table 2.

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7. Ta-kung Pao Ta-kung Daily, Hong Kong, December 29, 1951.

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Unit: S shih-mou
A = Acres

Table 2. Land Holdings of Overseas Chinese Families Before and After "Land Reform" in Hsieh-t'ang Ts'un, Fukien */

Peasants	No. of Farm Households	Farm Population	Total Land Holdings Before "Land Reform"	Total Land Holdings After "Land Reform"	Percentage of Increase in Land Holdings after "Land Reform"
"Farm Laborers"	5	17	1.4 S (0.23A)	20.6 S (3.43A)	1,371
"Poor Peasants"	11	83	40.5 S (6.75A)	97.2 S (16.20A)	115
"Middle Peasants"	49	255	217.4 S (36.23A)	308.2 S (51.37A)	42
"Rich Peasants"	5	21	21.75 S (3.62A)	21.7 S (3.62 A)	no change
Total	70	376	281.1 S (46.83A)	447.7 S (74.62A)	

*/ Ta-kung Daily, Hong Kong, December 29, 1951.

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423 According to the above table, five of the over-
185 seas Chinese farm households belonging to the hired-hand class were given a total of 20.6 shih-mou owned before land reform, representing a thirteenfold increase. The eleven "poor peasants" and forty-nine "middle peasants" households increased their land holdings by 115 and 42 per cent respectively as a result of land reform. Even the remaining five overseas Chinese households belonging to the "rich peasants" class were allowed to retain their original lands without requisition. It showed clearly that over 94.4 per cent of the overseas Chinese rural population in the village were benefited by land reform directly, while the remaining 6 per cent were given special consideration to retain all their lands. Similar conditions were reported in other areas of the provinces with large communities of overseas Chinese.[8]

But the methods applied in other rural areas of the region without overseas Chinese elements were totally different. In most cases, violence and mob hysteria were engendered at the mass "accusation" and "anti-despot" meetings and trials. It was reported that thousands of landlords were killed or sentenced to prison terms. Others were detained to be "reformed through labor" over a period of five years. It has been estimated that in East China the Communist confiscated 1.6 million farm buildings, about 159.9 million shih-mou (26.65 million acres) of land, 3.2 million heads of draft-animals, 319.8 million shih tan (17.59 million tons) of grain, 15.99 million pieces of farm tools, and 1.6 million

8. Ibid.

423 185

farm buildings and sheds. [9]

Land reform in East China was practically completed in the beginning of 1952. Its progress is shown below:

Table 3. Progress of Land Reform by Rural Population. */

Period	Rural Population
Before Spring 1950	45,000,000
Spring 1950-Summer 1951	60,000,000
Summer 1951-Spring 1952	17,500,000
Total	122,500,000

*/ People's Handbook, published by Ta-kung Daily, Tientsin, 1953.

After land reform, 60 to 70 per cent of the rural population in East China were benefited, especially the "farm laborers" and "poor peasants" who were given an average of 1.5 to 2 shih-mou of land each. In some cases, the individual portion exceeded 3 shih-mou (1/2 acre) each; and even in more densely populated areas the per capita share dropped to 1 shih-mou (1/6 acre). [10]

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9. Liberation Daily, Shanghai, April 23, 1950; People's Daily, Peking, July 7, 1952; Tsu-kuo Chou-k'an [China Weekly], Hong Kong, March 9, 1953, No. 10, p. 12.

10. Ta-kung Daily, Hong Kong, Dec. 29, 1951.

243 of farmland in the Hwai-yin region southwest of
73/ Lo-ma Lake. In 1951 and 1952, good harvests were reported throughout the basin of the two rivers, and not a single mou of land was flooded. The agricultural production of northern Kiangsu region[37] was 20 per cent higher in 1952 than in 1951.

X. CONCLUSION

423 One of the most striking features of East China's land reform was the promulgation of a series of orders extending favorable treatment to families of overseas Chinese residing in the rural districts of Fukien Province. The Communists hoped to stimulate the investment of remittances from foreign countries in agricultural and industrial enterprises in China. The inequality of treatment for peasants of the same district tends to arouse a great deal of discontent among the peasants in the East China Region, especially those in Fukien Province, who have no relatives overseas.

After land distribution, the basic problem in the Chinese rural communities still remains as before -- too many people and too little land. Mao Tse-tung admitted in July 1955 that the average per capita land-holding is still very small only about 3 shih-mou (1/2 acre) per capita for the country as a whole. In some areas of East and Central-South China it is as little as 1 shih-mou (1/6 acre). Mao hopes to organize these scattered small farmers into units for semi-collective farming called agricultural producers'

37. Ibid., p. 24.

423 co-operatives.[38] But this new form of farm organization, which is directly opposed to the Chinese traditional practice, cannot be enforced too rapidly. After land reform, one pressure after another has been exerted by the Communist cadres upon the peasants (the fixing of production quotas, the collection of grain taxes, the compulsory purchase of grains, and participation in the agricultural producers' co-operatives), and many helpless peasants ran away in the hope of finding fewer restrictions in the cities.

166 According to Communist reports, the population of Shanghai increased[39] from 5,000,000 in January 1950 to over 7,000,000 by the end of April 1955. According to an investigation conducted by the Shanghai People's Municipal Government, about 50 per cent of the net increase of 2,000,000 population can be accounted for by exodus of peasants from rural areas.[40] The Back-to-the-Villages Campaign initiated by the municipal government in April 1955, is a clear indication of the seriousness of the problem. It is still doubtful if the problem can be solved by forcing the peasants to return to their villages if the conditions in the rural areas have not been improved.

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38. Mao Tse-tung, Kuan-yü Chung-kuo Nung-yeh Ho-tso-hua Wen-ti [Agricultural Co-operativization of China], Hua-ch'iao Jih-pao [China Daily News], New York, Oct. 27-31, 1955.

39. Hsin-wen Jih-pao [Hsin-wen Daily News], Shanghai, August 10, 1955.

40. Liberation Daily, Shanghai, July 31, 1955.

208 lectures on sanitation, and sometimes with the
873 help of radio, films, and mobile theatrical units dramatizes the issues of the day, the need for the farmer to sacrifice, to send his sons to the army, to contribute labor to community projects, to inform on his neighbors, to buy bonds, and so forth. The cadre establishes "winter schools" in which the peasants are given intensive political indoctrination practical training, and instruction in reading and writing. Hunan reported that 2,500,000 peasants were enrolled in these schools in the winter of 1955.[18]

425 The age-old drive of the vigorous peasant to
668 increase his family's land holdings is checked by fear lest he be re-classified as a "rich peasant" and be subject to higher taxes and other pressures. Yet what the Communists deplore as the peasant's "spontaneous capitalistic tendency" has not been crushed and the landholdings of the more enterprising grow in size.[19]

474 The effort to force various forms of co-opera-
668 tive work has not been completely successful.

> "... when a serious team-use of labor, tools and farm animals was attempted, a variety of unsatisfactory results emerged; quarrels among the families intefered with efficient output; no one assumed responsibility for the upkeep of communal property; the claims of inefficient members violated the sense of equity of the more efficient..."20

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18. People's Daily, Jan. 30, 1955; SCMP 984, pp. 30-31.

19. Rostow op. cit., p. 152, cites the Peking People's Daily, Feb. 15, 1954. [p. 223]

20. Rostow, op. cit., p. 84.

457 Foreign banks, the pillars of the Shanghai money market for nearly two centuries, withdrew from Shanghai, Tsingtao, and Amoy when the government sought to monopolize foreign trade. The control of overseas remittances was assumed by the Bank of China. Restrictions on the movement of foreign personnel, high taxes on their property, and unreasonable demands on the part of Chinese employees made it impossible for foreign banks to continue.

426 Pawnshops, the oldest credit mechanism for the common people, were unable to obtain credit from banks after the Communists enforced selective credit controls. The working capital of East China pawn shops, particularly in Kiangsu and Chekiang provinces, had come from bank credits and deposits. But under the provisional regulations governing pawnshops, promulgated in September 1950, they were required to increase capital, were forbidden to accept deposits, and were subject to many other restrictions. As a result, most of them "voluntarily" discontinued business. At the end of 1952 those few pawnshops which had remained in business were advised to close.

453 The only remnants of the so-called capitalist banking structure in East China are three overseas Chinese banks in Shanghai, a branch of the Overseas Chinese Banking Corporation of Singapore, a branch of the Bank of East Asia of Hong Kong, and the Chi-yu Banking

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earnings of the principal wage earner provided only 53.3 per cent, other members contributing 34 per cent. An amount of 12.7 per cent had to come from other sources. It is thus obvious that the earnings of a principal wage earner were but a relatively small part of the family income, and that the earnings of a least a second member of the family were needed. In addition to the earnings of both of these, financial support from relatives and friends had to be sought, or borrowing from moneylenders was necessary; otherwise income had to be obtained from such activities as peddling or sub-letting rooms.

The average family expenditure was $454.38, leaving an average annual deficit of $37.87. If income from wages earned by all family members only is considered, disregarding income from other sources, the average annual deficit was found to rise to $121.23. The excess of the family expenditure over the income of the principal wage earner was greater still. Working-class families, it goes without saying, spend extremely carefully; the majority of their expenditures are for basic needs.

It may be assumed that the 1929-30 standard of living remained virtually unchanged until the end of 1936, the last normal year before Sino-Japanese hostilities. The cost of living index (1926—100) was at 101.98 in 1929, 116.79 in 1930, and 105.04 in 1936. In other words, costs in 1936 were approximately what they had been in 1926, and below the 1930 level.

The outbreak of hostilities in August 1937 affected extensively the livelihood of the workers. The 1926 base period of the index, being remote in time, ceased to be significant, and in 1938 the index was recalculated on a 1936 base. Changes in living costs were somewhat slow to appear since not until August 1939 did the index figures show the cost to be double what it had been in 1936. Thereafter, however, changes were rapid. Certain basic foods disappeared from the markets. By the beginning of 1940, *sien mee,* a popular native rice, was no longer procurable, and second-grade Saigon rice replaced it as the people's food. *Kan mee,* a non-glutinous Chinese rice, reached the Shanghai markets only in small quantities and at high prices. Finally, in February 1941, orders for Saigon rice could not be placed in Indo-China, and Saigon rice in turn was replaced as the workers' food in May 1941 by Rangoon rice imported via Hongkong by the Settlement

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511 cost in 1936, the principal wage earner would have had to earn 53.3 per cent, or $14.76 per month. A second member would have 458 had to earn 34 per cent, or $9.42. Elsewhere $3.53 or 12.7 per 434 cent would have to be found. These earnings were possible in 1936. Even unskilled male workers in textile plants, a low-paid industry, earned $16 a month. True, even then the gap between earnings and the total family income needed was wide and necessitated borrowing. But when costs rose, when the index figure of July 1942 was 2,163.51 with prices expressed in Central Reserve Bank Notes, income necessary for the maintenance of a family exceeded what most industries which continued to operate could pay. A principal wage earner would have had to earn CRB $325.32. A second wage earner, always assuming that work could be found, had to bring in CRB $65.31, and other income chiefly from borrowing and amounting to CRB $100.79, had to be found. Since few workers could in July 1942 muster this sum, though founded on standard of expenditure as recent as December 1941-January 1942, it was obvious that the standard of living even for those workers who continued to be employed was still declining. A careful calculation of the minimum needs of a family in July 1942 showed that CRB $426.54 was needed, with a principal wage earner producing $282.375. Since few workers would reach even this standard it follows that a considerable proportion of the community was living below subsistence standards.

In the months that have elapsed since the middle of 1942 the situation has, from all available evidence, still further deteriorated. Accurate figures are lacking. The misery was so great that it seemed it could not be worse. Yet an even greater cost has been exacted of a long-suffering people.

458 CONSIDERATION OF THE figures given above shows clearly that the 434 basis of remuneration of workers by which the principal wage 435 earner did not earn enough for the needs of his family so that 511 other income must be obtained through the efforts of other members of the family and from other sources was unsatisfactory.[4]

[4] The question will of course be asked, "How does the family live?" The answer 426 is, to use the words of a Chinese observer, "By moving the debts." Short-term loans at high interest successively added to by others are contracted. The following is the load position of one low-paid employee who borrowed eight times in three years:

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Discrepancies between earnings and costs tend to become aggravated when living costs rise. The difference between what a principal wage earner could earn and what it cost his family to live became so wide that a serious lowering of living standards inevitably resulted. 511 458 434 435

To help to check the inflationary tendencies which from 1938 onward appeared, wage levels should in theory not have been permitted to rise. Instead, price levels should have been fixed and spending sharply reduced. The currency of the Settlement was that of the Chinese government faced with fighting a long war. With the provinces near Shanghai in Japanese military control and there being, for a long time after the withdrawal of the Chungking authorities from Nanking virtually no government in the area, there was no possibility of such organised measures being put into effect. With rising living costs the only alternative, therefore, was to raise earnings standards, though admittedly this contributed to further price rises. Moreover, it is one thing to limit spending in a country where there is a margin which can be eliminated and another to do so at the risk of seriously reducing the standard of living. In Shanghai where workers must spend all of their earnings and more on basic necessities, to limit spending presented, to say the least, a difficulty.

Studies of wages and earnings in 1941 show that industry, both foreign-owned and Chinese-owned, attempted to bridge the gap between rising living costs and what the pay envelope contained. On a 1936 base of 100, the earnings index of Chinese-owned plants in 1941 stood at 457.65, an increase of almost 100 over the earnings index of 242.65 in 1940. In foreign-owned plants the earnings index was 465.54 in 1941. Though slightly below the earnings index of Chinese-owned plants, the money earnings in foreign- 511 458 434 465

426

Creditor	*Amount of loan*	*Interest*	*Currency of loan at time of enquiry*
A Sikh	$20	$2 per month	30 months
A friend	50	5 "	24 "
A woman	30	2 "	24 "
A widow	25	1.50 "	12 "
		Principal and Interest	
A liftman	15	$6 per month	6 months
A fellow worker	15	6 "	5 "
A chauffeur	15	6 "	3 "
A chauffeur	20	8 "	2 "

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settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries."[9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected. 728 648 175

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively. 643 175

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889. 361 648

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their 427

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ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures.

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10]

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners.

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could

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new dormitories. Provision for rooms for drying workers' clothes by steam, instead of having them hanging damp, depressing and unhygienic in already crowded bedrooms, represented further betterment. Standards were rising. The happiness of workers in dormitories is conditioned also by psychological factors. In an effort to enlist dormitory matrons in the campaign for better conditions of dormitory life, a course of discussions over six weeks was held. Thirty-six women from twenty-six factories came, their interest increasing as the course proceeded. Hygiene in the dormitory, food, provision of recreation and education, and some talks aimed to interest the matrons in achieving harmony and more ordered living were among the subjects discussed. Individual visits were paid to the matrons and they were encouraged to come to the office of the Division for consultation and refreshment in their task.

REFERENCE HAS BEEN made to the high rents which the overcrowding resulting from hostilities produced. Rents in 1942 were almost five times what they had been in 1936. To some actual property owners this figure seemed fantastic. By rulings of the First Special District Chinese Court, rentals of those lessees amenable to the Court were not permitted to be raised by more than twenty per cent, which means that the property owner did not receive more than twenty per cent above his 1936 rate. His costs meantime increased greatly. Charges for water consumed in many cases equalled the rent received. For the purpose of the cost of living index figures. actual "retail" rentals paid by sub-tenants who rent a portion of a house from the principal tenant were considered. The principal tenant, taking advantage of the enormous demand for housing produced by the hostilities, raised the rentals of his sub-tenants on every pretext.

To discover the extent to which principal tenants were exploiting the housing shortage and squeezing the last cent possible from their sub-tenants, a study of the problem was made by Council officials in 1940. A typical situation was found to be as follows. The principal tenant paid his landlord an annual rental of only $960, although investigation of investment, water costs, which the landlord met, and other charges demonstrated that he should, instead, have paid $1,398. In rentals from his sub-tenants, however, he took in $2,004, in addition to the value of the space which he

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511 occupied, worth another $550 to him—or $2,554 in all. Admitting
427 that he was entitled to a certain return on his investment and for services, and putting this at the generous figure of twenty-five per cent, his excess profit after all charges was $453, approximately fifty per cent of his initial rental.

In face of sufficient houses for the increased population the find-
511 ing of any basic solution to the situation proved difficult. During
427 1940 Council officials and committees sought means to relieve the obviously exploited sub-tenant and to give the actual owners of
633 houses a return on their property more in keeping with their increased liabilities. Every conceivable method was considered. The proposal was made to property owners, for example, that they might let directly to sub-tenants, eliminating the functions of principal tenants, but many legal difficulties appeared. Tenants on monthly leases had a virtually perpetual lease, as interpreted by the Chinese courts. A suggestion was made in 1940 that controls might be exercised through licensing sub-lessors. Legal advice then held that it was not within the Councils competence to license sub-let premises. Competent Chinese advisers warned against instituting a procedure which might create difficult relations between the principal tenant and his sub-tenants. In the housing shortage, they stated, no sub-tenant would dare to take advantage of a provision aimed to reduce his rentals. Without a new dwelling to which to go, he would rather pay his present rent than create a strained situation finally forcing him to move.

But emergencies frequently shake authorities from their purely legalistic interpretations, sometimes with social betterment in consequence. After the outbreak of Pacific hostilities in December 1941, it was apparent that unemployment consequent on this development would make it impossible for many, even those formerly well placed, to pay ruling rents. Accordingly the Council issued a notification forbidding landlords to evict tenants during a period of three months, and instructed landlords and tenants to reach mutually satisfactory rental relations without recourse to the Courts. A Conciliation Board was established to mediate rental disputes between landlords and tenants. Sanction of the Consular Body was obtained for a new Byelaw to require a licence to sub-let and to make the acceptance of key money illegal. Through the licence the rentals of sub-let premises could be controlled. From

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the point of view of the people's livelihood, this measure involving control of rentals of 250,000 families was potentially an important social instrument. By the conditions of licence, the licensee had to post in a conspicuous place the exact rental paid by him to the landlord, together with his outpayments for municipal rate, licence fee, water and light charges if the licensee supplied light to the sub-tenants. Upon the basis of these total charges the sub-lessor might make a profit of not more than 20 per cent or a similar profit proportionately for any portion of the house sub-let. An important provision stated that no addition might be made to a sub-tenant's rental to compensate the licensee in respect of any money paid for alterations made to the premises. The significance of the key-money provision will be discussed later.

511 427 633

In the first quarter, 42,000 licences were taken out. An inspection staff paid 19,000 visits in this quarter, first instructing as to the necessity for obtaining a licence, then as to the method of computation of the rentals of various locations. To reinforce the efforts of the inspection staff 65 cases were instituted in the First Special District Court. Fines up to $250 and in five cases imprisonment, in one case up to six days, were inflicted. By the end of the first three months it was calculated that the rentals in 30 per cent of the sub-let premises had been adjusted in accordance with the provisions of the licence. By the licence conditions also, sub-let premises further sub-let could not earn any further profit. Since this practice had been very common the provision was a further factor in keeping down the people's rent.

Key money is a lump sum payment demanded by a landlord before he will give tenancy of a house: or by a tenant in the transfer of a lease: or by a tenant wishing to sub-let. It is not recoverable. When housing shortage is acute, key money for accommodation may be many times the monthly rental and can run into thousands of dollars for a house whose monthly rental is one or two hundred. The Byelaw forbade the demanding or taking of key money, or the taking of money in excess of the market value of furniture or fixtures for any premises let. Cases of key money came easily to light, through newspaper advertisements on the part of those not yet cognisant of the new ruling, or through information obtained by inspectors on their rounds. The support of the Court was obtained in applying the penalty of detention upon proper legal

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511 basis but contrary to usual practice in cases involving infraction of
633 a Byelaw. A judgment of three months' imprisonment was handed down in one case where the accused was charged with taking $20,-
427 000 key money. When the sale of furniture and fixtures was involved, valuation by the Court's valuers was obtained, on the basis of which a case was instituted if it was found that the sum asked in the transfer of premises was greatly in excess of the value of these items. It will take a considerable period before key money will become recognised as being illegal, and there will always be cases where payments are made secretly. There will always be those ready to pay illegally for what they cannot obtain otherwise. Nevertheless a beginning was made in destroying the value which accrues to the tenant from the mere holding of a tenancy. Related to the question of key money was the provision in the licence to sub-let that not more than one month's rent could be collected in advance. Without such a provision a lump sum payment could be passed off as rental in advance, though monthly rentals would, in fact, also be collected.

362 The licence to sub-let aimed also at improving actual housing
633 conditions. It required that the kitchen in a house might not be sub-let for residential purposes. It provided that passages must be kept free and rear and front entrances available for use at any time. If conditions become such that housing shortage becomes less acute, the instrument of licence could be used further to require improvement in housing conditions. Use of lofts as living accommodation, for example, might ultimately be forbidden.

There exists another instrument which might be invoked. A
744 proposal by the Council to prevent overcrowding was approved
362 in the form of a Byelaw by the Ratepayers' Meeting in April 1941. For years its necessity had been admitted, but difficulties in obtaining a quorum of ratepayers had prevented this and other needed reform measures from securing formal approval. It was understood that the Commissioner of Public Health would apply the Byelaw with discretion, at first only in the most flagrant cases, because of the housing shortage.[6] Nevertheless its existence provided an instru-

[6] *Byelaw against overcrowding*: "Every building or any part thereof found to be inhabited in excess of a proportion of one person for every thirty square feet of habitable floor space, or superficial area, and four hundred cubic feet of clean and unobstructed internal air space shall be deemed to be overcrowding, and the householder shall be liable to penalty or fine not exceeding twenty-five dollars."

466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
per cent of his earnings for the rent of his vehicle. The large
427 number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
the rental should be fixed by the Council, and that, in order to
745 form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first

believed impossible.

556 generations.[3] These conditions accounted for the lack of a permanent ruling caste in China. There are definite ideals in traditional Chinese culture which conditioned the upward and downward mobility of the people within the social hierarchy.

B. Social Mobility

596 428 618 The family ideal. Large families, especially of the extended type, were the ideal in China.[4] However, in practice the ideal was limited by economic means. Primogeniture in China had been done away with long before the Manchu Dynasty (1644-1912). Land was divided equally among sons. After successive divisions, individual holdings became infinitesimally small. This contributed to the decline of the economic status of even the wealthiest families, particularly when land was the sole source of income.[5] On the other

3. Martin Yang, A Chinese Village, New York, 1945, p. 132; Francis Hsu, Under the Ancestors' Shadow, New York, Columbia University Press, 1948, p. 4.

4. Consult the chapter on The Family in this handbook.

5. "In the matter of inheritance, the general pattern observed for poor agriculturalists holds very well for the merchant group. Just as at the death of a farmer, there is a sharing of the property. In the agricultural situation, however, there seems to be greater fragmentation of the legacy, each son working his share more or less independently and with a minimum of combination. (continued next page)

hand, because of the existence of extended families and the clan structure, less fortunate members of these groups might be helped by relatives to gain a living or an education. A substantial amount of land was usually allotted to the communal family or clan for religious, educational, or charity purposes by illustrious members of the family or clan. Nepotism was simply a projection of the family ideal of mutual help among the members. Clan nepotism often accounted for a man's rise on the social and economic ladder. This practice contributed to the upward movement of poorer segments of the population who otherwise might never have advanced socially and economically in a relatively short period of time.

The scholar ideal. Learning was much esteemed, especially when combined with wealth. The prestige of the wealthy was never complete until their wealth was adorned with culture. Indication of respect for learning was common in China, as typified by the saying: "Although your children may be of low intelligence, you as parents should make them

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5. (continued) In the merchant situation there is somewhat more cohesion among the heirs, who often work the inherited enterprise as partners." Fried, op. cit., p. 52.

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The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods. 327 435 135

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27] 439 396

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits [255] 431

438 With the exception of the planting season, the general price and
439 supply situation is dominated by local rice.

Although considerable amounts (unfortunately there is no record
●432 of their size) of both domestic and foreign rice entering Shanghai
511 are resold to or originally ordered by other cities, relatively more of the foreign imports fall into this category. The table on page 146 above should therefore be interpreted in the light of the ultimate destination of the several categories of rice shipments arriving in the city. Total sales of rice in Shanghai, for which relatively more accurate figures are kept, provide a different indication of the city's rice consumption. Sales are estimated by the Food Commission's study as averaging annually 860,000,000 pounds during the period 1925–1930.* Their report assumes that the difference of nearly 100,000,000 pounds between this figure and the total recorded entries of 780,000,000 pounds is accounted for by unrecorded shipments arriving by creek and canal from nearby sources. Shipment of much or most of the foreign rice from Shanghai to other cities would leave an even greater gap between the two figures as measures of Shanghai's consumption, and it is logical to assume that this also is filled from local sources.

The figure for total sales, however, may not be an accurate indication of total consumption if we attempt to estimate the average annual rice consumption of a Chinese adult and multiply it by the population of Shanghai in 1930. A Chinese economist[21] suggests four piculs per year (532 pounds), which, using 3,250,000 as Shanghai's 1930 population (graph I) gives a total city consumption of 1,730,000,000 pounds. Or if we use a lower estimate of 400 pounds,[22] which agrees more closely with the writer's experience, and scale down this figure to 380 to allow for children, for other cereals and foods in the Shanghai diet (see above, p. 139), and for the non-rice-eating foreign population of the city (38,000 in 1930), we still arrive
[146] at a figure of 1,235,000 pounds. This is equivalent to about 1,750 calories per day per capita from rice alone, certainly a minimum diet for a Chinese.

* This figure presumably includes spot sales of foreign rice by Shanghai brokers to dealers in other cities, but probably does not include foreign rice delivered in Shanghai on order from other cities.

474 According to this table, the per shih-mou
433 (1/6 acre) yeild of the Chang Lai-sheng Agricultural Producers' Co-operative was 12 per cent higher than that of the Ting Ta-sheng Mutual-aid Team and 15 per cent higher than that of the Ting Yin-sheng farm in Ya-t'ien hsiang, Wu-chin hsien, Shantung Province, the output of Sung Tsung-kuo Agricultural Producers" Co-operative per shih-mou was 21 per cent over that of Sung I-pin's Mutual-Aid Team and 47 per cent over that of the Sung Pao-jen farm. The average per shih-mou output of cotton of the 3 year-round mutual aid teams of Chu-chai hsiang, Shanghai, was about 10 per cent higher than that of 2 temporary mutual-aid teams and 50 per cent higher than the average of 14 individual farms.

IV. AGRICULTURAL PRODUCTION OF EAST CHINA

241 The agricultural production of East China includes grains, raw cotton, oil-bearing crops, silk, tea, ramie, hemp, tobacco, and fish. Other agricultural products which bear little significance are not included in the present discussion.

A. Grain Production

241 East China produced 23.8 per cent of the
433 country's grains, with rice heading the list, constituting about 45.4 per cent of the total grain production[16] in 1953. Wheat came next, representing 13.5 per cent of the total output in the same year

16. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, March 10, 1953, No. 309, p. 12.

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24 In terms of acreage of grain crops, wheat led by
433 117.87 million shih-mou (19.65 million acres) in 1946, rice ranked second by 92.82 million shih-mou (15.47 million acres). Table 6 shows the acreage of different major grain crops of 1946 by provinces in East China, with equivalent acres in parentheses.

In analyzing Table 6, the acreage of other crops had little significance. In terms of production, according to a Communist report, East China showed considerable growth during the five-year period, 1950-54, under Communist rule. The production data of different grains by years are shown in shih-piculs, with eqivalent tons in parentheses below.

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Table 6. Acreage of Grain Crops, 1946*
S = Shih-mou.)
(Unit: Million. A = Acres.)

Province	Rice	Wheat	Barley	Oats	Corn	Kaoliang	Millet	Sweet Potatoes	Others#	Total
Kiangsu	34.22S (5.70A)	26.19S (4.37A)	10.81S (1.80A)	3.80S (0.63A)	1.69S (0.28A)	1.35S (0.22A)	1.18S (0.20A)	0.85S (0.14A)	8.20S (1.37A)	88.29S (14.71A)
Chekiang	28.75S (4.79A)	13.37S (2.23A)	7.13S (1.19A)	-----	1.14S (0.19A)	0.17S (0.03A)	0.27S (0.04A)	2.30S (0.38A)	4.07S (0.68A)	57.20S (9.53A)
Anhwei	15.05S (2.51A)	16.89S (2.81A)	4.38S (0.73A)	0.15S (0.02A)	1.26S (0.21A)	4.49S (0.75A)	0.53S (0.09A)	2.56S (0.43A)	2.85S (0.47A)	48.17S (8.03A)
Shantung	1.15S (0.19A)	52.83S (8.80A)	2.65S (0.44A)	0.58S (0.10A)	8.57S (1.43A)	16.32S (2.72A)	19.68S (3.28A)	3.57S (0.60A)	2.95S (0.49A)	106.30S (18.05A)
Fukien	13.65S (2.28A)	8.59S (1.43A)	2.66S (0.44A)	-----	0.02S (0.003A)	0.02S (0.003A)	0.20S (0.03A)	3.40S (0.56A)	1.05S (0.17A)	29.59S (4.93A)
Total	92.82S (15.48A)	117.87S (19.65A)	27.64S (4.61A)	4.53S (0.75A)	12.68S (2.11A)	22.35S (3.72A)	21.86S (3.64A)	12.68S (2.11A)	19.12S (3.18A)	331.55S (55.25A)

* Statistical Yearbook of China, 1948, pp. 73-74.

Including broad beans and peas.

(Table 6 faces p. 752)

(Table 6 faces p. 752) [a]

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Table 7. Grain Production by Years

(Unit: Million. S = Shih piculs.
T = Tons.)

Grains	1931-1937 Average*	1949#	1951s	1952v	1953x	1954y	1955z
Rice	303.08S (16.67T)	216.10S (11.89T)	280.93S (15.45T)	353.44S (19.44T)	360.46S (19.82T)	366.30S (20.15T)	385.71S (21.21T)
Wheat	174.68S (9.61T)	64.26S (3.53T)	83.54S (4.59T)	105.10S (5.78T)	107.19S (5.89T)	108.92S (5.99T)	114.69S (6.31T)
Soyabeans	66.80S (3.67T)	33.32S (1.83T)	43.32S (2.38T)	54.49S (3.00T)	55.57S (3.06T)	56.48S (3.10T)	59.47S (3.27T)
Tubers	138.00S (7.59T)	49.98S (2.75T)	64.97S (3.57T)	81.74S (4.49T)	83.37S (4.58T)	84.71S (4.66T)	89.21S (4.91T)
Others**	223.78S (12.31T)	112.34S (6.18T)	146.04S (8.03T)	183.73S (10.10T)	187.38S (10.31T)	190.41S (10.47T)	200.50S (11.03T)
Total	906.34S (49.85T)	476.00S (26.18T)	618.80S (34.02T)	778.50S (42.81T)	793.97S (43.66T)	806.82S (44.37T)	849.58S (46.73T)

[Face p. 752] [b]

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* Chung-kuo Liang-shih Kai-k'uang /General Survey of China's Food/, Nanking: Hsing-cheng-yuan Hsin-wen-chu /Office of Information, Executive Yuan/, 1947, pp. 4-5.

See 1952 Nien Ching-chi Nien-pao /Economic Year Book 1952/, Hong Kong: Ching-chi Tao-pao She /Economic Bulletin Publishing Co./, 1952, pp. 37-38.

s & v Jen-min Shou-ts'e /People's Hand Book/, Tientsin: Ta Kung Pao /Ta Kung Daily/, 1955, pp. 511-512. Economic Bulletin, Hong Kong: March 10, 1953, No. 309, p. 12.

x Hua-chiao Jih-pao /China Daily News/, New York: August 4, 1955, Chen Yun's Report to the National People's Congress on July 21, 1955.

y Ibid. The total grain production in 1954 was 3390 million Shih-piculs, as reported by Chen. Using 23.8 per cent for East China's share (Ching-chi Tao-pao March 10, 1953, p. 12) to calculate, the total production of grain in East China was 911.91 million Shih-piculs (50.15 million tons). The proportional distribution between different crops was rice 45.4, wheat 13.5, soyabeans 7.0, tubers 10.5, and others 23.6. Economic Bulletin March 10, 1953, p. 12.

z Basing on Li Hsien-nien's Budget Report of 1955, the projected grain production will be 5.3 per cent higher than 1954, and allocate the amount of each crop produced according to the same ratio of 1954. (NCNA July 8, 1955)

** "Others" are the total amount of millet, kaoliang, corn, barley, oats, broad beans, and peas.

(Table 7 faces p. 752)

(Table 7 faces p. 752) [e]

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Table 8. Grain Production of East China by Provinces*
S = Shih-piculs)
(Unit: Million. T = Tons.)

Grains	Kiangsu		Chekiang		Anhwei		Shantung		Fukien	
	1949	1951	1949	1951	1949	1951	1949	1951	1949	1951
Rice	76.64S (4.18T)	117.00S (6.44T)	51.42S (2.83T)	78.30S (4.20T)	39.60S (2.18T)	60.00S (3.30T)	0.60S (0.03T)	0.90S (0.05T)	28.76S (1.58T)	45.80S (3.41T)
Wheat	24.62S (1.32T)	58.58S (3.11T)	10.92S (0.58T)	12.78S (0.70T)	17.54S (0.96T)	40.16S (2.20T)	34.24S (1.88T)	65.70S (3.61T)	6.94S (0.38T)	7.30S (0.40T)
Soyabeans	7.74S (0.42T)	16.40S (0.90T)	1.30S (0.07T)	2.74S (0.15T)	2.58S (0.14T)	5.46S (0.30T)	5.82S (0.32T)	12.30S (0.67T)	0.64S (0.04T)	1.36S (0.07T)
Tubers	31.38S (1.73T)	38.42S (2.11T)	12.54S (0.69T)	15.38S (0.84T)	6.28S (0.34T)	7.68S (0.42T)	25.10S (1.38T)	30.74S (1.69T)	23.22S (1.27T)	28.44S (1.56T)
Others#	54.30S (2.98T)	67.42S (3.71T)	13.36S (0.73T)	15.80S (0.87T)	21.38S (1.18T)	26.06S (1.43T)	71.78S (3.95T)	87.84S (4.83T)	3.48S (0.19T)	4.38S (0.38T)
Total	194.68S (10.63T)	295.82S (16.27T)	98.54S (4.87T)	125.00S (5.76T)	78.38S (4.30T)	139.36S (7.66T)	137.54S (7.56T)	197.48S (10.85T)	63.04S (3.46T)	85.18S (4.67T)
Percentage of increase		52%		26%		78%		43%		35%

*Chung-kuo Nung-pao /Chinese Agriculture Bulletin/, Peking, Nung Yeh Pu /Ministry of Agriculture/, 1952, No. 1, p. 30; Ta-kung Daily, Hong Kong, October 1, 1952. Hsin-hua Yüeh-pao /New China Monthly/, Peking, 1950, Vol. II, No. 4-5, pp. 1336-1337; 1951, Vol. III, pp. 378-379.

#"Others" including the total amount of millet, corn, kaoliang, barley, oats beans, and peas.

(Table 8 faces p. 752)

(Table 8 faces p. 752.) [d]

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433 Table 7 indicates that, during the five-year period (1951-55), although great efforts were made to increase grain production, not one single year exceeded the pre-war 1931-37 average of 906 million shih-piculs (50 million tons). Probably flood and drought and the negative effects of land reform accounted for the failure. The statistical data of grain production of the individual provinces in East China in 1949 and 1951 are shown by shih-piculs in Table 8 below with equivalent tons in parentheses.

241 In 1951, nearly all the six provinces in-
433 creased production ranging from 26 per cent for Chekiang to 78 per cent for Anhwei over that of 1949. In terms of the total output, Kiangsu led by 295.82 million shih-piculs (16.27 million tons), Shantung came next with 197.48 million shih-piculs (10.85 million tons), Anhwei and Chekiang occupied third and fourth places, producing 139.36 and 125.00 million shih-piculs (7.65 and 5.76 million tons) respectively. The total grain production of Fukien in 1951 was 85.18 million shih-piculs (4.67 million tons), which constituted only about 10 per cent of the total grain output in East China in the same year.

V. THE ADEQUACY OF FOOD SUPPLY

433 The essential problem in East China is the determination of the adequacy of the supply of grain in comparison with the local demand. In order to approach the problem logically, the following steps are used: (1) the gross production data of different grains of 1954 are used as the basis for calculation; (2) from the gross amount of the unprocessed grains, provision for seeds, fodder, and waste are allowed and deducted; (3) the percentage allowed for the milling of different grains is set according to the nature of the product as well as the eating habits of the population;; (4) after reducing all the unprocessed grains to milled

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Table 9. Grain Supply after Conversion into "Rice-Equivalent" Available for Human Consumption, 1954

(Unit: Million. S = Shih-piculs. T = Tons.)

Grains	Gross Production	Total Supply after Provision for Seeds, Fodder, and waste: Conversion Standard*	Total Supply after Provision for Seeds, Fodder, and waste: Quantity	Total Supply after Milling: Conversion Standard*	Total Supply after Milling: Quantity	Total Net Supply after conversion into Rice-Equivalent: Conversion Standard#	Total Net Supply after conversion into Rice-Equivalent: Quantity
Rice	366.30S (20.15T)	92.01	337.02S (18.54T)	92[a]	310.06S (17.06T)	1.00	310.06S (17.06T)
Wheat	105.92S (5.99T)	86.47	94.18S (5.18T)	80	75.34S (4.14T)	1.02	76.85S (4.22T)
Soyabeans	56.48S (3.10T)	81.94	46.28S (2.54T)	100	46.28S (2.54T)	0.99	45.82S (2.51T)
Tubers	84.71S (4.66T)	64.00	54.21S (2.98T)	100	54.21S (2.98T)	0.28	15.18S (0.83T)
Others▼	190.41S (10.47T)	76.80	146.23S (8.04T)	89	130.14S (7.16T)	1.00	130.14S (7.16T)
Total	806.82S (44.37T)		677.92S (37.28T)		616.03S (33.88T)		578.05S (31.78T)

* FAO Food Balance Sheet for 1931-1937, compiled from FAO World Food Survey, Food Balance Sheet for China, 1931-1937.

Derived from the quantity of Calories of different grains and tubers by using the standard set up by FAO, v.n. 3.430 calories per kilogram (or 2.2 pounds or 2 Chinese catties) of rice as the basis of calculation.

[a]The official milling standard of rice, as announced by the Chinese Communist Government, is 92. For other grains, the standard set-up by FAO was used.

▼"Others" include corn, kaoliang, barley, millet, oats, broad beans and peas.

(Table 9 faces p. 754)

(Table 9 faces p. 754)

483 products available for human consumption, all the different grains, other than rice, are converted into "rice equivalent"; and (5) in calculating the total demand for grains in East China, the real population, regardless of age and sex, is converted into equivalents of "adult males."

Table 9 is a conversion table for different grains compiled in shih-piculs, with equivalent tons in parentheses.

The conversion of the real population into the equivalent number of adult males" is shown in Table 10 below.

[See next page for Tables 9 and 10.]

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Table 10. The Population Conversion of East China *

Province	Population	Population in Equivalents of "Adult Males"
Shantung	48.88	40.08
Kiangsu	41.25	33.38
Anhwei	30.34	24.88
Chekiang	22.87	18.75
Fukien	13.14	10.77
Shanghai	6.21	5.09
Total	162.69	133.40

* In making the conversion, the coefficient 0.82 is used. It represents the mean between 0.76 derived by C. M. Chiao in his China's Food and Population Problem, Shanghai, 1937, and 0.88 worked out by T. H. Shen in his Agricultural Resources of China, New York, 1951.

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Table 11. Cotton Production in East China*

(Unit: 1,000 Shih-piculs.)
1,000 Bales = 480 lbs.)

Province	1949 Shih-piculs	1949 Bales	1950 Shih-piculs	1950 Bales	1951 Shih-piculs	1951 Bales	1952 Shih-piculs	1952 Bales	1953# Shih-piculs	1953# Bales	1954* Shih-piculs	1954* Bales	1955▼ Shih-piculs	1955▼ Bales
Kiangsu	789	16.2	1,356	28.3	2,400	50.0	1,632	34.0	1,485	31.0	1,515	31.6	1,667	34.8
Chekiang	154	3.2	394	8.2	418	8.7	269	5.6	245	5.1	250	5.2	275	5.7
Anhwei	154	3.2	192	4.0	494	10.3	336	7.0	303	6.3	311	6.4	342	7.0
Shantung	667	13.9	1,699	35.4	2,668	55.5	4,622	96.3	4,208	87.6	4,389	89.4	4,718	98.4
Fukien	---	----	----	----	----	----	-----	----	----	---	----	---	----	---
Total	1,704	35.6	3,643	75.9	5,880	122.5	6,859	142.9	6,340	130.0	6,365	132.6	7,001	145.9

* /People's Daily/ Peking, January 27, 1950; /Liberation Daily/, Shanghai, January 6, October 17, November 14, December 28, 1951; September 9, December 27, 1952; Ta-chung Hung-yeh /Mass Agriculture/, Shanghai, Vol. VI, No. 3, December 1951, p. 69; /Economic Weekly/, Shanghai, February 16, 1953, pp. 16-18; Chung-nung Yüeh-kan /The Farmers' Bank of China Monthly/, Nanking, Vol. IX, No. 6, January 30, 1948, p. 38; Economic Bulletin, Hong Kong, No. 309, March 10, 1953, p. 12.

Cotton production in 1953 was 9 per cent below the 1952 level; see Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol.XVIII, No. 19, p. 601.

*The Cotton of East China in 1954 was slightly higher than that of 1953; an increase of 2 per cent is estimated; see Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol. XVIII, No. 19, p. 60.

▼There were no natural calamities in 1955. An estimate of 10 per cent increase over 1954's production is assumed, although the projected increase is 20.6 per cent as revealed by Li Hsien-nien in his 1955 State Budget Report.

(Table 11 faces p. 756)

(Table 11 faces p. 756)

433 According to Tables 9 and 10 above, the total supply of "rice-equivalent" grains available for human consumption in 1954 was 578.05 million shih-piculs or 28.90 metric tons. On the basis of Wu Yuan-li's calculation of 217 metric tons of milled "rice-equivalent" grains required to feed 1,000 "adult males" per year,[17] the total supply of grain in East China in 1954 should have been sufficient for the consumption requirements of 133.2 million "adult males," or equivalent to the total local demand for grains in that particular year.

VI. COTTON PRODUCTION

248 433 During 1950-54, cotton production in East China increased considerably but at an irregular rate. The statistical data for cotton production in this region are shown in Table 11.

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17. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1956, chapter V, p. 165.

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Table 12. Cotton Acreage in East China*

(Unit = 1,000)

Province	1949		1950		1951		1952		1953#		1954@		1955∇	
	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres	Shih-mou	Acres
Kiangsu	4,632	772	5,724	954	7,908	1,318	4,248	708	4,038	673	6,836	1,089	7,189	1,198
Chekiang	1,224	204	930	155	1,302	217	768	128	730	122	730	122	803	134
Anhwei	968	161	1,182	197	1,626	271	870	145	826	137	826	137	909	151
Shantung	4,242	707	5,226	871	7,914	1,319	11,802	1,967	11,212	1,869	11,212	1,869	12,333	2,056
Fukien	-----	---	-----	---	------	-----	-----	-----	-----	----	------	-----	-----	-----
Total	11,064	1,844	13,062	2,177	18,750	3,125	17,688	2,948	16,804	2,801	19,304	3,217	21,239	3,539

* Chung-kung Yüeh-kan [The Farmers' Bank of China Monthly], Nanking, The Farmers' Bank of China, Vol. II, No. 6, June 30, 1948, p. 38; Liberation Daily, Shanghai, January 6, October 17, November 14, December 26, 1951, and September 9, December 27, 1952; Ta-chung Nung-yeh [Mass Agriculture], Shanghai, Vol. VI, No. 5, December, 1951, p. 69; Economic Weekly, Shanghai, February 26, 1953, pp. 18-19; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She [Economic Bulletin Publishing Co.], No. 309, March 10, 1953, p. 12.

The cotton acreage of East China in 1953 was estimated at about 5 per cent below that of 1952, as the parity prices between cotton and grain were lowered in that year.

@ An additional 2,800,000 Shih-mou (416,667 acres) of the new reclaimed cotton land was added in the Yellow Sea region, Kiangsu Province, 1954. See Hua Chiao Jih-pao [China Daily News] New York, August 17, 1955.

∇ The acreage of cotton in 1955 was estimated by an increase in planting of 10 per cent over that of 1954, although the projected goal is 20.6 per cent as revealed by Li Hsien-nien's Budget Report of 1955.

(Table 12 faces p. 757)

(Table 12 faces p. 757)

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433 According to Table 11, since 1950 the rate of increase of production has been very rapid. Taking the figure for 1949 as 100, the index numbers were 214 in 1950; 345 in 1951; 403 in 1952; 366 in 1953; 373 in 1954; and 412 in 1955. The rise reached a peak in 1952 and dropped 37 per cent in 1953 because the parity price between cotton and grain was lowered in that year. In 1954, the great flood and drought in some areas reduced production, and by the end of the year producers had not reached their goal. In view of favorable conditions in 1955, the cotton production will have increased at least 10 per cent over that of 1954.

In terms of the acreage of cotton planted in the different provinces of East China, there has been a marked upward trend from 1950 to 1955, as is shown in Table 12.

248 433 According to Communist reports, some of the factors responsible for the rapid increase in cotton acreage and production were the fixing of a favorable parity price between cotton and grain and the improvement of per-unit yield. The increase and decrease in the adjustments of the parity price corresponded to the higher or lower cotton acreage. The prices which were quoted for grains of different regions are shown in the following tabulation.

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Table 13 The Ratio of Cotton Price to Price of Grains */

(In weight-units of grain to one unit of cotton lint, 7/8" grade)

Region	1950	1951	1952	1953	1954	1955
Wheat	7.0	8.0	7.5-8.5	6.25-7.5	6.75-8.00	Same
Millet	8.0	8.5	8.0-9.5	6.75-8.0	7.50-8.25	as
Rice	6.5	8.5	8.0-9.0	6.75-8.0	7.25-8.25	1954

*/ Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow, Chang-chiang Jih-pao, [Yangtze Daily Co.], 1950, p. 574; Ching-chi Chou-pao [Economic Weekly], Shanghai, May 28, 1953, NO. 28, p. 21; NCNA, March 3, 1954.

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Table 14. Cotton Yield Per Shih-mou and Per Acre*

Province	1949		1950		1951		1952		1953	
	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds	Catties	Pounds
Kiangsu	88.9	94.8	129.4	142.4	165.5	182.1	211.3	232.5	196.5	216.2
Chekiang	68.4	75.3	230.8	253.9	174.9	192.4	190.9	210.0	185.6	204.2
Anhwei	86.7	95.4	88.5	97.4	165.8	182.4	210.6	231.7	145.4	160.0
Shantung	85.8	94.4	177.3	195.1	177.0	194.7	213.6	235.0	187.2	205.9
Fukien	----	----	----	----	----	----	----	----	----	----
Average	84.0	92.4	152.1	167.3	171.1	188.2	211.9	233.1	187.3	206.0

* Liberation Daily, Shanghai, January 6, October 17, November 14, December 26, 1951; September 9, December 27, 1952; Ta-chung Hung-yeh [Mass Agriculture], Shanghai, Vol. VI, No. 3, December 1951, p. 69; Economic Weekly, Shanghai, February 26, 1953, pp. 16-18; Economic Bulletin, Hong Kong, Ching-chi Tao-pao She [Economic Bulletin Publishing Co.], No. 207, March 10, 1953, p. 12.

(Table 14 faces p. 759)

(Table 14 faces p. 759)

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248 Among the East China provinces,
243 Shantung and parts of Anhwei and Kiangsu belong
435 to the wheat region, while a large part of Kiangsu, Anhwei, Chekiang and Fukien belong to the rice region. In 1953 the parity prices were lowered and the acreage and the production also decreased.

248 An upward trend in the average cotton
433 yield per unit of land was noticed during 1949-53, except for a slight fluctuation in 1953, 11.6 per cent below the figure for 1952. This loss was the result of natural calamities in Shantung and Kiangsu provinces. The cotton yields of different provinces from 1949 to 1953 are shown in Table 14.

VII. TEA, SILK, AND OTHER SPECIALTIES

A. Tea

245
433 East China is the leading tea-producing region in China. In 1952, the region produced approximately 50 per cent of the country's tea.[18] Fukien is noted for its black tea (or red tea) and flower-scented tea, and Chekiang and Anhwei are noted for the production of green tea. To make black tea, newly-gathered leaves are allowe to wither in the air in order to reduce their moisture and then rolled to break up the leaf cells and to allow the enclosed juice to come to the surface of the leaves for fermentation. The enzymes contained in the leaves continue to oxidiz and produce an aromatic flavor. The leaves are then baked and sweetened. Green tea is prepared by heating the leaves in an iron pan to destroy the oxidizing enzymes and prevent fermentation. The leaves are then rolled and baked. The main characteristic of green tea is its rich content of Vitamin C, which is not destroyed even at a temperature of 200° Centigrade. The best-known green tea is "Lung-ching" [Dragon-well] of Hangchow, Chekiang Province. Flower-scented tea commands a very wide market in North and Northeast China as well as in many European countries. It is made by scenting the leaves with rose, jasmine, or other fragrant flowers in order to increase its flavor.

In terms of the percentage distribution of the different varieties of tea in East China, green

18. Economic Bulletin, Hong Kong, March 24, 1953, No. 311, p. 15.

245 483 tea constitutes 70 per cent, black tea 28 per cent, and all others 2 per cent; in distribution of production by provinces, Chekiang produces 46 per cent, Anhwei 41 per cent, and Fukien 13 per cent.[19]

It was estimated in 1952 that the total production of tea in China was 1,650,000 shih-piculs (90,750 tons), of which East China produced approximately 825,000 shih-piculs (45,375 tons).[20] The projected goal of tea production in East China will reach 1,110,000 shih-piculs (60,500 tons) in 1957, the last year of the Communists' first Five-Year Plan.[21]

B. Silk

231 433 East China also led in silk production -- almost 80 per cent of the country's output in the pre-war years.[22] The total production of silk cocoons in East China in 1934 amounted to 245 1,893,000 shih-piculs (104,115 tons). During the war the Japanese army destroyed over half of the mulberry gardens of East China, and production dropped sharply. The total output of silk cocoons in 1947 amounted to 41,000 shih-piculs (2,255 tons)

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19. Ibid.

20. Cheng Chu-yüan, Chung-kung Wu-nien-chi-hua p'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, Freedom Press, 1955, p. 244.

21. Ibid.

22. Chung-yang Yin-hang Yüeh-pao [Central Bank Monthly], Shanghai, Central Bank of China, May 1947, Vol. II, No. 5, pp.54-57.

1:Stanford U. S-4, 5 1956 AF 15 East China
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231 and increased to 44,000 shih-piculs (2,420 tons)[23]
433 in 1948. After 1949, the Communists made a great effort to restore the pre-war level of silk production. In 1951, the gross output in East China was raised to 590,000 shih-piculs (32,450 tons).[24]

In percentage distribution of silk among the East China provinces, Chekiang contributed about 60 per cent, Kiangsu 33 per cent, Shantung 6 per cent and Anhwei 1 per cent.[25] The silk cocoons in Shantung Province are produced by wild silkworms which feed on the leaves of oak trees. In Chekiang Province, over 30 hsien [counties] are planted in mulberry trees. Chekiang's production of silk cocoons increased to 500,000 shih-piculs (27,500 tons) in 1954.[26] Other provinces of the region probably showed proportional increases in the same year. The goal of silk-cocoon production in East China for 1957 will be 1,520,000 shih-piculs (83,600 tons).[27]

C. Ramie, Hemp, and Jute

248
433 East China ranks first in hemp production in the country as a whole, for hemp is produced extensively in Chekiang, Kiangsu, and Fukien provinces. The strength of fiber is next only to

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23. Ibid.

24. Current Background, Hong Kong, American Consulate General, Feb. 15, 1952, No. 159, pp. 7-9.

25. Economic Bulletin, Hong Kong, March 17, 1953, No. 310, p. 16.

26. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 8, 1955.

27. Cheng Chu-yüan, op. cit., p. 244.

248 that of ramie, which is stronger than most other
433 species. Hemp is used chiefly for making canvas, ropes, coarse fabrics, and gunny sacks. During recent years, it has been widely planted in Chekiang Province, and the output[28] in 1953 showed a twenty-fold increase over 1936.

Ramie is widely produced in East China provinces. Its strength is about three times that of hemp and eight times that of rayon and cotton.[29] It is used mainly for manufacturing canvas, ropes, nets, and linen cloth. Jute, another species of the same family, is grown in the northern sections of Kiangsu and Anhwei as well as in Shantung. It is used for making rugs, mats, and gunny sacks. The output in East China is comparatively small.

D. Oil-bearing Crops

249 Excluding soyabeans, the oil-bearing crops
433 in East China are peanuts, sesame seeds, rapeseeds, cottonseeds, and teaseeds. Although the production of soyabeans was far greater than that of peanuts in 1952, the output of peanut oil was 2,200,000 shih-piculs (121,000 tons), about 30 per cent higher than the output of soyabean oil in the same year.[30] The discrepancy was due to the fact that the local population prefer to use peanut oil. The total East China production of edible oil from different oil-bearing crops in 1952 amounted to approximately 8,000,000 shih-piculs (440,000 tons). Since 1953, the supply of edible oil has decreased; therefore, the Communist authorities intensified their plans for expansion of the acreage

28. Wen-hui Daily, loc. cit.

29. Chinese Economic Journal Shanghai Bureau of Foreign Trade, Oct. 1936, Vol XIX, No 4, pp. 345-346 [See next page for No 30.]

249 of oil-bearing crops throughout all regions. The
433 projected national goal of an increase of 53.7 per cent in 1954 over the production in 1952 was reported by Li Fu-ch'un in the first Five-Year Plan.[31]

VIII. FISHERIES OF EAST CHINA

228 Because of its long coastline and numerous
433 streams and lakes, East China is especially rich in both salt-water and fresh-water fish resources.

Of the principal fishing areas of Kiangsu and Chekiang, Chou-shan (Chusan) is the most famous. Over 10,000 fishing boats gather near the Chou-shan Island each spring to catch many different species of fish. The goal set for 1955 is 6,400,000 shih-piculs (352,000 tons),[32] approximately four and a half times that of 1949.

Kiangsu and Chekiang have abundant fresh-water-fish resources; Kiangsu has 1,173.7 million shih-mou (195.6 million acres) of river area and 1.6 million shih-mou (266,667 acres) of lake area, while Chekiang has a combined river and lake area of over 2,000,000 shih-mou (over 400,000 acres). A tremendous quantity of fish is caught each year.

IX. WATER CONSERVATION IN EAST CHINA

731 For many centuries the Hwai River and its tributaries have been the main sources of flood

30. Economic Bulletin, Hong Kong, Ching-chi Tao-pao She, Mar. 17, 1953, #310, p.16.
31. NCNA, Peking, July 11, 1955.
32. People's China, Peking, Feb. 1, 1955. p. 13.

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135 Ma-an-shan plant in Anhwei.[4] As for other
178 industries, the Five-Year Plan seems to give scant attention to East China with the exception of Shanghai's machinery industry, which again is largely a case of making full use of existing facilities and the local skilled labor.

III. PRESENT STATUS OF SHANGHAI'S INDUSTRIES

178 Lest we should underestimate the present industrial importance of Shanghai in the light of what has been said above, attention should be called both to the degree of industrial recovery in Shanghai which has been reported by the Communists and the status of some of the city's industries.

464 According to the Shanghai Economic Weekly of February 5, 1953, using 1950 as the base year (100), for 1952 the index of the number of workers employed in Shanghai's light manufacturing industry stood at 138, that of electric power consumption by the same industrial group was reported at 153, and the
433 volume of sales was 199. Another indication of the degree of industrial recovery in

4. Cheng Chu-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, 1955, p. 45.

1;Stanford U. S-4, 5 1956 AF15 East China
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433 Shanghai may be found in the following output indices for individual products in 1952, again using 1950 as the base year.[5]

Product	Output Index 1952 (1950 = 100)
Canned food	4,887
Fountain pens	1,100
Tires	726
Paper	243
Soap	212
Cigarettes	192
Sheets	160
Enamel ware	150
Rubber-soled shoes	123
Tooth paste	120
Thermos bottles	112
Towels	104

The selection of 1950 as the base year by the Communist was evidently designed to make the apparent gain in production as shown above more impressive; following a devasting Nationalist air raid in February 1950, which

5. Economic Bulletin, Hong Kong, December 1953, pp. 14-15.

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433 seriously disrupted the city's power supply, industrial production was at a low ebb for a considerable time during the year. However, even if we allow for exaggeration, it cannot be denied that there has been a significant recovery of industrial production in Shanghai following the establishment of the new regime.

According to a Hong Kong report, the total value of industrial production in Shanghai in 1953 was equivalent to 368 per cent of that of 1950.[6] Other reports have put the industrial production of Shanghai in 1953 as equivalent to one-fifth of that of the entire country.[7]
402 The city is also said to be responsible for 39
433 per cent of the country's total spindleage and one-third of the country's machinery-manufacturing capacity.[8] The annual output of electrical and industrial machinery in Shanghai registered, according to one Communist report, a sixfold increase between 1951 and 1953, and growth was especially notable in the production of machine tools and spindles.[9]

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6. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 22, 1955, p.

7. Cf., for instance, Far Eastern Economic Review, October 29, 1953, p. 551.

8. Economic Bulletin, Hong Kong, March 29, 1954, p. 12.

9. New China News Agency dispatch, September 30, 1954.

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402 Machinery produced in Shanghai has been used
433 in many construction projects elsewhere, including the Yümen oil field in Kansu, the new automobile manufacturing plant in Ch'ang-ch'un, and other factories in Manchuria. Shipbuilding, another branch of heavy-machinery manufacturing, is also highly developed in Shanghai.

IV. SURVEY OF SELECTED INDUSTRIES IN EAST CHINA

The above general review may be further supplemented by a brief discussion of some selected industries.

A. Coal

316 There are relatively few large coal
433 mines in East China. Among the most important are Huai-nan in Anhwei, Tzu-po and Tsao-chuang in Shantung, and Chia-wang in Kiangsu. Total coal production in East China may be roughly estimated at 5.3 million tons in 1949, which rose to 11.1 million tons in 1953.[10] Twenty per cent of the region's total

10. Estimated from the following sources: Hsin-hua Yüeh-pao [New China Monthly], Vol. I, No. 2, Dec. 15, 1949, p. 410; People's Daily, Peking, No. 16, 1952; New China News Agency, Peking, Dec. 29, 1953, and Jan. 11, 1954.

316 production was derived from Huai-nan; Tzu-po
433 and other mines in Shantung probably contributed about 75 per cent. On the other hand, total coal consumption by the electric utility and industrial plants in Shanghai alone amounted to no less than 7.9 million tons in 1953, while for the region as a whole the corresponding figure would be about 11 million tons.[11] Obviously, such consumption requirements, which did not as yet include demand for railway and bunker fuel as well as household consumption, could not be met out of the region's own coal production.

The Huai-nan coal mine, as mentioned earlier, is one of the few large construction projects earmarked under the first Five-Year Plan in East China. After the adoption of new mechanized production methods allegedly suggested by Soviet experts, the Communists reported a tenfold increase in production in 1952 over the corresponding figure in 1949.[12] Sinking of a new pair of coal shafts was started in March 1954, and construction was started on two additional pairs of vertical

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11. Estimated from: Wen-hui Daily, Hong Kong, Aug. 26, 1953; New China News Agency, Peking, Jan. 11, 1954.

12. Kung-jen Jih-pao [Workers' Daily], Peking, Nov. 15, 1952.

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316 shafts in the latter part of the same year.
433 The shafts are scheduled for completion in 1957.[13] Capital investment was said to have been stepped up during 1955 when total annual investment was to equal the entire amount invested in 1951-1954. The reconstruction of four pits was said to have been completed in April 1955, raising the mine's output by 17 per cent.[14] The same report also mentioned the construction of more new shafts than the number mentioned in the report of the preceding year. Total production at Huai-nan, according to the Five-Year Plan, will reach about 6.85 million tons in 1957, which, if accomplished, will make it one of the largest mines in the country outside Manchuria.[15]

B. Electric Power

377 Since the establishment of the Communist regime there has not been any report on the construction of large thermal power plants in East China. According to a comparatively complete report in 1948, there were 23 electric utility plants in this area, ranging

13. New China News Agency, Hopei, March 16, 1954.

14. Survey of China Mainland Press, Hong Kong, April 15, 1955, No. 1,028, p. 30.

15. Ta-kung Daily, Tientsin, July 30, 1955.

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377 carried out both to reduce foreign exchange outlay and as a countermeasure to the Nationalist blockade. However, this development has led to even greater dependence on coal which, as we have seen, is by no means easily available in East China.

C. Iron and Steel

327 As for the iron and steel industry in this
433 region, two large blast furnaces were installed by the Japanese at Tsingtao in Shantung Province during 1943 and 1944. These had an estimated annual capacity of 110,000 tons of pig iron.[21] At Ma-an-shan in Anhwei Province the Japanese also planned to erect 20 small blast furnaces with an estimated capacity of about 73,000 tons.[22] Two small blast furnaces with an estimated capacity of 16,000 tons a year were also reported in operation during World War II.[23] Recent information has been lacking in detail, although it is known that the Ma-an-shan plant is being expanded under the Five-Year Plan and that pig iron shipments from Ma-an-shan to Shanghai have been in progress.

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21. Foreign Minerals Survey, Washington, D.C., Department of Interior, Jan. 1948.
22. Ibid., Vol. II, No. 7, pp. 35.
23. Ibid.

327 There are two principal steel works in
433 East China, the Shanghai Iron and Steel Works and the Hsin-ho Iron and Steel Works, both located in Shanghai. The former is equipped with two 10-ton open-hearth furnaces and has an annual capacity of about 12,400 tons of ingots and 50,000 tons of rolled steel products. The Hsin-ho works is equipped with two 10-ton open-hearth furnaces and has an annual capacity of 16,500 tons of ingots, 30,000 tons of rolled steel, and 20,000 tons of steel wire.[24]

All in all, however, the iron and steel industry of East China is relatively little developed. This situation is understandable in view of the lack of iron and coal resources in the region.

D. Cotton Textiles

288 Contrary to its backwardness in the
433 production of iron and steel, East China is the most highly developed area in China for the manufacture of consumer products, as we have indicated. In particular, the cotton

24. Chung-kuo Kung-yeh [China's Industry], Peking, April 20, 1950, Vol. I, N . 12, pp. 21-22.

1:Stanford U. S-4, 5 1956 AF15 East China
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288 textile industry stands out as the most
433 significant achievement in the country's development of modern manufacturing.

The total cotton spindleage in China in 1937 was 5,635,006, of which 51.8 per cent were owned by Chinese interests, 44.1 per cent by the Japanese, and 4.1 per cent by the British.[25] After the war, all the Japanese cotton textile mills, mostly located in Shanghai and Tsingtao, were confiscated by the Nationalist Government and incorporated into a large state firm known as the China Textile Corporation. In 1949, East China possessed a total of 3,474,694 cotton spindles, which constituted 80 per cent of the total in China.[26] In 1953, the number dropped to 3,274,694, representing a 6 per cent decrease as compared with 1949.[27] As regards the geographical distribution of cotton spindles in East China in 1953, Kiangsu constituted 85 per cent, of which Shanghai again accounted for about 78 per cent. In addition to the mills in Shanghai, there were, in 1951, 53 private cotton mills in South Kiangsu with a total of 520,000 spindles.

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25. Plan for the Industrial Development of China, Nanking, March 1948.

26. Tung-pei Jih-pao [Northeast Daily], Mukden, April 18, 1949; Hsin-wen Jih-pao [Hsin-wen Daily], Shanghai, March 5, 1951.

27. Wen-hui Daily, Hong Kong, May 19, 1953; June 8, 1953; July 2, 1953; Aug. 9 and 14, 1953, September 5, 1953, Nov. 1, 1953; Kwang-ming Jih-pao [Enlightenment Daily], Peking, Aug. 6, 1953.

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288 Of these, 246,000 spindles were in Wu-hsi
433 and 274,00 in Ch'ang-chou, Soochow, and S'ung-chiang.[28] In North Kiangsu, most of the mills are centered around Nan-t'ung and Hai-men, with a total of 179,632 spindles in 1950.[29] Another important cotton textile industrial center in East China is Tsingtao, Shantung Province, where there were about 350,000 spindles in 1953, constituting nearly 11 per cent of the spindles in the whole region.[30]

The total number of machine looms in China was estimated to be 67,900 at the time of the Communist occupation of the Chinese Mainland in 1949.[31] According to comparativel recent information, the total number of looms in Shanghai and Tsingtao amounted to 46,000 and 4,800 respectively[32] in 1953.

Regarding the output of cotton yarn, East China produced 1,256,000 bales in 1949,

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28. Survey of China Mainland Press, Hong Kong, U. S. Consulate General, May 11 to 15, 1951, No. 104, p. 50.

29. Economic Weekly, Shanghai, March 16, 1950, No. 11, p. 14.

30. Atlas of the People's Republic of China by Provinces, Shanghai, 1953, p. 32.

31. Yuan-li Wu, op. cit., p. 307.

32. Wen-hui Daily, June 22, 1955, pp. 32-33.

288 constituting 70 per cent of the total production
433 of the whole country. In 1953, the output reached 25,561,770 bales,[33] more than double the 1949 output, but only about 65 per cent of the country's total production in that year.[34] East China again takes the lead in the production of cotton cloth. Though complete data are lacking, considerable growth has been reported under the Communist regime. If we take the production of 1947 as 100, it increased to 133 in 1950 and to 157 in 1951.[35]

288 Considerable progress has been made in
433 the development of textile machinery plants
475 since 1950. There are, at present (1955), seven plants for manufacturing textile machinery in China, of which five are state-owned and two are joint state-private enterprises. In East China, the Shanghai No. 2 Textile Machinery Works is state-owned and the China Textile Machinery Works and the Far Eastern Card Clothing Manufacturing Plant, both located in Shanghai, are joint

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33. 400 pounds each.

34. Economic Weekly, Shanghai, Feb. 26, 1953, pp. 16-18; Chinese Industry, Peking, Jan. 1950, p. 37; Wen-hui Daily, Hong Kong, Oct. 1 and 6, 1953.

35. Survey of China Mainland Press, Hong Kong, U. S. Consulate General, No. 220, p. 30.

1:Stanford U. S-4, 5 1956 AF15 East China
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288 state-private industries.[36] Data on the
433 textile-machinery production of East China
475 are not available, but the total production of the seven plants during 1951-53 was reported to be 600,000 spindles and 18,500 automatic looms, with which 9 state-owned cotton textile mills have been equipped.[37]

V. CONCLUSION

178 Although East China remains a vitally important part of Communist China's industrial life and will be expected to supply both capital and consumer goods to a large segment of the country's population during the Five-Year Plan, it is no longer scheduled for intensive development in the future. There may be exceptions to this general statement, particularly in certain parts of Shantung, and possibly also in Fukien, once railway construction has established an effective overland route between Amoy and the Chekiang-Kiangsi Railway. However, on the whole, it may be said that East China's heyday in Chinese industry is over. The statement is especially true in the case of Shanghai.

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36. New China News Agency, Peking, Nov. 1, 1954.

37. Hsin-hua Yüeh-pao [New China Monthly], Peking, Feb. 1954, No. 2, pp. 169-70.

IX. THE FIVE-YEAR PLAN AND CHINESE LABOR

185
493 The Chinese Communists began their first Five-Year Plan in 1953. According to the plan,[56] China's industrial output is to double in value by 1957. Lai Jo-yü, chairman of All-China Federation of Trade Unions, in a speech delivered on July 21, 1955 to the National People's Congress, said, "The enthusiasm and creative spirit of the working masses are the most important guarantees to the realization of the Five-Year Plan. Labor emulation is the concentrated expression of labor enthusiasm and creative spirit of the working masses as well as the basic method of socialist construction."[57] Lai's speech indicated that "labor emulation," as the Communists have termed it, will help to increase production, but it is certain to put a still heavier burden on the shoulders of the Chinese workers.

In the first Five-Year Plan, the Communists scheduled no heavy industrial projects for the East China Region. Apart from the Huai-nan coal mines and the Ma-an-shan iron mines in Anhwei Province, the regime was unwilling to invest added capital in enterprises in this region. But as the center of light industry

56. Far Eastern Economic Review, Hong Kong, July 14, 1955, p. 42.

57. Ta-kung Daily, Tientsin, July 22, 1955, p. 3.

1:Stanford U. S-4, 5 1956 AF 15 East China
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185 in China, Shanghai was to play an important
433 part in the plan, especially as a training center for skilled labor.

Early in 1953, in response to the call of the All-China Federation of Trade Unions for "labor emulation," more than two hundred state enterprises in Shanghai announced their production plans for the year. The Shanghai Electric Appliance Plant had sets its 1953 production goal 46 per cent above the 1952 record for production. The 1953 production plans of over 50 textile mills in East China showed an increase over 1952 records.[58] In 1954, the total value of production in 73 light industries in Shanghai surpassed the 1953 production by an average of 19.46 per cent.[59] A machine-tool factory in Tsinan, Shantung Province, completed its quota for 1953 some 52 days ahead of schedule.[60] In 1954, workers in local industries in Chekiang Province developed a "technical renovation campaign," increasing labor productivity by 20 per cent.[61] These sporadic reports indicate how the "labor emulation" drive in East China has accelerated since the start of the Five-Year Plan. But enthusiasm alone cannot teach a worker to handle a machine or obtain for him a new one. It is of greater importance to raise the technical level of the workers and to train skilled labor. This task has been assigned to the industries of Shanghai under the first Five-Year Plan.

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58. People's China, Feb.1,1953,p.34.
59. Ibid., Feb. 15, 1954, p. 26.
60. Ibid., Dec. 16, 1953, p. 35.
61. NCNA, Hanchow, Jan. 9, 1955.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

fields growing other crops (primarily cotton), since this entails a 241
thorough turning over of the soil which crop rotation alone would not accomplish. When the exchange is completed, the new surfaces are then overlaid with an average per acre of 70 tons of mud dug from the canals. Maintenance of navigability in the canals is a 503
communal responsibility, and farmers are recompensed for their 241
dredging labor by using the highly fertile calcareous mud (which as a rule has supported a heavy growth of water weeds as well as ultimately receiving considerable farm and village waste), also by making use of the canals to market their production and receive goods from outside.[4]

The farms are small, 93 per cent of them under 50 *mow* and 25 241
per cent under 5 *mow*, with an average size of 34 *mow*, according to a Chinese statistical study[5] (one *mow* equals approximately one sixth of an acre). Their cultivation is better described as gardening than as farming. Tools in general use are limited to the *t'u t'ou* [412]
(earth head) — a large-bladed hoe — and smaller metal-headed rakes, hoes, and mattocks, all designed for painstaking hand labor. Water is transferred from the canals to fields for irrigation by means of endless chains of small buckets mounted on inclined frames and driven by foot treadles.[6] The average number of total animal units per farm is lower in this area, according to Buck, than anywhere else in China[7] This is due to the small size of the farms, and to the abundance of human labor, which cannot afford to allocate feed for animals in return for the labor, meat, and manure which they produce. Manual gardening gives a greater return than animal husbandry or farming with draft animals from this fertile and repeatedly refertilized soil in proportion to the food it consumes, and permits a population of 40 million people in the fertile triangle.

With such intensive cultivation, crop yields in the fertile triangle 241
are among the highest in China. Buck's samplings show both rice 433
and wheat yields in this area consistently among the upper five per cent of rice and wheat yields for the 161 localities in China covered by his study.[8] Within a thirty-mile radius of Shanghai, where the city's night soil is cheaper and more readily available than in outlying districts (see below, pp. 162–64), yields of all crops are exceeded by only two counties in China (both near Canton)

2: Murphy G-4 (no date) 1953 AF15 East China AF15

241 reported by Buck. According to his figures, the grain production
433 (or equivalent) per male adult of the population (or equivalent) within this thirty-mile radius averages 2594 kilograms, as compared with an all-China average of 1400 kilograms.[9]

161 The problem of how Shanghai is fed is, however, not answered merely by the facts of fertile soil, intensive cultivation, and high crop yields in its immediate hinterland. While the delta is clearly productive, it is equally clearly densely populated, and it is likely that a larger proportion of the total population of the fertile triangle lives in cities than is the case in any other area of comparable size in China (map 5).

[146] Buck estimates that the consumption of food energy on farms in
241 this area is 3486 calories per adult-male unit per day, a high figure for a so-called subsistence agricultural economy, and exceeded in Buck's figures for China only by the rice-tea area immediately to the south.[10] Far from being a subsistence economy, the triangle supports a relatively commercialized agriculture. Buck estimates for example, that the farmers of this area sell 61 per cent of their farm products immediately after harvest, and that 60 per cent of farm products are sold (i.e., first sale) as far away as the nearest market town, as distinct from the local village. Both of these figures are exceeded only by those from the double-cropping rice area of Kwangtung.[11]

433 Assuming that the favorable natural environment and the in-
489 tensive farming methods result in a total food production great enough to allow a surplus for feeding the delta's cities, how is it marketed in this pre-industrial economy? Cities of the magnitude of Shanghai have hitherto never developed except where mechanization and technological improvement in agriculture have been accompanied by the growth of railways, and later, highways.* Shanghai, competing for the food surplus of the delta with Hangchow, Nanking, Soochow, and other large delta cities, added well over three millions to its population between 1843 and 1936, while agricultural practices in the delta remained in general just as they

* Ancient Rome and Peking, both cities of approximately one million long before the industrial revolution, might constitute exceptions. Both owed their size primarily to their administrative functions, and both depended heavily on water transport.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

have been during the last 1,000 years. Improvements in transport facilities during the same period were slight. As stated above in Chapter Seven, the only railway lines serving Shanghai during the twentieth century were those to Nanking and Hangchow (opened in 1908 and 1909 respectively). They have never become large volume carriers on a Western scale. Highway development contributed even less to the total transport resources of the area. For a densely populated, highly productive area which also contains several large cities dependent in varying degrees on industry, this transport network is minimal. 433 489

The Shanghai Rice Market

Rice is the basic food commodity for Shanghai. A sampling survey of workers' families in Shanghai by the Bureau of Social Affairs during 1929 and 1930*[12] showed the average worker's diet (by percentages of total money spent on food) to be 53 per cent cereals (of which rice was 90 per cent, wheat 5 per cent, and other cereals 5 per cent), 18 per cent vegetables and beans, 16 per cent meat, fish, and eggs, 8 per cent condiments, 3 per cent fruit, and 2 per cent miscellaneous. Since cereals may be presumed cheaper by weight than the other items in the list (as well as having a higher caloric value by weight unit), the importance of rice in the diet by weight (which is the leading consideration for transport problems) is thus greater than these figures indicate. Fortunately, statistics are more readily available for rice than for any of the other food items. 262

While no complete figures exist to show the rice supply pattern, trading in rice on the Shanghai market was recorded in considerable detail during most of the 1920's and 1930's, and an analysis of the published market reports provides a relatively clear quantitative picture of the main outlines of the city's food supply. The monthly reports issued by the General Chamber of Commerce of Greater Shanghai list supplies of rice entering the city according to source.[13] 438 489

* Chiang I-shih, Production, discusses regional differences in the consumption of cereals as between south China, the Yangtze region, and north China, and includes a table showing these differences for the major cereals, as of 1936. For the Yangtze region as a whole he estimates that rice formed 40 per cent of the cereal diet, wheat 20 per cent, minor cereals 14 per cent, and other food crops 26 per cent.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

438 Most of the places so mentioned recur every month except during
489 the rice planting season from early May to early June, and nearly all of them cluster within a relatively small area in the immediate neighborhood of Shanghai (map 5). In about half the cases they are *hsien* towns (county seats), which presumably draw on most of their respective *hsien* (counties), and in the other cases simply towns or villages which serve as collecting places for the rice-producing areas immediately around them. For the most part, they are located with indifference to existing road and railway networks. Most of the exceptions are large towns through which the road and/or railway are obliged to run in any case. The majority of the places however are located on main waterways, and in every case there is a direct water connection with Shanghai.

•433 When the rice supply pattern for Shanghai as shown in these
438 reports is compared with total figures for rice production in Kiangsu province by *hsien*,[14] it is seen that for the most part only the heavy rice-producing *hsien* which lie within about 75 miles of Shanghai send amounts to the city significant enough to be recorded consistently in the market reports. If a surplus exists in the other heavy rice-producing *hsien* * then either transport costs to Shanghai are too high for this rice to compete with areas nearer the city and it therefore moves to other consuming centers, or Shanghai can draw sufficient amounts from the nearer areas at a reasonable price to fill the majority of its rice needs.

For example, Kashing, an important rice marketing center on the railway 60 miles southwest of Shanghai sends little of its rice to Shanghai, although it does send large amounts of locally produced ginger. The comparatively high unit-value by weight of ginger can bear transportation costs which make shipment of rice uneconomic by either rail or water in this case. Another rice center, however, 19 miles farther south on the railway, sends large amounts of local rice to Hangchow 39 miles away. It is near enough apparently to be included in Hangchow's tributary rice area.[15]

438 Although water transport, especially in this delta area, is relatively
505 easy and cheap, it is also relatively slow, and it is reasonable to find

* Kiangsu government figures indicate that this is the case — *Kiang-su sheng-chien*, cited above.

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consumption in the city. As in the case of Shanghai, Canton may act as an entrepôt for rice imports to other cities.

This may suggest that China as a whole produces enough to feed itself, even by traditional farming methods, if only the food could be transported cheaply enough. As it is, foreign rice moves only to the large coastal cities, because transport costs once it leaves the sea prevent further penetration. The rice comes in because at certain periods it is cheap, and it is cheap relative to Chinese rice primarily because of the difference in transport costs between sea and land. It may be found when full facts are available that the flow of rice to large Chinese cities, which depends on price, is governed predominantly by transport costs, as it is in the case of Shanghai, and that where cheap transport is possible, local sources form the major part of the supply.

Other Food Commodities

The Yangtze delta, and more especially the fertile triangle, is a specialized agricultural area, more so than most agricultural regions of China because of its greater degree of commercialization. Its special crop is rice, with cotton, mulberry, and vegetables the only other significant items. Some wheat is grown, but it is of relatively minor importance in the fertile triangle and is raised mainly as a dry-field winter crop between rice plantings. Shanghai's dependence on local sources for rice is thus not matched by the rest of its food supply. The significance of the city's water connections with other agricultural regions is apparent in the fact that in a largely pre-railroad and pre-commercial economy, Shanghai is able to depend on distant sources for many food items in a way, if not to a degree, which is in certain respects comparable to the food supply pattern developed for large cities in the United States and Western Europe.

Shanghai has its own truck- and market-garden area, much as large Western cities have, with the difference that vegetables in particular have always been grown there and that environmental conditions in the fertile triangle are virtually ideal for market-garden-type production. Near most Western cities, soil, climate, and relief must often be fitted with difficulty into the needs of the city for fresh local food. Vegetable production in the fertile triangle

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served, packed in barrels, and shipped to Shanghai by junk, but this supply also is irregular and its price fluctuates widely.[43] 226 251

The supply and price of fresh-water fish are much steadier. The catch from the lakes, canals, and rivers of the delta comes in alive in specially constructed boats with built-in wells floored with grating through which the water can circulate freely. The fish are fed en route with powdered egg yolk, and the average journey from source to Shanghai is about three days, or approximately 100 miles. These boats are built for the Shanghai trade, since fish do not travel alive for such relatively long distances to any other market. The boats avoid the lower reaches of Soochow Creek in approaching the city because they fear that its polluted water will harm or kill the fish.[44] Several alternate routes are available. Fish are also transported alive to Shanghai in tanks from places along the Yangtze as far as Wuhu, Hukow, and Kiukiang, the water being changed several times a day en route.[45] Although no complete figures exist, it is estimated that the supply of fresh-water fish and its sale in Shanghai are much greater than of sea fish.[46] This fact is certainly related to the ease of live shipment by water, which maintains a steady supply at a relatively constant cost.

Of the higher unit-value food items discussed above, only fruit and cured hams travel long distances independently of waterways. The extension of the egg supply area to as far as Hankow would seem to be related to the water connections between it and Shanghai. In the case of fish, although Shanghai is an ocean port near the main fishing grounds of the central China coast and served by a large commercial fleet, the city's fish market is dominated by a supply whose freshness, cheapness, and abundance at all seasons is the direct result of inland water transport. 505

Local Rice Surpluses, and the Future

There remain two principal unsolved problems. The first is accounting for a rice surplus in the densely settled delta where so many large cities compete for the food produced on these tiny farms by traditional farming methods. Only indirect explanations can be suggested, but it should be remembered that the Yangtze delta is by no means unique in this respect. The three great rice-exporting 433

●433 areas of Asia are all deltas, and all are of the same order of population density as the Yangtze delta: the lower basins of the Mekong, Menam, and Irrawaddy Rivers. Each of these deltas also contains a primate city, and in addition produces most of the rice for the entire population of each country (Indo-China, Siam, and Burma respectively). Yet each of them has continued, under peace-time conditions, to produce large yearly surpluses of rice for export.

503 The Sui emperor Yang Ti (A.D. 605–618) first joined together
433 existing natural and artificial waterways into a connected system running from Hangchow in the south to northern Kiangsu and thence westward across Honan to the Sui capital at Ch'angan (modern Sian). This system of waterways linking the rich rice areas of the delta with the military and political centers of the north included several branches, among them a route to the Peking area which was later incorporated in the Grand Canal of the Mongols.* The southern half of the present Grand Canal was completed from Hangchow to Kaifeng during the northern Sung dynasty (A.D. 960–1127), *inter alia*, to bring rice for the supply of the court and capital at Kaifeng. During the Yüan (Mongol) dynasty (1260–1368) the canal was extended from Kaifeng to Peking, the Yüan capital, and up to the time of the late Ch'ing dynasty (1644–1911), with its capital also at Peking, rice to feed successive imperial centers in arid north China flowed in great volume out of the productive Yangtze delta.

433 Apparently a local surplus existed throughout this period, but it was not allowed to accumulate locally as the basis for a new population growth in the delta. By a coincidence which may or may not be significant, the end of the imperial system (the revolutionary Kuomintang overthrew the Ch'ing Government in 1911, and established its capital in 1927 at Nanking) came at about the beginning of Shanghai's major population growth (graph 1). It is certainly possible that instead of going to Peking, the delta rice

* Chi Ch'ao-ting, *Key Economic Areas in Chinese History* (1936), pp. 114–115, in giving an account of this development and its later extensions, shows that canals between the Huai and the Huang were built at least as early as the fifth century B.C., and that a through water route between the Yangtze delta and western Honan apparently existed by the third century B.C.

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surplus began at this period to move to Shanghai and has continued to do so. 433

Grain shipments on the Grand Canal from the delta to Peking had actually become insignificant after the Taiping Rebellion (1850–1864), and ceased entirely in 1901. Sea transport of rice was substituted until 1911, but it never brought from the delta to Peking more than a small fraction of what had previously moved by the Canal. During the nineteenth century, Kiangsu and Chekiang had yearly quotas of tribute rice shipments to Peking of over one million piculs each, totalling for both over 320 million pounds,[47] or about one-third of the annual rice consumption of Shanghai alone in the 1930's. However Morse suggests[48] that the rice actually collected (much of which never got to Peking) may often have been six times the official quotas. 505 651 [661]

The population of Peking did not decline after 1911, since the city remained the seat of a northern warlord regime and became China's largest rail junction, especially with the economic development of Manchuria. Its estimated population total in 1936 was 1,400,000, in all likelihood the highest figure it had ever reached, as compared with about 800,000 in 1900. But it was no longer the seat of a court, garrison troops, and an extensive bureaucracy, recruited from all over China including the rice-eating south, and with power to command shipments of tribute rice, which made up part of many official salaries. After Peking ceased to function as the imperial capital, its population subsisted primarily on the millet and wheat readily obtainable from north China, while the flow of rice from the Yangtze delta followed economic rather than imperial dictates. 000

It does however seem possible that rice surpluses in the delta available for urban consumption have been greater since the twentieth-century growth of Shanghai (and of its many urban rivals in the delta) than during the imperial period. The following paragraphs suggest one explanation of this. Another might be that local farmers had less incentive to produce rice when most or all of the surplus went to Peking as tribute, or was absorbed as "squeeze," than when they could sell it in a reasonably free market for consumption in Shanghai. 433

In the early years of the foreign settlements when foreigners were 000

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241 from large Chinese and Japanese cities than in the remainder of the rural districts, into which the green fades off beyond 30 or 40 miles. This is particularly true at Shanghai, and is most clearly seen from the air, but it also strikes the eye on the trip by train from Shanghai to Nanking, or in walking through the country.

Night soil distribution could have provided an automatic increase in crop yields in the immediate vicinity of Shanghai as the city's population grew. In a country where even near the large coastal cities and under a system of relatively commercialized agriculture, chemical fertilizers are beyond the means of the farmers, the heavy use of night soil in the neighborhoods of large cities where it can be purchased at a price even the poorest farmer can afford can be assumed an important factor for agriculture. In the case of Shanghai, it may help to explain the apparent local surplus of rice from the delta which goes to feed the city.

722 433 439 The second problem concerns the future. Shanghai up to 1936 had managed to feed itself largely from its local supply areas. During the disturbed war years, virtually unbroken from 1937 to 1949, it was for long periods forced to depend on imported rice, although the inference is still that under normal conditions the local supply areas remain adequate. But can the city continue to grow on this basis, or will the population not eventually outrun the food supply as it has done repeatedly in the past throughout China? Obviously this is a possibility. It would lead to greater dependence on rice imports, and greater use of railways and highways as these expand and become cheaper carriers, to bring rice and other food into the city from longer distances. In the absence of figures and information for the period since the war with Japan comparable even to the inadequate data for the pre-1937 period, we have no reliable basis for judging whether Shanghai has already entered a new phase in this vital aspect of its economic life. As we can measure it, this huge city is a world anomaly in the pattern and mechanics of its food supply, but as China is increasingly drawn into the world economic pattern, with Shanghai leading and accelerating the change as before, this anomaly, like most of its others, will disappear.

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1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

The average Shanghai price before the war was nevertheless substantially below that of foreign vegetable oil imports (despite the production of coconut oil in southeast Asia). Vegetable wax from central China also largely replaced foreign imports of paraffin wax after 1930, when the *likin* (internal customs tax) was abolished by the Kuomintang government. The cheapness of domestic tallow, oils, and wax in Shanghai relative to seaborne foreign imports was clearly related to the use of inland water transport in bringing these products to the city. The fact that 80 per cent of Shanghai's soap production in the early 1930's was marketed outside Kiangsu also suggests that the city's water connections with its hinterland were basic in locating the industry there. Only 10 per cent of the Shanghai soap industry's raw materials were imported, largely coconut and olive oils for making especially high-quality soap for the domestic market.[33]

By contrast, the Shanghai match industry was almost entirely dependent on overseas sources for its raw materials. It imported all of its sulphur (largely from Japan), all of its paper and cardboard (from Sweden), and all of its match-making machinery (from Japan). Most of its phosphorous was also imported, but some was produced locally from animal bones. Ample sulphuric acid was produced in Shanghai. For this product of such high unit-value by weight, raw materials to which so much value was added by manufacture could economically be imported, and the finished matches were marketed in every province of China.[34] Shanghai was never-

505 not only depended heavily on seaborne supplies, but which had a
439 large and important transit trade.

As if in a commentary on the nature of the city's food supply,
433 food, in particular rice, has remained cheap and plentiful throughout the period of Communist control. Order was quickly restored in the delta in 1949, and the flow of low-cost food to the city was maintained despite a nearly universal food shortage or famine in the rest of China during the winter of 1949–50, and despite the Nationalist blockade, which prevented any substantial amounts of food from arriving in the city by sea. The Communist Government has apparently been able to solve, at least to a degree, the problem of local rice supply during the planting season and at festival periods, by controlling prices and arranging for large government purchases which are released on the market at stable prices whenever the situation requires. There is no suggestion that local food supplies are not entirely adequate to meet the city's demands under such a
[162] system of management. While no official figures have been released, it is unlikely that Shanghai's population is substantially less than the four millions it had reached in 1936; it may have risen closer to the five million mark, since the great influx of people after the Japanese war has not apparently been balanced by the still limited exodus.*

288 Nationalist bombings during the winter of 1949–50 did only minor industrial damage, and came to an end by late 1950 with the arrival of jet defense planes from the Soviet Union and the Nationalist loss of the Chusan Islands, which had been the major base for the bombings of the city. A continuing deterrent to industrial recovery however has been the still inadequate domestic production of raw cotton. Several cotton textile factories in the city were obliged to shut down entirely during 1949 and 1950 for lack of raw cotton, and while all or most of these have subsequently reopened, not enough cotton is coming in to maintain peak production.†

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poor position, and its economy has in the past been closely geared with that of the West.

* See above, p. 21. Foreign and Chinese press reports still consistently refer to Shanghai as the fourth largest city in the world, with a population given variously as 5 or 6 million.

† *Hsin-Hua Yüeh-Pao* for November 1951, 130–131, reports that while production

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167 The Communists calculate that family dependents in Fukien of overseas migrants number two million.[51]

595 596 Before the Japanese invasion of China, the family in these overseas communities was similar in solidarity, values, and social role to the family elsewhere in China, but unique in that often the male head was separated from his wife and their children for most of his adult life. If he could afford it, he would maintain a concubine and a separate family in the overseas community Although it was usual for the children of this overseas union to be sent to China for their education and to share in inheritance of family property, the concubine rarely came with her Chinese mate when he returned to his native village.[52]

434 596 During the absence of the male head from his Chinese home, his wife usually acted as head of the household. She and her children were supported in great part by funds periodically remitted from abroad by the male head, and she had control of the dispersion of this and other

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51. S.C.M.P., 1024, p. 13.

52. Ta Chen, Emigrant Communities in South China: A Study of Overseas Migration and Its Influence on Standards of Living and Social Change, ed. by Bruno Lasker, N. Y., Institute of Pacific Relations, 1940, pp. 140-43.

434 family income derived from labor or property
596 in the home village. The usual source of income at home was from agriculture.[53]

457 Although the economic status of emigrant
668 families ranged from poor to wealthy, the over-
596 seas communities were on the whole wealthier than non-emigrant neighboring villages. The excess of the wealthier families' dual income was largely invested in land and houses.[54] When the Communist took over the area, they were faced with the problem of what attitude ought to be taken toward these landlord families whose income from abroad was a vital source of foreign exchange for the government.

457 Evidently, no special privilege or status
668 was initially allowed members of these families, and their real property was expropriated on the same basis as that of any other element considered to be exploitive by the regime. On the other hand, the government exerted every effort to influence members of overseas families to write letters to their relatives abroad, setting forth the benefits of land reform and Communist reconstruction in order to woo overseas sympathy and investments in every way possible.[55]

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53. Ibid., pp. 58-85, 106-23.
54. Ibid., p. 110.
55. C.B., 211, p. 40.

475 that some 52.3 per cent of all private whole-
438 salers would have been transformed during the first six months of 1955.

VII. FOOD RATIONING AND GRAIN TRADE

434 Rationing was first applied to food grains on November 19, 1953, in a government order for the enforcement of "planned purchase and planned supply of grains," designed to secure foods required for people's livelihood and national construction and in order to stabilize food prices and eliminate food profiteering. Under this order, all businesses engaged in the sale of grain or other essential foodstuffs were, in principle, to be taken over by the state, which would determine rations and fix the official purchasing price as well as the retail selling price of various kinds of grains.[44]

In order to facilitate the work of rationing in all cities, industrial and mining districts, and in rural areas where grain is not produced in surplus, state grain markets were set up throughout the whole country. As of July 1954,

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44. Far Eastern Economic Review, Hong Kong, May 12, 1955, No. 19, p. 604.

434 there were 6,010 primary grain markets in the East China Region.[45] After the establishment of state grain markets, all private wholesale or retail grain shops were either liquidated or "transformed" under state guidance. In Shanghai, since December 28, 1953, some 1,498 retail grain shops have been reorganized into agencies of the state grain markets.[46]

Due to flood and drought in 1953 and 1954, the actual production of grains was insufficient to meet local demands. The system of rationing is chaotic and has caused discontent among urban and rural people. In the rural districts, the implementation of the "San-ting" policy, i.e., the fixing of production, purchase, and supply quotas, results in great dissatisfaction among the peasants, who cannot fulfill the requirements set up by the Communist cadres. In numerous cases little grain was left to the producing farmer, who found it
434 impossible to feed himself and his family. The
166 mass exodus of peasants to the cities began early in 1953. It is estimated that from 800,000 to

45. China Weekly, Hong Kong, Jan. 10, 1955, No. 106, p. 38.

46. China Weekly, Hong Kong, April 12, 1954, pp. 12-14.

434 1,000,000 peasants have migrated to the
166 Shanghai area since 1953 and further aggravated the urban rationing situation.[47] The Back-to-the-Villages Campaign began in the second half of 1955, and about one million people were sent back to the rural areas from Shanghai in order to lessen the burden of grain rationing in Shanghai and in order to increase agricultural production.[48] In the urban areas the per capita ration has been too small to maintain minimum living standards.

434 Many restrictions are imposed relating to the purchase and transportation of grains and other essential food items. In the early part of 1955, the Shanghai People's Government promulgated "Provisional Measures for Control of Outward Transport of Grains and Reprocessed Foods."[49] There are nine provisions in this new order and its essential points are: (1) grains, including miscellaneous grains, grains of oil-bearing crops, and uncooked foods processed from grains may not be smuggled from Shanghai; cooked foods and products such as bean curd totaling less than five catties (5.5 pounds) are allowed to be carried out for personal use; (2) upon approval

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47. Chieh-fang Jih-pao [Liberation Daily], Shanghai, July 31, 1955.
48. Ibid.
49. Ibid., March 26, 1955.

434 of the state grain agencies, a certain amount of uncooked, cooked, or reprocessed food may be peddled by merchants; (3) Shanghai factories, retailers, and stall vendors dealing in grains or processed food may carry on their business within the prescribed sphere, subject to arrest if they engage in smuggling or black marketing. Violations will be severely punished.

The recently announced "Temporary Measures Governing the Fixed Quantitative Supply of Grains in Urban Areas," on August 25, 1955, imposes a tighter control over grain rationing.[50] According to the new ruling, the amount alloted each individual is determined by the nature of his profession and the degree of physical energy needed in his particular work. For example, in the East China Region, where rice is used as the principal food, the per capita monthly ration is stipulated as follows: (1) persons who do very heavy physical work are allowed 50 catties (55 pounds) of rice; (2) persons who do heavy physical work are allowed 40 catties (44 pounds) of rice; (3) persons who do lighter physical work are allowed 32 catties (35.2 pounds) of rice; (4) government office employees, clerks, and the

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50. China Daily News, New York, Sept. 2, 1955.

434 staff of state and private industrial and commercial enterprises, and other persons who do no manual labor are allowed 28 catties (30.8 pounds) of rice; (5) university and high school students are allowed 32 catties (35.2 pounds) of rice; (7) children under ten years will be divided into three grades to determine the amount each will receive. Free disposal of the surplus grains among themselves is permitted under the new regulation. Meats, eggs, and vegetables are not rationed at this time. In addition to grains, edible oil and cotton cloth have been rationed since 1950.

434 146 For the purpose of determining whether this system of rationing is adequate, it is necessary to appraise it in terms of caloric content. Using 3,430 calories for each kilogram of rice (two catties or 2.2 pounds) as the basis for calculation,[51] the daily caloric equivalent is shown in the table which follows.

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51. T. H. Shen, Agricultural Resources of China, New York, 1951, p. 378.

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Caloric Value of Rice Rations in Communist China*

Class of Workers	Quantity Rationed			Normal Caloric Requirements per Day (II)	Percentage of Deficiency $\frac{II-I}{I}$ = %
	Catties per Month	Pounds per Month	Caloric Equivalents per Day(I)		
Extra Hard Worker	50	55	2,860	4,800	68
Hard Worker	40	44	2,290	3,600	57
Ordinary Worker	32	35.2	1,830	3,000	64
Office Clerks	28	30.8	1,600	2,700	69
College or High School Students	32	35.2	1,830	3,000	64
Ordinary citizens and children above 10 years of age	25	27.5	1,430	2,400	68

* T H. Shen, Agricultural Resources of China, New York, 1951, p. 169.

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146 It is evident that the amounts of rice rationed to various classes of workers are far below normal requirements as measured in terms of calories. With rice in short-supply, the people are often unable to buy their minimum ration.

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443 Since 1951, in order to stimulate trade and to facilitate the interflow of commodities between city and country, the Chinese Communists have held a number of "Native Products Fairs" in most of the principal cities throughout East China.

[See table next page
-- Analyst]

465 piece rates) per month.[28]

the workers of Communist China were told to increase production, but an increase in earnings lagged far behind the increase in production. In the case of the Huai-nan Coal Mine, gross earnings increased only 30 per cent in 1952 above earnings in the previous year, and this was at a time when the industrial output of local and private enterprises had been doubled. Average labor productivity in the East China Region in the first six months of 1952 was reported to be 169 per cent above that of 1949.[29]

434 The Chinese Communists assert that the
465 increase in earnings is reflected in the increase of purchasing power and the standard of living. In East China, purchasing power in 1952 was reported to be 40 per cent higher than in 1950.[30] In Shanghai, the supply of consumer goods in 1952 was more than twice that of 1951. In Nanking, the volume of retail business in the first months of 1952 was 44 per cent higher than the volume reported for the corresponding period in 1951.[31]

454 It is true that the earnings of Chinese work-
465 ers have increased since 1952, but gross income

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28. Basil Davidson, Daybreak in China, London, 1953, pp. 100-106.

29. Ibid., pp. 84-85.

30. Economic Bulletin, Hong Kong, February 24, 1953, p. 10.

31. Ibid., September 8, 1953, p. 6; Oct. 20, 1953, p. 2.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Cotton production is gradually increasing, and the expectation is that within the next two or three years enough will be available domestically (mainly in the delta area) to occupy Shanghai's full textile potential, which is still the largest of any city in the country. 288

Much shuffling around of the industrial pattern has resulted from government regulations on the types of manufacturing which may be licensed and may obtain the necessary power and supplies. During 1950 nearly 500 "factories" closed down, through financial failure and through inability to obtain licenses because they were considered non-essential under the new regulations. Most of the casualties were presumably small-scale manufacturers operating in private houses, who were before the war engaged in a great variety of production, mostly of consumers' goods. Many of these have since reopened, but in different production lines more in keeping with the government's new policy, and for which a market is available under the current austerity program. The government has for example refused reopening licenses to tobacco manufacturers, restaurants, hotels, and funeral establishments.[5] 471 656

The problem most frequently referred to in Chinese reports on economic Shanghai since 1949 is that of keeping pace with increased rural demand and rural purchasing power. This may be designed as an advertisement of the accomplishments of the land reform program in raising rural living standards, but it is repeatedly stated that industrial production in the city runs behind the demand in the country. Industries in the city showing the greatest profits during this period have been those producing light consumers' goods for which there is a ready local market. Dyeing leads the list, since the delta peasants are now sufficiently well off, if one may take the published reports at face value, to buy colored and printed clothing made in Shanghai. Western-type medical supplies are also listed, which would indicate a revolution indeed in the *mores* and income of the Chinese peasant. One report gives as an example of increased 434

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of cotton textiles for China as a whole in 1950 and in the first six months of 1951 was between 20 and 30 per cent greater than the pre-1937 peak, domestic production of raw cotton is still inadequte to meet the demands of the textile industry. For an earlier post-war report, see Shen Wen-fu, The Increase in Cotton Production, (1948).

434 rural purchasing power the large domestic sale of Shanghai-made thermos bottles, and others cite the increasing domestic demand for flashlights, soap, and stationery made in the city.[6] Times have changed. Among the heavier industries, cement and machinery production in Shanghai also lag behind demand,[7] as might be expected in view of the general shortage of such production over China as a whole and of the ambitious industrialization program of the Communist Government. Apparently, if these reports can be accepted, Shanghai need not be concerned for domestic markets despite the closing of its normal sea routes.

656 Earlier Communist talk of moving industry out of Shanghai (see above, pp. 27–8) has tended to disappear. During 1949 and early 1950 some small cotton textile factories were moved to Tientsin and Hankow, and a few other small manufacturing plants to Tientsin and Tsingtao (including a bicycle works, a printing establishment, and a furniture plant). These were minor removals, and no plans were made to move any of the larger factories or the heavier industries. Occasionally during this period there were general remarks in official speeches and news reports encouraging commercial enterprises to go out into the countryside, and encouraging Shanghai workers to help with the industrial reconstruction program in Manchuria, but more recently the prevailing attitude has been one of pride in Shanghai and enthusiasm for its own program of recovery. Criticism was natural while the Communists were on the outside looking in, but now that the new regime is in full control, and has full responsibility, it is more clearly aware of Shanghai's vital importance, and more clearly aware as well that no other location in China offers equal advantages for the kind of manufacturing which has grown up in the city and which the government is now trying desperately to maintain.

000 In future, a measure of Shanghai's advantage may disappear as railways bind the Chinese economy more closely together and as light and heavy industrial production continues to grow in Manchuria and north China where raw materials are close at hand. The coal and iron reserves of Shansi may also in time support a major industrial development there, as part of a thoroughly commercialized economy based on a mature railway system. Hankow and the three

CHAPTER IV

ECONOMIC AND SOCIAL ASPECTS OF EMPLOYMENT

465 THE WAGE LEVELS IN modern industry in Shanghai during its early decades were influenced by those ruling in small-scale enterprises during the pre-industrial era and by the general level of earnings in the countryside. Since these were low, the earnings of a principal wage earner in large-scale industry have never been sufficient for the needs of his family. This situation can be traced partly to the existence of a superabundance of labour supply. Considering the comparatively small cost of maintaining the low standard of living of workers' families in pre-hostility days, it would seem not to have been essential that modern industry should thus have developed on wages in general too low for the family needs.

458 In view of the severe inflation which by 1942 had so greatly affected the lives of the Chinese people whether in occupied or free China, it is fortunate that a most comprehensive and basic study of the cost and standard of living of Shanghai workers exists which was based upon budgetary enquiries over the twelve months, April 1929 to March 1930, and was conducted by the Bureau of Social Affairs of the City Government of Greater Shanghai. The study made use of the daily recorded incomes and expenditures of 305 families whose heads were manual workers.[1]

162 The average size of the family was found to be 4.62 persons, the equivalent of 3.28 male adults. The average number of gainfully employed persons was 2.06 per family. The significance of this figure will be understood when the family income is analysed.

465 The average annual income of the families studied was $416.51.[2]
● 434 Of this amount, however, the study showed that the combined
511 earnings of all family members comprised only 87.3 per cent. The

[1] The study necessitated visits by investigators to families every day for a whole year, since many were unable to record expenditures. A sample re-study was undertaken is the last months of 1941 and the beginning of 1942.

[2] All dollar figures, except where otherwise stated, refer to Chinese National Currency. The Japanese-supported Nanking regime instituted Central Reserve Bank notes in 1941 which in 1942 were declared only legal tender in Shanghai, displacing Chinese National currency at the rate of CNC $2.00 to CRB $1.00.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

earnings of the principal wage earner provided only 53.3 per 434
cent, other members contributing 34 per cent. An amount of 12.7 465
per cent had to come from other sources. It is thus obvious that the 511
earnings of a principal wage earner were but a relatively small
part of the family income, and that the earnings of a least a second
member of the family were needed. In addition to the earnings
of both of these, financial support from relatives and friends had [426]
to be sought, or borrowing from moneylenders was necessary;
otherwise income had to be obtained from such activities as
peddling or sub-letting rooms.

The average family expenditure was $454.38, leaving an average 511
annual deficit of $37.87. If income from wages earned by all family
members only is considered, disregarding income from other
sources, the average annual deficit was found to rise to $121.23.
The excess of the family expenditure over the income of the
principal wage earner was greater still. Working-class families, it
goes without saying, spend extremely carefully; the majority of
their expenditures are for basic needs.

It may be assumed that the 1929-30 standard of living remained
virtually unchanged until the end of 1936, the last normal year
before Sino-Japanese hostilities. The cost of living index (1926—
100) was at 101.98 in 1929, 116.79 in 1930, and 105.04 in 1936.
In other words, costs in 1936 were approximately what they had
been in 1926, and below the 1930 level.

The outbreak of hostilities in August 1937 affected extensively 511
the livelihood of the workers. The 1926 base period of the index, 435
being remote in time, ceased to be significant, and in 1938 the 458
index was recalculated on a 1936 base. Changes in living costs
were somewhat slow to appear since not until August 1939 did the
index figures show the cost to be double what it had been in
1936. Thereafter, however, changes were rapid. Certain basic
foods disappeared from the markets. By the beginning of 1940,
sien mee, a popular native rice, was no longer procurable, and
second-grade Saigon rice replaced it as the people's food. *Kan mee*,
a non-glutinous Chinese rice, reached the Shanghai markets only
in small quantities and at high prices. Finally, in February 1941,
orders for Saigon rice could not be placed in Indo-China, and
Saigon rice in turn was replaced as the workers' food in May 1941
by Rangoon rice imported via Hongkong by the Settlement

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NEW INDEX OF COST OF LIVING OF CHINESE WORKERS

	CNC	Purchasing Power of Dollar (cents)	CRB	Purchasing Power of Dollar (cents)
March	1781.60	5.61	1768.42	5.65
April	2211.67	4.52	1702.98	5.87
May	2663.21	3.75	1844.54	5.42
June	3870.48	2.58	1935.24	5.17
July	——		2163.51	4.62

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The re-study of the standard of living of Chinese workers indicated that a change had taken place in the distribution of sources of income. The principal wage earner was found to bring in 66.28 per cent of the family income as against 53.3 per cent in 1929-30. Earnings of other members of the family were proportionately less, being only 13.21 as against 34 per cent in 1929-30. The earnings of all family members were still insufficient: 20.51 per cent of the family income had to come from other sources as against 12.7 per cent in 1929-30. It is certain that much of this additional "income" had to be obtained from borrowing at high interest. A typical example of the external borrowing is given on pages 48, 49.

Once again the study showed, as had the original study of 1929-30, that the total family income from all sources, including borrowing, fell short of the total family expenditure. The number of family members was slightly larger than shown in the former study, 5.02 persons, or 4.41 consumption units as against 4.62 persons or 3.28 consumption units in 1929-30.

What in terms of actual cash did the rise in the cost of living mean to workers' families? This can perhaps be shown by costing out certain basic commodities and services whose price movements were followed month by month to produce the index figures quoted above. Into the New Index calculations there enter 54 items, the most important in the budgets of workers' families. These include 27 food items, nine in the housing group which embraces rent, fuel, etc., eleven clothing items, and six in the miscellaneous group. To buy these items in 1936 would have cost $27.71. The average family spent more than this each month. Expenses incurred through sickness, birth, death, marriage and for many other reasons must be met, but cannot be computed regularly to produce index figures.

To meet the $27.71 which the indexed commodities and services

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511 cost in 1936, the principal wage earner would have had to earn
458 53.3 per cent, or $14.76 per month. A second member would have
434 had to earn 34 per cent, or $9.42. Elsewhere $3.53 or 12.7 per cent would have to be found. These earnings were possible in 1936. Even unskilled male workers in textile plants, a low-paid industry, earned $16 a month. True, even then the gap between earnings and the total family income needed was wide and necessitated borrowing. But when costs rose, when the index figure of July 1942 was 2,163.51 with prices expressed in Central Reserve Bank Notes, income necessary for the maintenance of a family exceeded what most industries which continued to operate could pay. A principal wage earner would have had to earn CRB $325.32. A second wage earner, always assuming that work could be found, had to bring in CRB $65.31, and other income chiefly from borrowing and amounting to CRB $100.79, had to be found. Since few workers could in July 1942 muster this sum, though founded on standard of expenditure as recent as December 1941-January 1942, it was obvious that the standard of living even for those workers who continued to be employed was still declining. A careful calculation of the minimum needs of a family in July 1942 showed that CRB $426.54 was needed, with a principal wage earner producing $282.375. Since few workers would reach even this standard it follows that a considerable proportion of the community was living below subsistence standards.

In the months that have elapsed since the middle of 1942 the situation has, from all available evidence, still further deteriorated. Accurate figures are lacking. The misery was so great that it seemed it could not be worse. Yet an even greater cost has been exacted of a long-suffering people.

458 CONSIDERATION OF THE figures given above shows clearly that the
434 basis of remuneration of workers by which the principal wage
435 earner did not earn enough for the needs of his family so that
511 other income must be obtained through the efforts of other members of the family and from other sources was unsatisfactory.[4]

426 [4] The question will of course be asked, "How does the family live?" The answer is, to use the words of a Chinese observer, "By moving the debts." Short-term loans at high interest successively added to by others are contracted. The following is the load position of one low-paid employee who borrowed eight times in three years:

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Discrepancies between earnings and costs tend to become aggravated when living costs rise. The difference between what a principal wage earner could earn and what it cost his family to live became so wide that a serious lowering of living standards inevitably resulted. 511 458 434 435

To help to check the inflationary tendencies which from 1938 onward appeared, wage levels should in theory not have been permitted to rise. Instead, price levels should have been fixed and spending sharply reduced. The currency of the Settlement was that of the Chinese government faced with fighting a long war. With the provinces near Shanghai in Japanese military control and there being, for a long time after the withdrawal of the Chungking authorities from Nanking virtually no government in the area, there was no possibility of such organised measures being put into effect. With rising living costs the only alternative, therefore, was to raise earnings standards, though admittedly this contributed to further price rises. Moreover, it is one thing to limit spending in a country where there is a margin which can be eliminated and another to do so at the risk of seriously reducing the standard of living. In Shanghai where workers must spend all of their earnings and more on basic necessities, to limit spending presented, to say the least, a difficulty.

Studies of wages and earnings in 1941 show that industry, both foreign-owned and Chinese-owned, attempted to bridge the gap between rising living costs and what the pay envelope contained. On a 1936 base of 100, the earnings index of Chinese-owned plants in 1941 stood at 457.65, an increase of almost 100 over the earnings index of 242.65 in 1940. In foreign-owned plants the earnings index was 465.54 in 1941. Though slightly below the earnings index of Chinese-owned plants, the money earnings in foreign- 511 458 434 465

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Creditor	*Amount of loan*	*Interest*	*Currency of loan at time of enquiry*
A Sikh	$20	$2 per month	30 months
A friend	50	5 "	24 "
A woman	30	2 "	24 "
A widow	25	1.50 "	12 "
		Principal and Interest	
A liftman	15	$6 per month	6 months
A fellow worker	15	6 "	5 "
A chauffeur	15	6 "	3 "
A chauffeur	20	8 "	2 "

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465 owned enterprises were considerably higher. Calculated upon the
434 July 1941 Revised Index of cost of living of Chinese workers, the
511 real wage index was 53.64 in 1941 and in foreign-owned plants
458 53.39. That the real wage position was not worse was due to the sincere efforts of industry to make as substantial adjustments as possible. The following table shows the real wage indices in Chinese-owned plants since 1930.

INDICES OF ACTUAL EARNINGS, COST OF LIVING (REVISED), AND REAL WAGES 1930-1940[5]

New Base: 1936=100

	1930	*1931*	*1932*	*1933*	*1934*	*1935*
Actual earnings	106.95	107.34	106.08	103.21	98.10	90.49
Cost of living (revised)	108.75	106.63	100.64	92.32	92.52	93.45
Real wages	98.34	100.67	105.41	111.80	106.03	96.83
	1936	*1937*	*1938*	*1939*	*1940*	*1941*
Actual earnings	100.00	84.83	92.38	119.09	242.47	467.65
Cost of living (revised)	100.00	119.09	155.28	202.99	430.61	871.89
Real wages	100.00	71.23	59.49	58.67	56.31	53.64

The index figures of cost of living of Shanghai workers, as earlier stated, were based upon the work of the former Shanghai Chinese City Government, whose continuance the Council assured after that Government's withdrawal following 1937 hostilities. It was not clearly seen, at the end of 1937, that these figures would assume importance in subsequent years when declining dollar values destroyed previous earnings standards. The regular monthly publication in the press and in the *Gazette,* official publication of the Council, of amounts in dollars which must be available to cover the family's living cost proved useful in helping in adjustments of earnings. The Division was consulted on many occasions by both Chinese and foreign employers and asked to make concrete recommendations as to the actual amounts which should be paid.

465 In addition, the work of mediation in industrial disputes which
633 was a regular activity of the Division was important in assisting wage adjustments. While some employers forestalled otherwise inevitable labour disputes, anticipating them through raising earnings when significant rises in living costs appeared, others, perhaps in some cases in less satisfactory financial situations, and unable

[5] Indices derived from the "New" Index based on December 1941-January 1942 studies, were not available in August 1942, the date of last contact with Shanghai.

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465 powers, such services of advice, consultation, presentation of facts
633 and voluntary mediation are important functions of the administrative authorities. With the full powers that the Chinese authorities will exercise in future in re-occupied Shanghai it is hoped they will be able to build upon the foundations already laid.

439 Shanghai was a city of large trading interests before it attained
463 significance as a manufacturing centre. It was still, at the outbreak
465 of Pacific hostilities, an important commercial city with a large export trade despite the severance of the Yangtse Valley trade after 1937. It was, prior to December 1941, the banking centre of China. After 1937 it was an important educational centre to which universities and middle schools from provincial cities had come when Sino-Japanese hostilities caused their withdrawal. There was therefore a large professional class in the community—professors, teachers, doctors, lawyers. The question of what happened to their livelihood is as significant as is the fate of the workers' economy.

A study of the standard of living of Chinese salaried employees was made in October-December 1941. So excellent a response to the request for the keeping of detailed information was made that, out of 1038 families responding, 441 perfect records were available. Originally it was intended to limit records to families with incomes below CNC$1000, but those with incomes beyond this amount so readily supplied information that the limit was waived. The majority of incomes were between CNC$500 and $1500. A Provisional Cost of Living Index was developed by May 1942 from the records of 100 families to meet the immediate need for a criterion to judge the situation in which Chinese salaried employees found themselves.

162 The average salaried family was found to be larger than the worker's family—6.60 persons, 4.72 consumption units, as against 5.02 persons, 4.41 consumption units in a worker's family as studied in December 1941-January 1942.

434 The total income of the Chinese salaried family studied averaged
465 $688.38 per month. Earnings of the husband accounted for 84.96 per cent, those of other family members only 3.95 per cent. The
511 salaried family, as did the workers family, had to obtain other income; 11.09 per cent came from sub-letting rooms, interest and dividends, gifts and assistance, profits on speculation and gambling.

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Expenditure averaged $885.43 per month. With average earnings at $611.35 the family faced a deficit of $274.08 per month. The total earnings of all family members and other income were still insufficient: the deficit was $197.05. Besides the items of normal income and expenditure there appeared in the budgets of the families "other receipts" and "other disbursements" showing how the deficit was offset and a little cash surplus on hand was secured. Such receipts and disbursements were, in fact, not real income or expenditure, but a number of balancing items like bank withdrawals, borrowing, savings and lending. Other receipts averaged CNC$282.27 and other disbursements CNC$35.62 per family per month. The total family income plus other income plus other receipts totalled CNC$970.65: the aggregate disbursements, *i.e.* consumption expenditure plus non-consumption outgo plus other disbursements totalled CNC$921.05, leaving a cash surplus of CNC$49.60 per family. The records show that more was drawn from than was put into the bank: more was borrowed than refunded. Fifty families lived partly on bank drawings; 38 on loans recovered; 27 on sale of used articles; 46 on borrowings, 10 on receipts from pawned articles. It was stated in many records that earnings had been practically used up in the period since the outbreak of Sino-Japanese hostilities in 1937, and that borrowing had become more difficult in the recent period of stringency.

Belonging to the so-called "long gown" class, Chinese salaried employees occupy a difficult social position, particularly those in the lower income groups. It is obvious that the original base pay of pre-war days was too low, hence adjusted pay was insufficient. There were many children to support: among 92 families were 345 children. There was also the burden of other dependents—an average of 1.15 per family. There were necessary expenditures on social intercourse and on maintaining a social standard, usually in connection with the position held by the head of the household. There is evidence that employees worried over rising prices, securing daily necessities, using up of savings, uncertainty of employment, and were obsessed with other fears. There is certainly need for adjustment in the livelihood of salaried employees, adjustment which of course must be dependent on political developments.

By comparison the cost of living of Chinese salaried employees rose slightly less than did that of workers in the period from 1936

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should be granted only through the Council; and the Council in turn would allot it only to those merchants who would sell to retailers at a price fixed from time to time by the Council. As a means to control the final sale to the people, the Council sought and obtained from the Consular Body approval of a Byelaw empowering it to control prices at retail. On November 9, 1941, a Proclamation fixed the retail price of all imported rice at $130 per *shih*. The registration of all stocks of rice and flour was called for, and all movement of these commodities without a permit was forbidden as a means to keep them under control.

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THIS WAS THE FOOD situation when Pacific hostilities supervened on December 8, 1941. It was fortunate that controls over essential commodities had begun, for there was thus in being the nucleus of what was, within six months, to become an extensive organisation controlling the issue and price of rice, flour, and other commodities. The Council had even, before December 8, examined in some detail what would be involved in rationing.

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Soon after the opening of 1942, the Council issued a notification requiring holders of stocks of imported rice and of flour to deliver them against delivery orders issued by the Council, thus requisitioning at a fixed and fair price the stocks which the city held. It proved fortunate that in the early months of 1941 the hope of gain had induced many merchants to import large stocks of rice, for these proved sufficient to meet the needs of the Settlement and Concession at the reduced consumption rate required by the Japanese authorities during the first five months of the year. Indeed, in this outcome lay some justification for the lack of earlier rigid price controls which might have acted as a deterrent to importers. Stocks of native rice were not taken into consideration since, as has been shown above, the Japanese military had controlled the collection of native rice for the previous two years, using it for their own purposes and allowing virtually none to reach Shanghai.

The methods used in the spring of 1942 for the husbanding of precious stocks of imported rice were: reduction in the number of shops licensed to sell rice, fixing the number of days on which rice could be bought at three each week, limiting the selling hours on these days and reducing the amount of each sale to one *shun* (1.72 pounds) to any one person. There were in consequence long rice

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633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the
439 efforts of the police to control the lines. Because of this situation,
434 "rice rustlers" stood in the queues, securing the amount permitted
722 to be bought, which they then sold at more than the official price. It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures
511 undertaken to secure essential commodities. Before Pacific hostili-
722 ties developed, through an Association of Importers and Manufacturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

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a matter of regret that control of vegetable oils, so important in the cooking of a Chinese family, could not be exercised by the Council. The Japanese regarded these commodities as materials of war. But stocks found their way uncontrolled into the market. In the case of sugar also, the Council was not permitted by the Japanese authorities to exercise controls. 435 633 262 511 722

The cost of living continued to rise despite the efforts of the Council to control the prices of the most significant items as indicated in the preceding paragraphs. The rise was particularly evident when, toward the end of May, Chinese National Currency depreciated day by day till two national currency notes were equal to one Central Reserve Bank note issued by the Nanking Chinese authorities. Prices then naturally rose in terms of Chinese National Currency. When, in June, it was announced by the financial authorities that Central Reserve Bank notes would henceforward be the only legal currency, most shopkeepers merely altered the enhanced National Currency prices unchanged into prices expressed in Central Reserve Bank notes, automatically doubling them. The Council attempted to halt this process by issuing a notification that prices should not exceed those of the last week in May, but with little success. Shopkeepers claimed that replacement costs would exceed the prices of the end of May.

It became apparent therefore that extensive machinery to examine the fair selling prices of a wide range of commodities must be set up. Prices for many food items, including milk, were carefully examined: the selling prices for woollen, silk and cotton cloth of standard grades, and of shoes, were studied: and many other items and services came under close scrutiny. 435 434 633

To enforce selling at official prices, the selling of permitted quantities, to penalise those who refused to sell, who did not display price tags, who moved goods without a permit or without a valid permit, or who did not comply with other emergency regulations, some enforcement machinery had to be set up. For a time after December 8, 1940, the Court, formerly staffed by Chungking-appointed judges, did not function. Later it was taken over by Nanking authorities. But enforcement of emergency requirements could not await the re-opening of the Court, nor, it was felt, could the already overworked Court handle the many cases of infraction of new regulations. Accordingly an enforcement machinery was

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435 established within the Council's administration. Those found in-
434 fringing the regulations were given opportunity to show cause why
633 they should not be penalised and thereafter, if found guilty, were given an option of having their licences withdrawn, their premises closed, or making a money payment. Most chose the last-named course.

The machinery worked well and justly, but was an instrument of enforcement only. If initial policies were not well based, failure to control could not be laid at the door of the enforcement office. The weakness of the whole of the Council's efforts at price control was that in practice the Council could attempt the enforcement of prices at retail only. It had actually obtained an alteration to Bye-law 51 to permit it to control wholesale prices, but in fact control of prices of all commodities in wholesale quantities was in the hands of the Japanese authorities, chiefly the Asia Development Board, the economic organ of the army. Without ability to control wholesale prices, control at retail was ineffective to influence sufficiently the cost of the people's living.

434 When rationing was instituted, the average ration of rice was
633 1½ *shun* per person per week. For workers in municipal and pub-
252 lic utility enterprises a total ration of 4½ *shun* per week was allowed, and for those in other industrial enterprises, 1½ *shun* per worker in addition to the ordinary civilian ration. The normal civilian consumption of rice was thus cut by about three-fifths, according to figures of consumption obtained in standard of living studies. As a compensation a flour ration considerably larger than the usual flour consumption was given. The people did not, however, take up this large flour ration. Flour is a product which requires the possession of cooking facilities to deal with it. Few simple Chinese households have anything more to cook with than a stove some eight inches in diameter, of earthenware usually, in which an open coal briquette fire can be built. Rice can be boiled on this, but flour cannot easily be cooked on it. Noodles, a flour product bought as such can be boiled on it, but free flour takes a basin and board, and other cooking facilities, before the flour can be used. The Division was able to urge with some success that the rice ration should more nearly comply with the known standards of consumption.

466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
per cent of his earnings for the rent of his vehicle. The large
427 number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
the rental should be fixed by the Council, and that, in order to
745 form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.

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believed impossible. Based on 1934 standards, which of course 434
represented an inadequate livelihood, his real earnings index 511
was 93.48 in 1939; and in 1940, when three separate studies were 594
made, it was between 93.59 and 108.93. The tendency persisted.

It is doubtful whether the authorities succeeded in ameliorating the puller's lot to any material extent. His standard of living was low in 1934 and apparently did not improve. What remained a puzzle is why he was ready to pull for so small a return. His monthly earnings failed by a considerable margin to meet the minimum needs of a worker's family.

248 According to Communist reports, some
433 of the factors responsible for the rapid increase in cotton acreage and production were the fixing of a favorable parity price between cotton and grain and the improvement of per-unit yield. The increase and decrease in the adjustments of the parity price corresponded to the higher or lower cotton acreage. The prices which were quoted for grains of different regions are shown in the following tabulation.

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Table 13 The Ratio of Cotton Price to Price of Grains */

(In weight-units of grain to one unit of cotton lint, 7/8" grade)

Region	1950	1951	1952	1953	1954	1955
Wheat	7.0	8.0	7.5-8.5	6.25-7.5	6.75-8.00	Same
Millet	8.0	8.5	8.0-9.5	6.75-8.0	7.50-8.25	as
Rice	6.5	8.5	8.0-9.0	6.75-8.0	7.25-8.25	1954

*/ Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow, Chang-chiang Jih-pao, [Yangtze Daily Co.], 1950, p. 574; Ching-chi Chou-pao [Economic Weekly], Shanghai, May 28, 1953, NO. 28, p. 21; NCNA, March 3, 1954.

248 Among the East China provinces,
243 Shantung and parts of Anhwei and Kiangsu belong
435 to the wheat region, while a large part of Kiangsu, Anhwei, Chekiang and Fukien belong to the rice region. In 1953 the parity prices were lowered and the acreage and the production also decreased.

248 An upward trend in the average cotton
433 yield per unit of land was noticed during 1949-53, except for a slight fluctuation in 1953, 11.6 per cent below the figure for 1952. This loss was the result of natural calamities in Shantung and Kiangsu provinces. The cotton yields of different provinces from 1949 to 1953 are shown in Table 14.

438 that for the most part beyond approximately 75 miles from Shanghai,
505 the time-distance-transport costs make water shipment of rice uneconomic under present conditions. It is correspondingly a logical conclusion that the heavy dependence of Shanghai on this small local rice-supply area is implemented by the Venetian network of canals and natural waterways in the immediate hinterland of the
[435] city. Discussions of rice production and marketing in the delta area state that rice moves to both local and distant markets almost entirely by junk or sampan, and that in hilly areas with little or no water transport (such as the country southeast of Nanking, or west and south of Hangchow) the local market price of rice is double the price in the delta lowlands.[16]

The crucial importance of water transport in the pre-industrial economy of China as a whole is heightened in the Yangtze delta area, where water routes are so highly developed. Shanghai lies at the focus of these routes, and of the level terrain of the delta over which transport by water can operate at optimum efficiency. This has been a vital factor in making possible the development of a city of four million people.

438 The Shanghai rice merchants divide their main supply areas into
439 three categories: a. local rice (roughly from within a 75-mile radius); b. out-province rice (from Anhwei, Kiangsi, Chekiang, Kiangsu north of the Yangtze, and at scattered intervals from Hunan); c. foreign rice (from the Indo-Chinese peninsula, mainly ex-Saigon, but including small amounts from Bankok and Rangoon).*

435 The factors influencing the rice market in Shanghai and its general
439 behavior through the year throw considerable light on how the city is fed. These factors (in addition to the amount and quality of the rice harvest in the main supply areas) may be summarized as follows:

1. The price of foreign and out-province rice. Average monthly prices for the three area categories of rice for the period 1920–1936 were approximately as follows: a. (local rice), CNC$12.00† per

* The export trade in rice from Indo-China, and to a lesser degree from Siam and Burma, is in the hands of overseas Chinese.

† Chinese National Currency — the Chinese dollar.

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picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CN $12.40 per picul; c. (foreign 439
rice) CNC$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262
the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

132 The boatmen on these waterways usually refuse to load or unload
435 rice when it is raining (whether out of regard for their own safety
438 or for that of their cargo is not clear), and the flow of rice to Shang-
505 hai stops almost entirely whenever it rains. The Shanghai rice market, including foreign and out-province rice, reacts with great sensitivity to the rain situation in the city, price changes for rice from all sources often following changes in the weather as closely as an hour.* The role of the weather in the Shanghai rice market as a whole underscores the fact that local sources of rice hold the commanding position, and that the rice moves to the city largely by boat. The monthly reports on the rice market refer repeatedly to water transport connecting Shanghai with the rice-producing areas of south central Kiangsu, but very little mention is made of railway transport of rice during the entire period 1920–1936. Highway transport of rice is not mentioned at all. The dominance of water is so marked that these monthly reports lay great stress on the weather, and conclude in one case that "Rain and wind make a great difference to the rice merchant's heart."[18]

527 4. Traditional festivals, especially the Chinese New Year (a
435 lunar festival occurring as a rule in early February). Their effects
438 may be summarized as follows: a. since the New Year is the time for settling of accounts as well as for feasting, the farmers need cash and sell their rice; the price falls as a result at the beginning of the festival period; b. however, the holiday on the farms decreases the amount of rice collected and transported to inland centers as the festival continues, thus counterbalancing the earlier selling; c. banditry resulting from inability to pay debts slows or stops move-

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market on an average of ten or twelve times a year, principally from March through July.

* According to records kept by the Public Works Department of the International Settlement at Shanghai (printed each year in the Annual Reports of the Municipal Council from 1920 to 1939), rainy days occurred in the city from 1920 to 1939 on an average as follows:

	Jan.	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*
Number of days on which some rain fell	3	4	6	6	8	14	7	5	5	4	4	1
Number of days with rain continuously 6 A.M.-6 P.M.	1	2	4	4	5	8	4	3	3	2	1	1

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ment of rice by water to Shanghai. This last has the greatest effect on the rice market. In general, the Shanghai price of rice tends to rise at New Year about 5 per cent and at other festival times a little less. The above effects of festival periods also demonstrate the leading position of local rice supplies, since the entire Shanghai rice market (including the price of foreign rice imports) reacts at these times to purely local festival activities. Local rice being in short supply, foreign rice is at a premium. 527 435 438

5. Civil disturbances. Movement of local rice to Shanghai is notably interfered with during periods of local unrest, especially when troop movements occur. The boatmen fear commandeering of their boats and expropriation of the cargoes. This was a frequent occurrence during the unsettled political period of the late 1920's, and later during the Japanese attacks on Shanghai in 1932 and 1937, as well presumably as the wartime period and the large-scale civil war which shortly followed it. Civil order has unfortunately not been the rule in this area during the past thirty years. In October 1926, despite an excellent harvest just gathered, large amounts of rice already in storage in Shanghai and the accumulated demand in the city after the mid-autumn festival, a local uprising in Chekiang and troop movements connected with it in Kiangsu brought water transport to a complete halt in the delta south and west of Soochow. As a result, the Shanghai price of rice nearly doubled instead of falling as it otherwise would have done. The railways to Hangchow and Nanking were kept open during the entire period. In this case the rice supply situation was eased by shipments on special order from Tsingpu, Sungchiang, and other nearby areas removed from the trouble.* 579 435 438

* Rice was stored both in Shanghai and in the collection centers in the local producing areas. However, the Shanghai rice market was very sensitive to day-to-day changes in the supply arriving from the local areas. This suggests that relatively small amounts of rice were stored in Shanghai, and that the market depended on regular shipments. When these were interfered with, it was not possible for the Shanghai rice merchants to keep the Shanghai price from rising, since orders for foreign rice could not normally be delivered in less than two weeks. The hiatus in local supplies during the planting season was of course anticipated by the Shanghai merchants in the form of advance orders for foreign rice which were delivered during May and June, but even so the price of rice rose during this period, as indicated above, further evidence that the market was dominated by local supplies moving regularly to the city during most of the year.

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came to a standstill at frequent intervals during these years.[24] They also mention the Shanghai prejudice against eating foreign rice and state that it is consumed only when local supplies are unobtainable.[25] The Taiping Rebellion was suppressed and Nanking recaptured by the Ch'ing forces in June 1864. By 1865 the Shanghai consular report shows the virtual disappearance of foreign rice imports.[26] Apparently Shanghai was not at that period acting as an entrepôt for rice imports to other cities. 439

It has been a widespread opinion in China and outside it that the large cities of east Asia, including Shanghai, have depended for their growth on the import by sea of foreign rice from the surplus rice areas of Indo-China, Burma, and Siam. Various students of the problem have gone far enough to examine the rice import figures recorded by the Maritime Customs and to compare them with population growth, finding that in the case of at least the south China treaty ports overseas rice imports have increased faster than the population, and concluding that these cities would starve if overseas imports were cut off.[27] Aside from the fact that much of the foreign rice entering Shanghai is destined for other places, what statistics are available, when added to the evidence of the market reports, demonstrate that the part played by foreign rice is minor in the case of Shanghai.

If Shanghai is indeed an exception in this respect, an explanation may logically be found in the combination in its immediate hinterland of heavy rice production and highly developed water routes. There is no significant correlation between the size of the delta rice crop in different years and imports of foreign rice. The years of large import did however coincide with unusual conditions in the delta which affected primarily the movement of goods by water rather than the actual rice crop. Transportation rather than production would appear to be the key.

While the quantitative importance of foreign rice is minor within the general supply picture, it is certainly true that for recurrent short periods foreign rice has filled large gaps in the Shanghai market. Even in normal years, foreign rice came in during the local planting season, and in years marked by civil disorder or natural calamities in the delta it accounted for a quarter third 439 435

439 of Shanghai's rice consumption of something like one billion
435 pounds over the year as a whole. The supply situation was determined by price, and foreign rice was imported not necessarily because local rice was unobtainable but because its Shanghai price at certain periods rose considerably above the Shanghai price of foreign rice.

The price problem posed by the hiatus in local supply during the planting season might have been overcome without bringing in foreign rice, by carefully planned advance buying and by distributing price fluctuations for local rice more widely over the year as a whole. This solution was theoretically in the power of the Shanghai rice merchants, and it has since been applied at least to a degree by the Communist Government (see Chapter Eleven). But it is doubtful whether Shanghai could have existed without foreign rice imports during the periods of civil war and floods which disrupted its water connections with the producing areas. At such times, a high enough price in Shanghai could presumably have attracted to the city from the local areas adequate rice to feed its population despite the difficulties and dangers of water transport, but workers' families and other low-income groups, which constituted the great majority of the population, would have been priced out of the market.

722 The situation after 1936 was complicated by the Japanese invasion
439 and conquest of the delta in 1937. Japanese military requisitions drained off increasing amounts of the delta's rice crop, and fighting over the area reduced total production and hampered the movement of rice to Shanghai. The city became increasingly dependent on foreign imports of rice, and by 1940 relied almost entirely on what it was able to import from Saigon. The unsettled political situation, in which the foreign settlements remained until Pearl Harbor in theory outside Japanese control but increasingly subject to Japanese influence and threatened with total absorption, en-
435 couraged hoarding and speculation. Curtailment of local supplies created an actual shortage, and these factors together resulted in a tripling of the Shanghai price of rice between 1936 and 1941.

[579] Rice riots in the city became frequent, and Shanghai's normal dependence on its local rice supply areas was increasingly borne in upon all of the cities population.

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upon all of the city's population. A leading commercial journal in the city remarked in 1940 that "Shanghai is an island cut off from the normal sources of supply of its staple food," and went on to point out that rice selling at that time in Wusih for CNC$15 per picul of 172 pounds sold for CNC$90 per picul in Shanghai, a price difference which certainly reflects transport difficulties as well as the abnormal situation in Shanghai. The Shanghai price of imported rice quite naturally rose to meet this level.[28] At scattered intervals during this period from 1937 to the end of 1941 when conditions permitted relatively safe water shipment to Shanghai from the delta, local rice appeared on the Shanghai market in large quantities and the price of rice from all sources dropped to nearly its pre-war levels.[29] 435 [489]

The part played by out-province rice is difficult to evaluate. The market reports already referred to indicate that except during the planting season out-province rice is unimportant on the Shanghai market, and at all periods under normal conditions is less important than foreign imports.[30] However, complete figures for out-province shipments of rice to Shanghai do not exist, doubtless due, at least in part, to the fact that much of it moves to the city in small boats, a flow difficult to measure. The market reports give the impression that most of Shanghai's out-province supply comes (in order of importance) from Wuhu (the chief rice center of Anhwei), the lowland areas of Kiangsi connected by lakes and rivers with the Yangtze, the lowland areas of northeastern Chekiang, and the western and southern shores of Tung Ting Lake in Hunan. All of these sources have direct water connections with Shanghai. 438

If the earlier opinion that Shanghai, among the other treaty ports, depended for its growth on overseas imports of rice is no longer tenable, it is perhaps reasonable to question whether at least Canton may not have profited from its similar location. The Hsi delta is the closest parallel in China to the Yangtze delta, although on a smaller scale. Like the Yangtze delta, it is a heavy rice-producing area which also contains a highly developed network of natural and artificial waterways. Kwangtung as a whole is a rice-deficiency area, and foreign imports of rice to Canton may not be destined entirely for 439

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235 the province where arid north China fairly begins, and where
505 water transport facilities are limited. Eggs also come to Shanghai from places up the Yangtze valley as far as Hankow, transported in bamboo crates holding from 500 to 1000 eggs and carried entirely by water. 40 per cent breakage in transport is given as an average figure.[39] This apparently does not make the longer hauls uneconomic, and implies that cheap transportation is an important factor.

[262] Fish, however, after cereals and vegetables, is the most important
226 protein-supplier in the city's diet, and Shanghai handles one third
435 of the fish and marine products marketed in China annually for
251 which there are market records. Seasonal variations in the catch and lack of adequate cold storage facilities make for violent fluctuations in the price of sea fish, in the case of one common species from a yearly low of CNC$3 per *shih* (200 pounds) to a yearly high of CNC$50 per *shih*. A good catch is often disastrous to the fishermen because it depresses the Shanghai price below cost, since in the absence of cold storage the fish must be sold within a few days.[40]

226 Shanghai's fishing fleet in the 1930's was about two-thirds sailing
251 junks and one-third steam trawlers, both of which packed their catch at sea in iced barrels. In summer, spring, and autumn the packing preserved the fish for only about two days in this climate, and a premium was put on quick marketing. The fishing boats were allowed only a limited amount of salt for preserving, in order to prevent smuggling abuses. The main fishing grounds off the coast of central China are approximately fifty miles to the seaward of the Chusan Islands, or about 140 miles from Shanghai, a good two days' run for the junks and not much less than that for the trawlers. The catches are of course not all made in one day, so that fish arriving in Shanghai might be as much as four or five days old and in a questionable state of preservation.[41] Small fast power boats from Shanghai met the fishing fleet at the fishing grounds when the catches were good and rushed the fish to market in the city, but this stratagem greatly increased the cost and did not remove the need for making an immediate sale.[42] Dried and salted fish comes to Shanghai mainly from small villages and islands along the coast of northern Kiangsu and southern Shantung, where it is pre-

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The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods.

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27]

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits

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381 theless industrially out of gear with the rest of China to such an
439 extent that the match industry imported even its paper and card board.*

Chinese sources could maintain Shanghai's soap manufacturing using relatively bulky agricultural raw materials, but the match industry, dependent on relatively finished and specialized materials, was obliged to rely predominantly on overseas sources. The city's market was able to hold both of these greatly dissimilar enterprises, each typical of much of its manufacturing complex.

306 The jade-cutting industry may be cited as a final illustration of
439 the market-oriented character of Shanghai manufacturing as a whole. While jade-cutting would presumably be less likely than diamond-cutting to gravitate to primate financial and banking centers, it is equally dependent on specially skilled labor, which is most often found in the largest cities, and on the commercial services and connections of a primate market. Most of the world's jade is mined in northern Burma, but Shanghai, rather than Rangoon or Calcutta, was the world's leading jade center for cutting, polishing, and marketing. It imported its rough jade from Burma by sea, paying a 50 per cent export duty *ad valorem*, and sold the finished product not only in China but all over the world. Japanese attempts at competition in this industry during the 1920's failed to dislodge Shanghai from its leading position.[35] An early start and accumulated skill have been more important in this industry than in almost any other, but it was the Shanghai market which attracted and continued to hold it.

The Cost of Raw Materials

435 It will be useful to estimate the percentage of total costs which is represented in different Shanghai industries by the cost of delivered raw materials in order to throw light on the competitive position of the city as a location for manufacturing. The published estimates of costs are contradictory, and the implication is that accurate information is not available, an understandable condition in view of the

* The relative importance in Shanghai manufacturing of the industries discussed above (pp. 171–178) is indicated by the tables above on pages 168, 169, and 170. Consumption figures are unfortunately not available.

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complex industrial and administrative picture in Shanghai as outlined in the first section of this chapter. The following figures should therefore be read as the roughest kind of approximations, and conclusions should be drawn from them only with great caution.

The table below, according to Liu's survey of 1934, gives estimates of the percentage of total costs represented by delivered raw materials in each of the eleven leading Shanghai industries (by value of output).[36]

Industry	*Raw Materials' Percentage of Total Costs*
cotton spinning	65
flour milling	73
cigarettes	40
matches	68
silk filatures	72
chemical (including soap)	45
cotton weaving	74
rubber goods	48
silk weaving	63
knitted goods	65
machinery	72

These figures are incredibly high, especially for the textile industries, where not only are local supplies of raw materials readily available by water transport, but where the amounts of power and labor necessary are relatively great. The figures must reflect very low proportionate costs for labor and for power. The figures for the textile industries are hard to reconcile with that for cigarettes (which is itself about what one would expect—40 per cent), considering the much greater distances over which the leaf tobacco must move to Shanghai, and the difference is not explained away by the relatively larger amounts of labor necessary in the cigarette industry. The figure for the chemical industries seems reasonable, including the separate figure for matches, as well as that for rubber goods, considering the large proportionate amounts of labor necessary. The figure for flour milling, however, also seems high, despite the large importance of foreign wheat imports. Presumably it also reflects low

435 proportionate costs of labor and power. The same comment applies to the high figure for machinery.

288 In a generally more careful work dealing only with the cotton
435 industry, Fong Hsien-ting, as shown in the accompanying table, provides a different estimate of costs in the production of cotton yarn in Shanghai in 1930.[37]

Cost Item	*Percentage of Total Costs*
raw cotton	42
labor	30
power	8
overhead and interest	20
	100

These seem much more reasonable, and they are generally substantiated by the findings of Moser and of Pearse.[38] Liu's figures for cotton spinning are also suspect because in 1934 a larger proportion of the mills' supply was the cheaper domestic cotton (see above, p. 172). If we may accept these figures of Fong's as a closer approximation to the facts than Liu's, we have at least some idea of the proportionate cost of delivered raw materials in Shanghai's largest industry, cotton spinning, and we may justifiably assume that this cost was of approximately the same order of magnitude in the other cotton industries and in the silk industries, since Liu's figures show a maximum spread of only 10 per cent among the raw materials' cost in the textile industries which he covers, and since both cotton and silk supplies came very largely from the local delta area. We have unfortunately no check on Liu's estimates of raw materials' costs in other leading Shanghai industries. Since with the exception of flour milling and machinery, these other figures seem reasonable, we can only accept them with caution.

435 Even after this revision, however, the best estimate which can
489 be made of the proportionate costs of raw materials in Shanghai manufacturing still shows these costs to be high by Western
[465] standards.* There are two major reasons for this: the relatively low cost of labor, and the relatively high cost of transport. The first

* The United States Census of Manufactures for 1939 gives value figures for manufacturing costs in major categories of manufacturing in the United States in

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condition operates to approximately the same degree in all Chinese industrial centers.[39] The second oper .es for all Chinese industrial centers, but not to the same degree. 435 489

Only two important carriers are involved: railways and waterways. Highway transport by truck remains negligible in China, relative to the scale necessary for the maintenance of modern manufacturing, and with the shortage of fuel, vehicles, and parts as well as of adequate roads it is an impractically expensive carrier. Non-mechanized overland carriers in general use in China (porters, wheel-barrows, pack animals, carts) are also notoriously expensive, and are inadequate to handle volume movements.* Representative rates for railway transport of bulk goods (exclusive of coal) in carload lots in China during the 1930's ranged from the equivalents of US$.02 to US$.07 per ton/mile.[40] This compares with an average ton/mile rate on United States railways during the same period of about US$.01.[41] Accurate or even representative rates for water transport in China are not available, but the average for unobstructed inland routes may be estimated at between US$.018 and US$.02 per ton/mile during this period. In any case, where adequate water transport is available in China, it is a cheaper carrier than railways under present conditions, and can handle bulk shipments. 489 [497] [505]

As we have pointed out above in Chapter Seven Shanghai is not a major rail center, and the two railways which serve it are not

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that year under five headings. Expressed in percentage terms, these costs are tabulated, for United States manufacturing as a whole, and for the textile industry in the United States:

	All Manufacturing (%)	*Textile Manufacturing (%)*
labor and salaries	53	57
materials and supplies	37	35
fuel	2	1
purchased electric power	1	4
other	7	3
	100	100

"Materials and supplies" is not defined. No figure is given for overhead and interest, so that all of these figures must be scaled down in order to make them comparable with the figures cited for Shanghai.

* Average ton/mile rates for truck transport in China range from the equivalents of US$.30 to US$.50. For porter and wheelbarrow they often reach US$1.00 per ton/mile.

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489 large carriers. The city's water connections, however, are uniquely good. (They have been outlined in some detail in Chapters Four and Seven.) It may be assumed that the cost of most delivered raw materials in other Chinese industrial centers was a higher percentage of total costs of production than in Shanghai. This assumption is borne out in the case of Tientsin. Tientsin is not only an ocean port through its association with Taku, but it lies on the Grand Canal and is, after Peking, the second most important rail junction in China. It lies at the focus of an even more extensive lowland (the north China plain and the basin of the Yellow River) than does Shanghai. Tientsin's water connections over this lowland are slight compared with Shanghai's water connections over the Yangtze basin, but with the possible exception of Hankow Tientsin nevertheless has the most favorable orientation to transport routes of any Chinese industrial center after Shanghai.

288 435 Fong Hsien-ting found, in comparing production costs in the spinning of cotton yarn (also Tientsin's largest industry by value of output) that the cost of delivered raw materials in this industry in Tientsin averaged about 70 per cent of the total cost of production, as against an average of 42 per cent for Shanghai (see above, p. 180). Yet Tientsin also lies near the center of one of China's leading cotton-producing areas, through which three railway lines run to the city. Fong's cost estimates for the Tientsin cotton yarn-spinning industry, by percentages of total costs, are shown in the accompanying table.[42]

Cost Item	*Percentage of Total Costs*
raw cotton	70
labor	15
power	7
overhead and interest	8
	100

It does not seem possible that the costs could be divided as Fong has estimated. The figure for raw cotton seems too high, and that for overhead and interest too low. Power is cheap in Tientsin, due largely to the proximity of the Kailan mines at Kaiping, 82 miles north by rail, China's largest producer of coal, and the chief source of Shanghai's coal supply as well. The figure for labor costs is of

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course depressed by the high figure for raw cotton. Nevertheless 288
it seems clear that Tientsin, despite its rail and water connections 435
and its location in a major cotton-producing area, paid a considerably higher price than Shanghai for delivered raw cotton. If this was true for raw cotton, we may assume that it was true for most of the other industrial raw materials consumed in Tientsin, with the obvious exceptions of coal and the wool, hides and skins of north China, and the possible exception of wheat.* If Tientsin could obtain the necessary raw materials in these latter cases more cheaply than Shanghai, this is further evidence of the paramountcy of the Shanghai market and of the market-oriented character of its manufacturing. If Tientsin paid a higher price than Shanghai for most delivered raw materials, we may assume that other Chinese industrial centers did so too.

Water transport has been a key factor in the development of 505
manufacturing in Shanghai. The city's railway connections are inferior to Tientsin's, and yet its manufacturing apparently paid less for most of its raw materials, and in fact was a greater consumer than Tientsin manufacturing of the leading industrial raw materials of north China: coal, hides, and wheat, all of which can move to Shanghai by sea from north China ports. In turn, the primacy of the Shanghai market depends in large measure on the water transport network which includes half of China in the city's tributary area. The market is able to exercise its attractiveness for manufacturing of all kinds by its ability to draw to its generally resource-poor area by sea and river transport the industrial raw materials which it needs.

Coal and Electric Power

The single most important industrial raw material, coal, has 375
been left for final consideration, since it plays a major role in nearly every industry, directly, or in the form of electric power.

* Shanghai nevertheless led Tientsin in the 1920's and 1930's in the consumption of coal and in the production of leather goods and flour, and in fact shipped nearly 10 per cent of its total flour production to Tientsin on an annual average. (For comparative figures on consumption of coal and production of leather goods and flour, see respectively Leonard Ting, "The Coal Industry in China" (1937), p. 217; Chinese Year Book (1936), p. 1153; Y. C. Chang, "Flour Milling in China" (1922), p. 219).

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The depression into which industry fell following the outbreak of Pacific hostilities rendered even more difficult the task of obtaining any improvements. The cost of raw materials rose steeply. It was beyond the financial power of factories which could continue operations to buy sheet metal at greatly enhanced prices for machine guards. Even timber reached a price where its purchase was almost impossible. The smallest alteration to a building to render it more suitable cost considerable sums, for, in addition to an increased cost of materials, labour costs greatly increased. Certain commodities were quite unobtainable. To install an exhaust fan cost a large amount. To raise the height of a chimney would in some cases eat the profits of a month's operations. 466 722 435

Obviously progress in the physical betterment of industrial conditions must be measured in decades, not in years. It is dependent on a restoration of the political sovereignty of China; for only with this can there be a sufficient improvement of the economic situation to secure among the industrialists at large a conscious aim of providing more suitable premises, more adequate safety measures, better hygiene, shorter working hours, and all the other factors which contribute to the provision of a better life for workers. 000

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

earnings of the principal wage earner provided only 53.3 per 434
cent, other members contributing 34 per cent. An amount of 12.7 465
per cent had to come from other sources. It is thus obvious that the 511
earnings of a principal wage earner were but a relatively small
part of the family income, and that the earnings of a least a second
member of the family were needed. In addition to the earnings
of both of these, financial support from relatives and friends had [426]
to be sought, or borrowing from moneylenders was necessary;
otherwise income had to be obtained from such activities as
peddling or sub-letting rooms.

The average family expenditure was $454.38, leaving an average 511
annual deficit of $37.87. If income from wages earned by all family
members only is considered, disregarding income from other
sources, the average annual deficit was found to rise to $121.23.
The excess of the family expenditure over the income of the
principal wage earner was greater still. Working-class families, it
goes without saying, spend extremely carefully; the majority of
their expenditures are for basic needs.

It may be assumed that the 1929-30 standard of living remained
virtually unchanged until the end of 1936, the last normal year
before Sino-Japanese hostilities. The cost of living index (1926—
100) was at 101.98 in 1929, 116.79 in 1930, and 105.04 in 1936.
In other words, costs in 1936 were approximately what they had
been in 1926, and below the 1930 level.

The outbreak of hostilities in August 1937 affected extensively 511
the livelihood of the workers. The 1926 base period of the index, 435
being remote in time, ceased to be significant, and in 1938 the 458
index was recalculated on a 1936 base. Changes in living costs
were somewhat slow to appear since not until August 1939 did the
index figures show the cost to be double what it had been in
1936. Thereafter, however, changes were rapid. Certain basic
foods disappeared from the markets. By the beginning of 1940,
sien mee, a popular native rice, was no longer procurable, and
second-grade Saigon rice replaced it as the people's food. *Kan mee,*
a non-glutinous Chinese rice, reached the Shanghai markets only
in small quantities and at high prices. Finally, in February 1941,
orders for Saigon rice could not be placed in Indo-China, and
Saigon rice in turn was replaced as the workers' food in May 1941
by Rangoon rice imported via Hongkong by the Settlement

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

511 authorities.[3] There were concurrent changes in the types of fuel
435 in common use. Charcoal and firewood were replaced by coal
458 briquettes. Accordingly very careful alterations in the basis of the index figures of the cost of living of Shanghai workers were made, disturbing the index as little as possible, but taking account of the changes in consumption. In July 1941 a Revised Index embodying these changes was first published.

511 Since price levels continued to rise, it became apparent that
458 a sample re-study must be made of the consumption habits of the workers which change when money buys less. This re-study was in progress when the Pacific war broke out. Records of the daily expenditures of 101 families were obtained for the months of December 1941 and January 1942. With the facts thus obtained a New Index was calculated, based on the standard of living of the months mentioned with average prices in Chinese National Currency ruling in 1936 as 100. The annual New Index figures for the years since 1936 were: 1936—100, 1937—119.08, 1938—150.62, 1939—197.52, 1940—428.35, 1941—826.24. By May 1942, the figure had reached 2,663.21. In this month Chinese National Currency fell sharply in terms of the new currency introduced by the Nanking Chinese Government with the support of Japan. These new currency notes of the Central Reserve Bank, referred to as CRB notes, were declared the only legal tender in June 1942. In that month the value of the Chinese National Currency in terms of the new currency was further devaluated until two dollars CNC were equivalent to one dollar CRB at official rates. Unofficial rates were more disadvantageous. Despite efforts at price control by the Shanghai Municipal Council, the occasion of the currency changeover was taken by many shopkeepers to raise prices by converting CNC prices unchanged into CRB prices, thereby automatically doubling them. The June index figure derived from prices expressed in old currency reached 3,870.48. Expressed in new currency the figure for that month was 1,935.24 at the official rates ruling. The following table indicates the position in the index figures of cost of living of Chinese workers from March 1942, when Chinese National Currency and Central Reserve Bank Notes, previously circulating at par, began to diverge:

[3] See Chapter VIII, p. 96.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

511 cost in 1936, the principal wage earner would have had to earn
458 53.3 per cent, or $14.76 per month. A second member would have
434 had to earn 34 per cent, or $9.42. Elsewhere $3.53 or 12.7 per cent would have to be found. These earnings were possible in 1936. Even unskilled male workers in textile plants, a low-paid industry, earned $16 a month. True, even then the gap between earnings and the total family income needed was wide and necessitated borrowing. But when costs rose, when the index figure of July 1942 was 2,163.51 with prices expressed in Central Reserve Bank Notes, income necessary for the maintenance of a family exceeded what most industries which continued to operate could pay. A principal wage earner would have had to earn CRB $325.32. A second wage earner, always assuming that work could be found, had to bring in CRB $65.31, and other income chiefly from borrowing and amounting to CRB $100.79, had to be found. Since few workers could in July 1942 muster this sum, though founded on standard of expenditure as recent as December 1941-January 1942, it was obvious that the standard of living even for those workers who continued to be employed was still declining. A careful calculation of the minimum needs of a family in July 1942 showed that CRB $426.54 was needed, with a principal wage earner producing $282.375. Since few workers would reach even this standard it follows that a considerable proportion of the community was living below subsistence standards.

In the months that have elapsed since the middle of 1942 the situation has, from all available evidence, still further deteriorated. Accurate figures are lacking. The misery was so great that it seemed it could not be worse. Yet an even greater cost has been exacted of a long-suffering people.

458 CONSIDERATION OF THE figures given above shows clearly that the
434 basis of remuneration of workers by which the principal wage
435 earner did not earn enough for the needs of his family so that other income must be obtained through the efforts of other members of the family and from other sources was unsatisfactory.[4]
511

426 [4] The question will of course be asked, "How does the family live?" The answer is, to use the words of a Chinese observer, "By moving the debts." Short-term loans at high interest successively added to by others are contracted. The following is the load position of one low-paid employee who borrowed eight times in three years:

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

Discrepancies between earnings and costs tend to become aggravated when living costs rise. The difference between what a principal wage earner could earn and what it cost his family to live became so wide that a serious lowering of living standards inevitably resulted. 511 458 434 435

To help to check the inflationary tendencies which from 1938 onward appeared, wage levels should in theory not have been permitted to rise. Instead, price levels should have been fixed and spending sharply reduced. The currency of the Settlement was that of the Chinese government faced with fighting a long war. With the provinces near Shanghai in Japanese military control and there being, for a long time after the withdrawal of the Chungking authorities from Nanking virtually no government in the area, there was no possibility of such organised measures being put into effect. With rising living costs the only alternative, therefore, was to raise earnings standards, though admittedly this contributed to further price rises. Moreover, it is one thing to limit spending in a country where there is a margin which can be eliminated and another to do so at the risk of seriously reducing the standard of living. In Shanghai where workers must spend all of their earnings and more on basic necessities, to limit spending presented, to say the least, a difficulty.

Studies of wages and earnings in 1941 show that industry, both foreign-owned and Chinese-owned, attempted to bridge the gap between rising living costs and what the pay envelope contained. On a 1936 base of 100, the earnings index of Chinese-owned plants in 1941 stood at 457.65, an increase of almost 100 over the earnings index of 242.65 in 1940. In foreign-owned plants the earnings index was 465.54 in 1941. Though slightly below the earnings index of Chinese-owned plants, the money earnings in foreign- 511 458 434 465

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Creditor	*Amount of loan*	*Interest*	*Currency of loan at time of enquiry*
A Sikh	$20	$2 per month	30 months
A friend	50	5 "	24 "
A woman	30	2 "	24 "
A widow	25	1.50 "	12 "
		Principal and Interest	
A liftman	15	$6 per month	6 months
A fellow worker	15	6 "	5 "
A chauffeur	15	6 "	3 "
A chauffeur	20	8 "	2 "

CHAPTER VIII

FOOD AND NUTRITION

AT A TIME WHEN Shanghai is militarily occupied following the outbreak of Pacific hostilities, and its food supplies subject to willingness of the Japanese military to provide them, one is apt to think of the problem of food entirely in terms of whether or not there will be any at all. From the moment of the commencement of hostilities in August 1937, the question of food supply held the concern of the Settlement authorities. Two days after the first shot was fired in the Shanghai area, the Supplies Committee of the Shanghai Municipal Council met and through the intervening years dealt with the problem actively and continuously. 262 722

The problem at first was what the city would do when it was cut off from its hinterland, the rice-producing area; when fighting moved back into the provinces and destroyed the autumn rice crop; when rice boats would no longer bring rice to the city. In 1932, when there had been five weeks of fighting in the Shanghai area, rice boats had feared to come into the city, and trucks had been sent out to meet them beyond the fighting zone, to bring in needed food. Rice, which then usually sold at $10 to $12 per *shih* (172 pounds), rose to the high price of $17 to $18 because of fear of shortage, and fell with what at that time seemed a dramatic drop when the supplies were brought in and the feared shortage did not eventuate. Those who had planned the small adjustment needed in 1932 found that more drastic measures were necessary in 1937 and later. 262 438 727 [435]

The provinces nearest to Shanghai are rich rice-producing areas. Through part of Kiangsu province winds Soochow Creek, and from Chekiang province into Kiangsu flows the Whangpoo River, to meet in Shanghai. Down both of these waterways in normal times came a succession of large rice boats, and from Wuhu above Nanking on the Yangtse River larger steamers laden with grain. In general it was a simple trade. Rice was sent on consignment to rice merchants in Shanghai, and payment was later made to the interior

ing of the treaty with Nanking on November 30, 1940, it was 262
announced that high Japanese military authorities in Nanking had 438
agreed that, subject to meeting the needs of the army and with 722
certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai.

There were ample stocks of rice in Burma, but there were no 435
ships to bring it to Shanghai. This was well known, not only to 262
rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*.

It can readily be understood that with such difficulties in feeding 262
the Settlement, major emphasis had to be placed on ensuring sup- 579
plies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937.

The distressing effects of high prices were illustrated by the prac- 685
tice of "rice sweeping" (and, indeed, the snatching of other com- 262
modities such as raw cotton) which became a frequent sight in the 435
city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled.

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council 633
had intervened to bring rice to Shanghai, it had no desire to inter- 438
fere with the normal trade in rice unless forced by circumstances 262
to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 the chairmanship of one of its own members to deal with the
438 matter.

But it proved impossible to secure the desired ships, and the out-
262 look for Shanghai appeared dark. The authorities were therefore much relieved when in April the Government of Hongkong requested the Shanghai Municipal Council to act as its agent in disposing of stocks of Rangoon rice which had been held in Hongkong as a reserve but could not be kept indefinitely without deteriorating. An arrangement was concluded whereby the Council agreed to receive enough for the Settlement's needs at a price which would enable the Hongkong Government to replenish its stocks through imports from Rangoon.

262 On April 26, 1941, when second-grade Saigon rice was quoted
435 at $126 per *shih* in the Shanghai rice shops, the Council announced its intention to import Burmese rice from Hongkong. Speculators
438 who had been hoarding rice made last-minute efforts to sell at high
633 levels. Prices rose steadily until May 3, when $145 was quoted for second-grade Saigon rice, but during the next fortnight they dropped, until May 17, when Council rice at $110 per *shih* was placed on sale in the retail shops. The "racket" for the moment was broken.

435 Ever since 1937, the Council's Supplies Committee had wrestled
633 with the question of price control. The rice trade appointed a "Shanghai Rice Price-Fixing Committee" whose decisions could,
262 according to Chinese Law, be enforced in the First Special District Court. During 1939 it fixed a price endorsed by the Council, of $40 per *shih*, which, however, was soon exceeded; and a "black market" developed where deals were consummated at prices considerably beyond this price. During 1940 the question of price-fixing generally was again exhaustively examined by a special subcommittee of the Supplies Committee. One result of its work was the adoption by the Council of measures requiring clear marking of the prices of daily necessities sold in the Settlement. The aim of this was to induce competitive selling on the part of vendors, and to permit the buying public to discover where goods were most reasonably priced. The Council, together with the French Concession administration, published regular price lists of necessities, also with the idea of informing the public where goods could be most reasonably purchased. In June 1940 the Council established

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

a Price Investigation Office within the Public Health Department in an effort to curb profiteering and to check abuses in connection with food supplies. After six months' intensive work, this Office recommended that price-fixing should not go beyond voluntary measures.[1] The report listed the following arguments against the introduction of compulsory price-fixing of basic commodities at that time:

435 633 262

1. The magnitude of the problem and the lack of means on the part of the Council successfully to enforce compulsory price fixing in the International Settlement, where so many different national laws apply.[2]
2. The present abnormally high cost of nearly all staple commodities, due primarily to the military occupations of the areas surrounding Shanghai resulting in various forms of interference with the normal influx of such commodities. Whether the interferences are due to military necessity is beside the point, because, in any case, no fundamental solution of the problem can be accomplished without the assistance and good will of the Imperial Japanese Forces.
3. The question of the value of the local currency. Its effect, directly on imported goods and indirectly on domestic products, is beyond any control measures the Council might wish to enforce.
4. The fact that the Council would be unable to fix reasonable profits for importers and wholesale dealers. Control of retail prices alone will always be of a petty nature as long as no shortage of supply exists. Business competition and ordinary common sense amongst the purchasing public should tend to render retail profiteering relatively insignificant.
5. Should it be decided to fix maximum prices both for markets and shops, two or perhaps three different prices would have to be fixed for identical products in accordance with the location, class and overhead expenses of the various shops.

THERE WERE SEVERAL efforts to make staple foods available to poorer sections of the community at less than ruling prices during the period prior to the outbreak of Pacific hostilities in 1941. The "Shanghai Rice Cheap Sales Committee," composed of senior

[1] There was some basis for such a recommendation, even though the situation was such that control was necessary. In Shanghai where many nationals had extra-territorial rights, the means to secure compliance through national consular courts were difficult to find. The Council was of course quite unable to control the purchasing power of the Chinese currency.

[2] In October 1941 the Provisional Council, acting under new powers conferred on it by the Ratepayers in April 1941, passed a Byelaw aimed to control profiteering and hoarding. A Municipal Byelaw is enforceable against nationals of all countries, and overcomes the difficulty of differences in national laws.

3: Hinder G-5 (1938-1942) 1944 AF15 East China AF15

435 members of the Chinese community, purchased broken rice and
262 sold it through rice shops to the needy through eight periods of
633 several weeks each. A total of 223,200 bags was distributed, the organisation making a contribution of more than two million dollars, the difference between the cost of the rice and the returns through sales at lower prices. In a similar effort to supply food to the poor, from February 1940 onward, the larger Chinese flour mills made available several thousand bags of flour daily at considerably less than the market price, to be sold in small quantities, also through shops regularly selling flour. More than two and a half million bags of flour were thus provided. Several importing firms also played their part in handing over ten per cent of all incoming flour consignments, totalling 185,000 bags, to reliable dealers for sale to actual consumers. Important as these efforts were they could not ease to any great extent the difficult situation.

741 The very substantial arrivals of rice and wheat from the Amer-
262 ican Red Cross for relief purposes also played their part. This
146 grain was distributed to organisations caring for numbers of needy people. Many refugee camps, hospitals, and institutions caring for children were the recipients of this food. The form in which the wheat came proved to be particularly suitable. It was "cracked wheat," wheat submitted to the first processes of milling only, consisting of the whole grain merely cracked. In consequence the precious germ of the wheat was still present, containing within it the important vitamin B complex which is significant in nutrition and in the prevention of such recognised dietary deficiency diseases as beriberi. The nutritional results for those fortunate enough to receive it were dramatic. Instead of gross signs of deficiency and the less dangerous but serious malnutrition which were everywhere prevalent, by comparison a glowing health appeared in institutions using the cracked wheat, though it could not provide all the needed protective foods.

435 In August 1941, the Chinese Government ruled that foreign
633 exchange would be obtainable only through its Stabilisation Board.
439 It then appeared that an instrument might become available which
262 would give the Council actual power to control prices of imported staple products other than rice which was already controlled through the agreement with the Hongkong authorities. The Board was sympathetic to the view that exchange for essential commodities

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

should be granted only through the Council; and the Council in turn would allot it only to those merchants who would sell to retailers at a price fixed from time to time by the Council. As a means to control the final sale to the people, the Council sought and obtained from the Consular Body approval of a Byelaw empowering it to control prices at retail. On November 9, 1941, a Proclamation fixed the retail price of all imported rice at $130 per *shih*. The registration of all stocks of rice and flour was called for, and all movement of these commodities without a permit was forbidden as a means to keep them under control.

435 633 439 262

THIS WAS THE FOOD situation when Pacific hostilities supervened on December 8, 1941. It was fortunate that controls over essential commodities had begun, for there was thus in being the nucleus of what was, within six months, to become an extensive organisation controlling the issue and price of rice, flour, and other commodities. The Council had even, before December 8, examined in some detail what would be involved in rationing.

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Soon after the opening of 1942, the Council issued a notification requiring holders of stocks of imported rice and of flour to deliver them against delivery orders issued by the Council, thus requisitioning at a fixed and fair price the stocks which the city held. It proved fortunate that in the early months of 1941 the hope of gain had induced many merchants to import large stocks of rice, for these proved sufficient to meet the needs of the Settlement and Concession at the reduced consumption rate required by the Japanese authorities during the first five months of the year. Indeed, in this outcome lay some justification for the lack of earlier rigid price controls which might have acted as a deterrent to importers. Stocks of native rice were not taken into consideration since, as has been shown above, the Japanese military had controlled the collection of native rice for the previous two years, using it for their own purposes and allowing virtually none to reach Shanghai.

The methods used in the spring of 1942 for the husbanding of precious stocks of imported rice were: reduction in the number of shops licensed to sell rice, fixing the number of days on which rice could be bought at three each week, limiting the selling hours on these days and reducing the amount of each sale to one *shun* (1.72 pounds) to any one person. There were in consequence long rice

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the
439 efforts of the police to control the lines. Because of this situation,
434 "rice rustlers" stood in the queues, securing the amount permitted
722 to be bought, which they then sold at more than the official price. It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures
511 undertaken to secure essential commodities. Before Pacific hostili-
722 ties developed, through an Association of Importers and Manufacturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

a matter of regret that control of vegetable oils, so important in the cooking of a Chinese family, could not be exercised by the Council. The Japanese regarded these commodities as materials of war. But stocks found their way uncontrolled into the market. In the case of sugar also, the Council was not permitted by the Japanese authorities to exercise controls. 435 633 262 511 722

The cost of living continued to rise despite the efforts of the Council to control the prices of the most significant items as indicated in the preceding paragraphs. The rise was particularly evident when, toward the end of May, Chinese National Currency depreciated day by day till two national currency notes were equal to one Central Reserve Bank note issued by the Nanking Chinese authorities. Prices then naturally rose in terms of Chinese National Currency. When, in June, it was announced by the financial authorities that Central Reserve Bank notes would henceforward be the only legal currency, most shopkeepers merely altered the enhanced National Currency prices unchanged into prices expressed in Central Reserve Bank notes, automatically doubling them. The Council attempted to halt this process by issuing a notification that prices should not exceed those of the last week in May, but with little success. Shopkeepers claimed that replacement costs would exceed the prices of the end of May.

It became apparent therefore that extensive machinery to examine the fair selling prices of a wide range of commodities must be set up. Prices for many food items, including milk, were carefully examined: the selling prices for woollen, silk and cotton cloth of standard grades, and of shoes, were studied: and many other items and services came under close scrutiny. 435 434 633

To enforce selling at official prices, the selling of permitted quantities, to penalise those who refused to sell, who did not display price tags, who moved goods without a permit or without a valid permit, or who did not comply with other emergency regulations, some enforcement machinery had to be set up. For a time after December 8, 1940, the Court, formerly staffed by Chungking-appointed judges, did not function. Later it was taken over by Nanking authorities. But enforcement of emergency requirements could not await the re-opening of the Court, nor, it was felt, could the already overworked Court handle the many cases of infraction of new regulations. Accordingly an enforcement machinery was

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

435 established within the Council's administration. Those found in-
434 fringing the regulations were given opportunity to show cause why
633 they should not be penalised and thereafter, if found guilty, were given an option of having their licences withdrawn, their premises closed, or making a money payment. Most chose the last-named course.

The machinery worked well and justly, but was an instrument of enforcement only. If initial policies were not well based, failure to control could not be laid at the door of the enforcement office. The weakness of the whole of the Council's efforts at price control was that in practice the Council could attempt the enforcement of prices at retail only. It had actually obtained an alteration to Bye-law 51 to permit it to control wholesale prices, but in fact control of prices of all commodities in wholesale quantities was in the hands of the Japanese authorities, chiefly the Asia Development Board, the economic organ of the army. Without ability to control wholesale prices, control at retail was ineffective to influence sufficiently the cost of the people's living.

434 When rationing was instituted, the average ration of rice was
633 1½ *shun* per person per week. For workers in municipal and pub-
252 lic utility enterprises a total ration of 4½ *shun* per week was allowed, and for those in other industrial enterprises, 1½ *shun* per worker in addition to the ordinary civilian ration. The normal civilian consumption of rice was thus cut by about three-fifths, according to figures of consumption obtained in standard of living studies. As a compensation a flour ration considerably larger than the usual flour consumption was given. The people did not, however, take up this large flour ration. Flour is a product which requires the possession of cooking facilities to deal with it. Few simple Chinese households have anything more to cook with than a stove some eight inches in diameter, of earthenware usually, in which an open coal briquette fire can be built. Rice can be boiled on this, but flour cannot easily be cooked on it. Noodles, a flour product bought as such can be boiled on it, but free flour takes a basin and board, and other cooking facilities, before the flour can be used. The Division was able to urge with some success that the rice ration should more nearly comply with the known standards of consumption.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

dietary-deficiency disease among the 75 workers fed in the kitchen, while many young workers in neighbouring factories acting as the scientific controls, were suffering from disease. 146 164 654

The country habit of storing rice in the husk, and dehusking only that portion which is necessary for the food of the family during the day, no longer holds for city life. Rice is dehusked in the country and transported husked and milled to the city to save transportation costs, and because highly milled rice keeps well. After long storing, however, residual fats present become rancid, and in order to make the rice palatable, it must be washed. First with the milling and later with the washing disappear the essential vitamin contents which prevent dietary-deficiency disease. The experiment was designed to prove that, if rice were stored in the husk, and only milled immediately prior to use, it was unnecessary to wash it, and the vitamin content, therefore, remained to check the onslaught of deficiency disease. No other change from normal food eaten in factories was made in the diet. No additional vegetables or fruits were given. Reliance was placed only on prevention of loss of vitamins in the rice. 146 164 654 256

The intention had been to make the kitchen the nucleus of a district food service which would apply the results of the study on a wider scale as a demonstration. It was ironic that war should have interrupted the experiment, and that it should not only have become impossible to make any application of the important facts demonstrated in the experiment, but that stocks of Chinese rice, milled or unhusked, should virtually disappear from the Shanghai market, and that the city should have to depend for the ensuing five years on imported rice, all husked, and very high in price. 146 164 654 435 262

It might be thought that, with the price of rice soaring out of all bounds, factory owners who supply food to their workers would reduce the quantity of rice supplied, mix it with other cereals, or vary it with beans. But both management and workers have a mistaken idea that, if at all possible. the usual number of bowls of rice must be provided, whatever happens to the "side dishes" of bean curd, vegetables, fish or, rarely, meat. In consequence, expensive imported polished de-vitaminised rice continued to be eaten in former quantities. If the "side dishes" were reduced, as they were in size and variety in order to decrease costs, this last source of nutrients also disappeared. It is small wonder, then, that by 1941, and 146 164 435 262

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

before the even worse situation following Pacific hostilities, signs of deficiency disease were apparent even among workers fortunate enough to have full-time employment in factories.

There is much work for the Shanghai authorities of the future to do in the matter of food. The Public Health Department's long history of supervision of the city's food supply, its war against flies and fly-borne diseases, has represented one phase of the food issue. The Supply Committee's efforts to obtain actual supplies represents a second. Instruction, particularly of employers, in the nutrition aspects of food supplied to workers is a third necessity. The food intake of workers in certain factories where workers are both housed and fed has been analysed in the past and found to be woefully lacking. The attention of certain managements was called to this situation, and some improvement resulted.

The managements of 16 factories where doctors or nurses are employed were induced to keep records of food supplied with a view to seeing how near it came to nutrition standards. In 37 other plants also records were kept. Through these means there should in future be a decrease in dietary-deficiency diseases. Though the provision of food as part of earnings is to be deprecated, it is possible by this means to control for his good the worker's food much more easily than if individual housewives have to be taught what to do. On the other hand, unless the group feeding is right feeding, a whole working force can develop deficiency diseases. In the sense that workers had no option in many cases but to accept the food which the employers provide, it can be said that where deficiency disease resulted therefrom their wage was in fact disease.

THE NECESSITY FOR the education of management, workers, and the public generally in the foods which should be eaten to ensure health and prevent frank deficiency diseases was recognised by the Division. A film was in the making when Pacific hostilities caused suspension of the effort. Two western industrial enterprises and one Chinese had agreed to provide the $10,000 necessary for the film production. A food exhibit had been planned in co-operation with the Chinese Medical Association to take place in the industrial district. It was designed to demonstrate through graphic means the results of wrong feeding. The public would well be able to recognise in pictures the gross deficiency diseases which they

1:Stanford U. S-4, 5 1956 AF15 East China
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III. CURRENCY

A. Currency System

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The Communist paper currency, Jen-min-p'iao (People's Bank notes)[15] was first introduced upon the establishment of the People's Bank of China in December 1948. The only legal tender, it was first issued in denominations of 1, 5, 10, 20, 50 and 100 yuan. On March 1, 1955, all old notes were called in and replaced by new People's Bank notes at the rate of ten-thousand to one. All obligations and liabilities, including those of the government, were scaled down in a similar fashion. Denominations of the new currency are 1, 2, 3, 5, and 10 yuan, and there is subsidiary currency of 1 chiao (10 cents), five chiao, 1 fen (1 cent), 2 fen, and 5 fen. No 10-yuan notes are to be issued at this time.

People's Bank notes are not backed by metallic or foreign-currency reserves, have no legal reserves, and cannot be converted into foreign currency. The Communists first claimed reserves in the form of food and cotton cloth, and later explained that the notes were backed by the balance of budget receipts and

15. Monetary Affairs of Communist China, p. 65.

436 652 payments, the balance of supplies, and of foreign trade. When translated into the language of a capitalist economy, this means that the stability of the currency is secured by excessive imposition, controlled distribution of supplies, forced concentration of cash funds in government banks, and exports made possible by domestic starvation.

B. Currency Control

People's Bank notes had been stabilized before China's economy was fully controlled. As had been true with previous currencies, the new currency also underwent its acid test in the Shanghai market. Issue of the People's Bank notes began in Shanghai in June 1949, at PB$ 1 for 100,000 Nationalist dollars. One silver dollar was redeemable by PB$ 1,200, and all gold, other silver, and all foreign currenc was prohibited from circulating. The first reaction in Shanghai was unfavorable, with gold, silver, and hard currency prices soaring; this reaction spread throughout the whole country.

In November of 1949 the rate per silver dollar was raised from PB$ 1,200 to PB$ 2,000, while the black-market rate rose from PB$ 2,800 to PB$ 4,500 from July to November 1949. United States Dollar notes similarly increased in the same period from PB$ 2,000 to $6,700 on the official counter and from PB$ 2,800 to

1:Stanford U, S-4, 5 1956 AF15 East China
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436 $3,000 in July, to $17,000 on the black market
652 in November.[16] The price of rice multiplied nine times from May 30 to November 8; the curb interest rate increased from 36 per cent per annum in July to 100 per cent in November.[17]

Acting to slow this inflation, the Communists imposed strict controls on jewlers, whose customers had to furnish all materials, who were forced to make detailed reports of all transactions; hundred of illegal operators and loan sharks were arrested; all exchange shops and gold shops were closed. The government collected some essential materials for dumping on the market, and party cadres on every commodity market enforced government fixed prices. These measures slowed inflation but did not stop it; the end-of-1949 price index was thirty times that of May 1949. People's Bank notes were stabilized for the first time when the government announced its nearly balanced budget for 1950, and when an issue of Victory Bonds forced the expenditure of surplus purchasing power.

The initial stability of the People's Bank notes was nearly broken by China's participation

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16. Far Eastern Economic Review, Hong Kong, Dec. 1, 1949, pp. 702-703.
17. Ibid., Feb. 2, 1950.

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436 652 in the Korean War and the resulting budget deficit. But the inflationary pressures were quite successfully suppressed by a web of controls covering the entire economic life of the people.

Between January 1950 and February 1955, the pubchasing power of People's Bank notes steadily declined. Measured by parity unit, PB$ 14,055 in January 1950 had the same purchasing power as PB$ 24,829 in February 1955. The value of People's Bank notes, in comparison with the Hong Kong dollar, declined approximately 16 per cent in the same period (January 1950, PB$ 3,498 = one Hong Kong dollar; in February 1955, PB$ 4,270 = one Hong Kong dollar).[18]

The main instrument of currency control was the reduction of currency in circulation by forcing people and organizations to open bank accounts, restricting the cash they might hold, and the promotion of savings deposits. The most ruthless and also the most effective measure for reducing currency circulation was the extraction of personal savings by force. Of the issue of Victory Bonds of US$ 70 million, about 45 per cent was allocated to East China.

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18. Ibid., Feb. 2, 1950, p. 159; and March 3, 1955, p. 282.

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436 652 A donation campaign begun by the Communists in 1951 drew the equivalent of US$ 220 million, or 40 per cent of the total expected from East China. The Three-Anti Campaign to eradicated graft and corruption, and the Five-Anti Campaign to prohibit illicit profits made by private capitalists, involved some 100,000 public servants and 450,000 owners of private enterprises, from whom an enormous amount of fines was extracted. Crowds swarmed into the People's Bank in Shanghai early in 1952 to convert their hoarded gold into notes in order to pay their fines, and virtually all private gold hoards in the cities were wiped out at that time.

The reconstruction loans issued in the period 1935-55 were designed to gain control of excess savings of the workers and the peasants and were not directed primarily toward the well-to-do.

IV. PEOPLE'S REACTION TOWARD COMMUNIST CURRENCY

436 Paper currency first became acceptable in East China, particularly south of the Yangtze River, because foreign notes were frequently brought back to Amoy by overseas Chinese. But the preference for precious metals and hard currencies has never been abandoned, and the preference was strengthened by the collapse of the Nationalist currency. The Chinese people have no more confidence in Communist currency

436 than in any other paper currency.

In spite of the outflow of large quantities of gold to Hong Kong immediately before the Communists overran China, and the large surrender of gold during the Three-Anti and Five-Anti campaigns, the people south of the Yangtze still hold some gold, and the people in Shantung and northern Anhwei still hoard some silver. Reports indicate that gold is being smuggled to Amoy and Shanghai from Hong Kong.

The current value of People's Bank notes is reflected on the black market in Hong Kong, where its value fluctuates according to conditions on the China Mainland. Just before the war in Korea, People's Bank notes were selling at a price approximating the official rate. Just before the issue of the new currency in 1955, the quoted value was approximately 63 per cent of par; just after the new issue, the value rose to approximately 80 per cent of par. Inconsiderable black market currency transactions continue between Hong Kong and the Mainland. In spite of their success in forcing the Chinese people to trade in People's Bank notes, the Communists cannot build confidence in paper currency as a medium of exchange. The post war trust in gold, silver, or hard foreign currency is hard and fast as the business communities desire to return to a system of free enterprise.

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ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures. 427

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10] 361 648

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners. 437

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could 471

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509 of the same period in 1954.[26]

489 A. Transportation of Key Commodities and
438 Their Trade Routes

Before the war, East China depended upon the import of rice and flour in order to meet the consumption requirements of the larger cities in the region. In 1954, the Communists claimed that East China had become a grain-surplus region, but this is true only because grain from Central-South China is shipped by the Chekiang-Kiangsi Railway and by barges on the Yangtze River to Shanghai and other important centers in East China. Wheat from Shantung is usually shipped to Shanghai, Tientsin, or Chengchow for milling and distribution. Rice produced in Kiangsu is shipped to North and Northwest China because in recent years these have been grain-deficit regions.

B. Cotton Transportaton and Trade Routes

Generally speaking, East China is a cotton-deficit region. Shanghai and Tsingtao, the two leading textile manufacturing centers of China, need tremendous quantities of raw cotton each year. The general pattern of cotton movements in East China is shown in the following table.

26. NCNA, Peking, July 20, 1955.

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Transportation of Raw Cotton in East China*

Origin	Transportation	Destination
Shensi, Northwest China	Rail	Shantung, East China
Hopei, North China	Rail	Shantung, East China
Shansi, North China	Rail	Kiangsu, East China
Shantung, East China	Rail	Hopei, North China Kiangsu, East China
Honan, Central-South China	Rail	Honan, Central-South China
Shantung, East China	Coastal Shipping	Kiangsu and Shantung, East China
Hupeh, Central-South China	Inland Waterway	Honan, Central-South China Kiangsu, East China
Hopei, North China	Coastal Shipping	Kiangsu and Shantung, East China
Shantung, East China	Coastal Shipping	Hopei, North China

* Hsin-hua Yüeh-pao [New China Monthly], Nov. 1950, Vol. III, No. 1, p. 139. Wen-hui-Pao [Wen-hui Daily], Hong Kong, Sept., 4, Sept. 29, 1953.

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438 Shantung is the only cotton-surplus province in East China and its output of raw cotton is consumed locally. Only a portion of the surplus is shipped to other provinces in East China or North China. The major amount of raw cotton required by Shanghai and Tsingtao mills is supplied by surplus production in the provinces of North, Central-South, and Northwest China.

C. Coal Transportation and Trade Routes

East China is one of three areas in China consistently short of coal. Within this region, only Shantung and Anhwei report a surplus in coal production. Other provinces of this region have to depend upon the supply from the principal mines of other regions. Manchuria coal is imported for Chekiang, Fukien, Kiangsu, and Anhwei. Coal from Hopei, Shantung, Shansi, and Honan is also shipped to the areas receiving coal from Manchuria. Coal from Manchuria and North China is carried by rail. The principal rail lines involved in this north-south traffic are Peking-Hankow, Hankow-Canton, Tientsin--P'u-k'ou, (Pukow), Tsinan-Tsingtao, and Shihchiachuang-Taiyuan railways. Some coal is shipped by boat to East China coastal cities from Manchuria and North China

489 ports.[27] But the coal transported by coastal
438 steamers amounts to only 11 per cent of the total shipment from North to East China.[28]

VI. DOMESTIC TRADE

438 As its final goal, Communist China aims
655 at the complete control of domestic trade by state-owned co-operatives and state "capitalistic" enterprises.

A. State-Owned Companies

Six domestic trading companies were established in 1950: (1) the China Food Company, (2) the China Textile Company, (3) the China Salt Company, (4) the China General Merchandise Company, (5) the China Coal and Building Materials Company, and (6) the China Native Products Company.[29] These companies have established branches and sub-branches in nearly all of the major cities of East China. Some of these companies such as the China General Merchandise Company and the China

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27. Ching-chi Chou-pao [Economic Weekly], Shanghai, May 25, 1950, Vol. X, No. 21, p. 9; Ching-chi Nien-pao [Economic Year Book], Hong Kong, Ching-chi tao-pao She, 1952, p. 27.
28. Ibid.
29. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1955, p. 380.

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438 Native Products Company have established
655 branches in the rural areas. The trade volume of state-owned concerns has grown very rapidly. If we take the trade volume of 1950 as 100, the index for 1952 was 397 for the country as a whole. The regional trade of East China was proportionally higher during the same period.[30] According to the first Five Year Plan, as reported by Li Fu-ch'un,[31] the Communists estimate that by 1957 the total volume of trade will be 133.2 per cent over 1952.

State trade is expanding day by day while private trade diminishes. Eight large trading companies in Shanghai have signed contracts with 116 different fields of industry (over 8,000 factories) to purchase commodities for domestic supply and for foreign trade. According to a report in the Ta-kung Daily, Tientsin, at least forty-six industries in great financial difficulty were benefitted by advanced contracts with the eight state trading companies in Shanghai.[32]

B. Co-operative Companies

474 The supply and marketing co-operative in
438 Communist China is a co-operative organization
443 formed under government directives. Its

30. People's China, Peking, Jan. 16, 1954, p. 5.
31. Kung-shang-chieh [Industry and Commerce] Peking, Aug. 10, 1955, No. 8.
32. Ta-kung Pao [Ta-kung Daily], Tientsin, June , 1955.

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474 capital is made up of shares contributed by
438 members. It supplies members with farm
443 implements, fertilizer, and other daily necessities and markets their agricultural produce and the products of rural industries. The state trading companies and the branches often make advance contracts with the co-operatives by supplying them their products at fixed low prices. The exact number of the supply and marketing co-operatives in the East China area is not known, but a rapid development was certainly carried out during the period 1953-55. Up to the end of the third quarter of 1955, all of the cities of East China had established supply and marketing co-operatives and each hsiang of the region had at least one such co-operative. According to the latest information available, these co-operatives did one quarter of the total national retail trade in 1953, or 18 per cent of the retail trade in cities and 30 per cent in the rural areas; and about 75 per cent of all the purchases made by the co-operatives were on behalf of the state.[33] The percentage of the total retail trade done by these co-operatives must have at least doubled by 1955.

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33. Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol. XVIII, No. 19, p. 597.

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C. Private Companies

472 438 This category includes private traders and individual dealers who, according to government policy, are led gradually along the road to state-capitalism. As the result of the growing monopoly of state-owned companies, the private wholesale dealers will be squeezed out of business or transformed into retail traders acting as agents of the state trading companies. All retail traders must undergo socialistic transformation. According to the most recently available report, about one-third of Shanghai's retail traders have been "transformed" under state capitalism.[34] For example, the Wing On Company, the "Marshall Field of Shanghai," has been forced to maintain its business at the lowest subsistence level. According to the report of Kuo Lin-shuang, general manager, the company's business has dropped sharply since 1950. The total volume of sales decreased 52.87 per cent in 1954 from the previous year, and at one point during 1954 income was not sufficient to pay employees' wages[35] By the beginning of 1955, proper adjustments were made and a petition had been

34. Ta-kung Daily, Hong Kong, July 15, 1955.
35. Industry and Commerce, Peking, June 10, 1955, No. 6, p. 17.

472 submitted to the Central People's Government
438 asking that the Wing On Company be made an agent of the state trading companies. In March 1955, the petition was approved. The Wing On Company signed contracts to sell forty-eight classes of commodities, and agreed to sell fourteen additional kinds of commodities on a commission basis on behalf of the state companies. Under these arrangements the business showed considerable progress in April 1955, with a sales increase of 98 per cent over the same period in 1954.[36]

In the campaign for the socialistic transformation of domestic trade, East China showed remarkable progress. Among the thirty-nine principal cities of the region, about 5,928 wholesale dealers were chosen for transformation in 1954. By November 1954, some 4,573 dealers (76 per cent) had been transformed, and most of the employees of these wholesale firms were reassigned to other jobs after a few months of thorough training.[37] Over 90 per cent of the retailers had been transformed.[38]

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36. Ibid., p. 18.
37. Ibid., Jan. 10, 1955, No. 1, p. 36.
38. Ibid.

472 438 The Communist authorities have adopted several types of "socialist transformation": (1) the agency, (2) purchase or sale on behalf of state trading companies or supply and marketing co-operatives, (3) combined operation of a few similar retail traders, with separate accounting and finance, and (4) co-operative operation and management. In most of the rural areas throughout the East China provinces, retail traders and peddlers were transformed under these terms.[39] The income of an ordinary retailer remained low and was hardly sufficient to maintain a family on the lowest subsistence level. For example, in April 1955 in Chen-hai, Chekiang Province, the average per capita income[40] of the retail dealer in bamboo-products was only ¥16 (US$ 6.4). Private traders, unable to subsist, will change their profession sooner or later.

D. State "Capitalism"

475 438 Under state "capitalism," the state trading companies or the supply and marketing co-operatives designate private commercial

39. Ibid., May 10, 1955, No. 5, p. 23.
40. Tsu-kuo [China Weekly], Hong Kong, Aug. 22, 1955, No. 138, p. 12; Ta-kung Daily, Tientsin, June 21, 1955.

475 firms as distributors for their products on
438 a commission basis. Private merchants purchase commodities from state trading companies at wholesale prices and resell them to the consumers at retail prices fixed by the state. Joint state-private ownership replaces private capitalist ownership, and the state usually invests capital in trading firms under joint management.

Early in 1955 in Shanghai, the largest city in the eastern hemisphere, wholesalers dealing in lumber, salt, and miscellaneous grains and oil cakes carried out the process of state capitalism for the trade. Through labor-capital consultations, 175 out of 220 wholesalers of the above-mentioned trades petitioned for suspension of business. Some 35 changed to retail trade, 6 changed their profession, and 4 have continued in business under state guidance.[41] Other Shanghai wholesalers dealing in steel, iron, other metals, oils, fats, pharmaceutical products, ham, preserved meats, stationery, and precision instruments underwent "socialist transformation" in the period January-April 1955.[42] It was estimated[43]

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41. NCNA, Shanghai, May 14, 1955.
42. Survey of China Mainland Press, May 20, 1955, No. 1052, p. 20.
43. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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475 that some 52.3 per cent of all private whole-
438 salers would have been transformed during the first six months of 1955.

VII. FOOD RATIONING AND GRAIN TRADE

434 Rationing was first applied to food grains on November 19, 1953, in a government order for the enforcement of "planned purchase and planned supply of grains," designed to secure foods required for people's livelihood and national construction and in order to stabilize food prices and eliminate food profiteering. Under this order, all businesses engaged in the sale of grain or other essential foodstuffs were, in principle, to be taken over by the state, which would determine rations and fix the official purchasing price as well as the retail selling price of various kinds of grains.[44]

In order to facilitate the work of rationing in all cities, industrial and mining districts, and in rural areas where grain is not produced in surplus, state grain markets were set up throughout the whole country. As of July 1954,

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44. Far Eastern Economic Review, Hong Kong, May 12, 1955, No. 19, p. 604.

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Table 8.

The Native Products Fairs of East China-1952*
(unit: million ¥-Chinese yuan
million $-US dollars)

Name	Locality	Native Products (per cent)	Manufactured Products (per cent)	Total Trade Volume
Hua-tung Fair	Shanghai	64	36	¥1,743,100 ($72.6)
Su-pei Fair	Yang-chow	—	—	¥10,700 ($0.4)
Su-nan Fair (1st)	Wu-hsi	—	—	¥12,000 ($0.5)
Su-nan Fair (2nd)	Wu-hsi	54	46	¥223,000 ($9.3)
Su-nan Fair (3rd)	Wu-hsi	34	66	¥121,500 ($5.1)
Nanking Fair	Nanking	48	52	¥113,000 ($4.7)
Shantung Provincial Fair	Tsinan	—	—	¥187,400 ($7.8)
Shantung Provincial Fair (2nd)	Tsinan	—	—	¥211,000 ($8.8)
Tsingtao Fair	Tsingtao	51	49	¥322,700 ($13.4)
Chekiang Provincial Fair	Hangchow	40	60	¥71,300 ($2.9)
Chekiang Autumn Fair	Hangchow	—	—	¥315,000 ($13.1)
Wan-nan & Wan-pei Fair	Hofei	—	—	¥86,000 ($3.6)
Wu-hu Fair	Wu-hu	—	—	¥55,600 ($2.3)
Fukien Provincial Fair	Foochow	58	42	¥146,100 ($6.1)
Fukien Autumn Fair	Foochow	42	58	¥45,300 ($1.4)
				Total ¥3,666,800 ($ 152.8)

*Ching-chi Chou-pao /Economic Weekly/, Shanghai, May 28, 1953, No. 21, pp. 8-9.

(Table 8 faces p. 873)

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146 It is evident that the amounts of rice rationed to various classes of workers are far below normal requirements as measured in terms of calories. With rice in short-supply, the people are often unable to buy their minimum ration.

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443 Since 1951, in order to stimulate trade and to facilitate the interflow of commodities between city and country, the Chinese Communists have held a number of "Native Products Fairs" in most of the principal cities throughout East China.

[See table next page -- Analyst]

438 The total trade volume of these fairs
443 during 1952 amounted to 3,666 billion yuan in old currency (US$152,800,000) of which the trade fairs in Shanghai accounted for almost half. Shanghai is the main source of supply for most of the daily necessities of the country.

VIII. CONCLUSION

To sum up, commodity movements between the regions of East, North and Central-South China are by railway, coastal shipping, and, to a lesser degree, by inland waterway transportation. The transportation facilities between East and Southwest China are inadequate; only the Yangtze River serves as a means of transportation between the principal East China river port and those of Szechwan Province. Highway and air transportation, as a whole, play only a minor role in the East China Region.

The Ying-t'an--Amoy Railway, which is now under construction, will aid in the development of the lumber and agricultural resources of Fukien Province. The construction of the Ying-t'an--Amoy Railway in East China, like that of the Li-t'ang--Chan-chiang Railway, was not announced until its completion. As late as November 1955 the exact route of the Ying-t'an--Amoy Railway had not yet been made public. Its primary value is military. The timely building of this railway will facilitate transportati

of troops and military supplies to the coastal area near Amoy, and, therefore, the strategic importance of this railway should not be minimized.

Grain rationing in East China has encountered more difficulties than in any other region in China, especially in such large cities as Shanghai and Nanking, where the increase in population has been greatest. The greater the demand for grain in the cities, the stricter the rationing of grain becomes in the rural areas; farmers are expected to produce far more. The heavier the burden imposed upon these farmers, the lower their morale. The present Back-to-the-Village Campaign, as enforced in Shanghai and other East China cities, does not seem to be an effective remedy.

As the result of the state monopoly in both domestic and foreign trade, most private commercial firms have been forced out of business or have undergone "socialist transformation." Almost half of the population of Shanghai is engaged, directly or indirectly, in domestic trade. In 1955, about 30 per cent of the private merchants were unemployed and the remainder were struggling to maintain themselves with little prospect of a living wage.

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505 The opening of the Yangtze to steam navigation by about 1862
438 following the Treaty of Tientsin (in 1858 between China and Great
496 Britain; the commercial section of the treaty was not completed until 1860) ensured the ascendancy of Shanghai over rival southern ports by allowing the trade of central China to drain by its natural route, and within a very few years reduced to a trickle the formerly large volume of trade overland from points outside the Hsi system to Canton, via the Cheling and Meiling passes. The beginnings of highway and railway development in China (map 8) have added to the trade carried by the Yangtze system, by acting as feeders, just as any increase in the economic activity of central China will be reflected in more intensive use of its major trade artery. The Hankow-Canton railway, completed through the Cheling pass in 1936, has tended to augment the volume of goods carried by the Yangtze toward and from Shanghai, and the same has been true of the older railway built in 1910 by the French from Kunming in Yünnan, near the upper navigable reaches of the Yangtze, to the seaport of Hanoi in French Indo-China. With a complete and well-organized rail network, transport use of the Yangtze may eventually decline in relative, though not in absolute importance. At least as far upstream as Hankow, railway development may never supplant it as the major carrier in the lower river basin.*

496 Complemetary to the natural focus of water routes, and concomitant with the growth of the city, two of China's major railways (Shanghai-Nanking, with connections north to Tsinan, Tientsin, and Peking, and west to Chenghsien and Sian; and Shanghai-Hangchow-Ningpo, with connections west to Nanchang and Hankow and south to Canton) terminate at Shanghai (map 8), and a small network of motor roads links the city with most of the other centers of the lower Yangtze basin. The gathering of rail and highway routes at Shanghai is however a reflection of rather than a

* The importance of the Yangtze as a carrier in future competition with well developed railways may perhaps be compared with the current importance of the lower Rhine, below Mannheim. Although it runs through the heart of a major industrial region with one of the densest and most heavily traveled rail nets in the world (including lines along both banks of the river), the Rhine and its tributaries consistently carry a larger volume of goods than the combined railway lines through its basin.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Chinese commercial houses in Hankow were branches of Shanghai 439
houses.*

The foreign merchants at Shanghai, aware that their trade was 484
increasingly based on the commercial exploitation of the entire 505
Yangtze basin now made possible by the new treaty, combined in 438
1868 to finance an expedition under the leadership of Alexander Michie and Robert Francis to explore the trade of the upper Yangtze. The leading American firm in Shanghai, Russell and Company, paid the travel expenses of the expedition by steamship as far as Hankow, and the remainder of the expenses were met by the Shanghai Chamber of Commerce, from which body the members of the expedition had been selected.

The report of these delegates, published in 1869, stressed the 505
importance of water transport in the trade of major commercial 438
centers along the Yangtze, and in the overall movement of domestic trade to and from Shanghai. They noted the extensive tea shipments moving via the Kan River and its tributaries and Poyang Lake to Kiukiang and Hukow and thence via the Yangtze to Shanghai. They commented on the widespread water connections of Hankow, via the Han River system, which brought tea, hides, hemp, timber, and vegetable oils for transshipment to Shanghai, and via the Hsiang River system, which brought mainly tea and cotton. Szechuan sent hemp, hides, bristles, tea, vegetable oils, and opium via the Yangtze to be transshipped at Hankow for Shanghai, these goods having originally been assembled at Chungking via the Chialing, Yangtze, and Min Rivers.[11]

British dominance of the trade of the newly-established treaty 648
ports was secure, but the organic connection between the growth 439
of their primary stronghold at Shanghai and a similar dominance of the Yangtze hinterland which fed it was perhaps the most compelling reason for the early development of Britain's traditional sphere of influence in central China and throughout the Yangtze basin. In north China they could better afford to give ground later in the nineteenth century to Russia and Germany, and in the south to

* The British consul at Hankow notes this pattern in his trade report for 1865, which further emphasizes the conditions of Yangtze trade favoring a monopoly by the large Shanghai firms.

Other Trade Goods

439 Shanghai was fortunate in that as China's monopolies of the tea and silk trade disappeared by about the turn of the century, the Yangtze continued to concentrate there for export a large proportion of the goods which now became the staples in China's more diversified foreign trade (table I). These goods: vegetable oils, hides, skins and bristles, eggs, and fibers, were staple products of the Yangtze basin, and their marketing in Shanghai was as logical as that of tea and silk. In this new trade, Hankow was the principal inland collection and distribution center, but as with tea, its direct exports overseas remained slight, and actually decreased after 1880 when steam navigation on the Yangtze had become firmly established.[85] Hankow sent the bulk of goods destined for export to Shanghai for transshipment.

438 Hankow's water connections enabled it to draw these goods not only from Szechuan, Hupeh, and Hunan along the Yangtze itself but also from Shensi, Honan, Kweichow, and Kwangsi via Yangtze tributaries. Szechuan led all the other provinces in the production of wood oil (t'ung oil), wax and tallow, and bristles, and was a leading producer of hides and skins, fibers, and other vegetable oils. Production of vegetable oils, raw cotton and other fibers, and eggs was also important in the lower Yangtze basin in Anhwei, Chekiang, and Kiangsu. While their production was less localized than was the case with tea and silk, and also because of this scattering, Shanghai had easier, cheaper, and quicker transport connections than any other leading port with these or other producing areas. The Yangtze also enabled Shanghai to exchange its foreign imports (and after 1920 increasingly its own industrial production) for export goods over a wider market and with greater ease and cheapness than rival commercial centers.

669 175 The disruptions of the Taiping Rebellion and attendant local uprisings (1850–1864) were heavy in the Yangtze delta, and the largest military campaigns were fought there. Shanghai itself acted as an invaluable base for the efforts of the Ch'ing government to suppress the rebellion, since with the support of foreign troops and volunteers, the city was able to hold out against a rebel tide which

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engulfed every other delta city of importance. It was from Shanghai 669
that the famous "Ever Victorious Army" (composed of both Chinese 175
and foreigners led by the American Frederick Ward and, after his death from wounds, by the British Major Charles ["Chinese"] Gordon) conducted its decisive campaigns on behalf of the Ch'ing government against the Taipings and retook all the delta cities before the eventual recapture of Nanking in 1864. Shallow-draft boats carrying both bombardment guns and troops and using the pattern of delta waterways leading from Shanghai gave this army a crucial advantage of mobility against the numerically greatly superior Taiping forces.

Shanghai's land and speculative boom and the defense of its 651
boundaries during this period are briefly discussed above in Chapters One and Two, but two other results of the rebellion were of greater significance: the establishment of the Imperial Maritime Customs, with the commercial advantage which this gave to Shanghai (see below, Chapter Eight); and the damage to the tea and silk industries (which were concentrated in the delta and its immediate environs) together with the blocking of the normal trade routes, which was followed after 1862 by new opportunities for the expansion of a more diversified trade. Shanghai suffered substantially from 438
the losses inflicted on its trade in these two key commodities. But the pliability of the Ch'ing government, in recognition of the fact that foreign military assistance from Shanghai was instrumental if not decisive in the suppression of this mass rebellion, played its part in the granting of free navigational rights on the Yangtze, more from apprehension than from gratitude. The foreigners, undismayed by the illogicality of their position from a diplomatic point of view (British naval and land forces were attacking Taku and Peking at the same time that British forces were fighting against the Taipings in the delta area), were encouraged by their military successes to press their demands for wider commercial opportunity. The rebellion revealed Shanghai's vulnerability as long as its trade was so heavily dependent on the two local or semi-local staples of tea and silk, and at the same time re-emphasized possibilities for a broader and larger trade in the Yangtze valley as a whole. Though the trade in tea and silk recovered rapidly after the fighting (see table I),

438 stopped the marked growth in Shanghai's total trade was due predominantly to the opening of the Yangtze, and it was this new commercial sphere with its new commodities which after 1880 increasingly supported the city.

Shanghai's commanding position for marketing is revealed in the fact that between 1860 and 1930 it accounted for an average of 68 per cent by value of the total re-exports of goods from Chinese ports to Chinese ports. For the period 1925–1935, goods re-exported from Shanghai to Chinese markets went (according to percentages of the total value of such exports) to Kiangsu and other provinces as shown in the accompanying table.[36]

Kiangsu	18	Szechuan	8
Chekiang	17	Honan	6
Anhwei	16	Fukien	3
Hupeh	11	Shantung	2
Hunan	9	Other	1
Kiangsi	9	TOTAL	100

In a largely pre-industrial economy still characterized for the most part by local rather than regional or national markets, these figures show a truly remarkable areal extent over which Shanghai was able to market (and to purchase) its goods, and the degree to which Shanghai served as the dominant place of exchange for China as a whole. They suggest a close relationship between the size and areal distribution of the market and the waterways and sea routes which focus on the city.

669 Political and military events in 1926, and later during 1937 and
505 after, re-emphasized the importance to Shanghai of this water
438 network for the supply of its trade and industrial goods and for the distribution of its exports. Civil war was widespread in the middle and lower Yangtze basin during the latter half of 1926 as part of the campaign of the Kuomintang against the local and northern warlords. Commandeering of boats, including native craft and 13 out of the 31 Yangtze steamers of the China Merchants Steam Navigation Company by December 1926, led to the suspension of nearly all river sailings between Shanghai and Hankow by Chinese vessels before the end of the year. British and Japanese shipping

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firms continued to operate, but under difficulties, and they could not handle more than a small fraction of the normal volume of trade on the river. As a result, sales of piece textile goods in Shanghai had fallen by January 1927, to one quarter of their August levels. The kerosene trade out of the city was badly hit, and large stocks accumulated in warehouses. Imports of Chinese tobacco leaf to Shanghai virtually ceased by January, and forced the closure of several of the large cigarette factories. Egg imports to the city in January were less than 30 per cent of normal. By the end of 1927, with order restored in the Yangtze basin and navigation no longer interfered with, Shanghai's trade with its hinterland returned to normal levels. Both railway lines serving the city remained in regular operation for all but a few days during this period.[37] 669 505 438

In November 1937, in order to hamper Japanese naval movements on the Yangtze, the Chinese Government placed booms across the river at Kiangyin and Chinkiang, and fighting in the delta area and upstream from Nanking further disrupted traffic. The value of Shanghai's foreign trade fell by 76 per cent between July (hostilities began at Shanghai on August 13, 1937) and December 1937, as much because of the interruptions in transport as because of the local fighting, which ended at Shanghai itself in October. During the same period, the total value of the foreign trade of China as a whole decreased by only 2 per cent. Shanghai's relative decline continued through 1938, with a 49 per cent decrease in imports and a 63 per cent decrease in exports over the 1937 figures, while for the same period the total foreign trade of China increased by 8 per cent.[38] With its water connections disrupted, Shanghai could no longer compete commercially with rival centers, which despite the progress of hostilities over nearly the whole of east China by the end of 1938 increased the total of their trade at the expense of Shanghai. 726 439

But the disruptions of war should not obscure the fact that the Yangtze basin is the economic heart of China, nor that its river system will continue to be a basic element in China's transport pattern. The city at the mouth of the river will remain a metropolis under whatever conditions the future or the Communist Government of China may impose. 505

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TABLE III

Foreign and Domestic Trade of Leading Chinese Ports, 1870–1920*

(Gross values of trade, in millions of hai-kuan taels, landed at or shipped from the leading treaty-ports in China in each year listed.)

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	1870		1880		1890	
	Foreign	*Domestic*	*Foreign*	*Domestic*	*Foreign*	*Domestic*
Shanghai	90	96	88	112	101	136
Canton	28	24	30	26	28	24
Hankow	18	16	21	25	14	42
Tientsin	15	9	16	14	18	25

	1900		1910		1920	
	Foreign	*Domestic*	*Foreign*	*Domestic*	*Foreign*	*Domestic*
Shanghai	160	181	316	382	504	532
Canton	34	26	47	38	59	46
Hankow	15	52	13	58	13	73
Tientsin	32	38	64	68	108	117
Tsingtao	5	4	15	9	14	12

SOURCES: Figures compiled from China: Maritime Customs, *Annual Reports and Returns of Trade.*

* i.e., the domestic trade which was recorded by the Maritime Customs, only a part of the total volume of domestic trade at each port, or of China as a whole.

TABLE IV

Foreign and Domestic Trade of Leading Chinese Ports, 1925–1935*

(Average percentages of foreign and domestic trade by value passing through leading Chinese ports (exclusive of Manchuria) over the period 1925–1935).

Port	*Foreign*	*Domestic*
Shanghai	55	38
Tientsin	11	8
Canton	6	4
Hankow	4	6
Tsingtao	4	2

SOURCES: Recorded by the Maritime Customs. Data from Jones, 1940, pp. 58–9.

* i.e., the domestic trade which was recorded by the Maritime Customs, only a part of the total volume of domestic trade at each port, or of China as a whole.

651 commercial growth, Shanghai in the van, could prosper with accelerating vigor.*

By 1864, offices of the new customs service had been established in all of the treaty ports, and its records of treaty-port trade are complete from that year. Maritime Customs figures for each treaty port, however, cover only the imports and exports to and from foreign countries, and the domestic coasting and river trade carried in foreign-built or foreign-type bottoms, whether Chinese- or foreign-owned (i.e., excluding junks, sampans, and rafts, but including lorchas, small sailing boats with a foreign-type hull and Chinese-type superstructure and sails). The trade carried in junks, sampans, and rafts, and the domestic overland trade, was the responsibility of the so-called "Native Customs," the original Chinese customs, which by the Boxer Protocol of 1901 was put under the control of the Maritime Customs at and within 15 miles of each treaty port. The figures of the Maritime Customs may be assumed reasonably accurate and complete for the categories which they cover, aside from smuggling, but the figures of the Native Customs are neither accurate nor complete. This is due in part to the inadequate numbers and inefficiency of the staff, and in part to the difficulty of regulating or measuring a trade brought into the port by a multitude of large and small water craft or by coolie and cart transport as well as by rail and truck.†

438 Perhaps a majority of the trade between Shanghai and the rest of China which was carried by coolies and carts, or by sampans, rafts, and junks by sea or by the variety of inland waterways leading from the city, was not recorded. Customs officials and other observers have estimated that as much as a quarter of the total domestic trade of Shanghai was not recorded.[9] Maritime and Native Customs figures for Shanghai also omit trade passing through the port on "trans-

* The steady revenue derived from Maritime Customs became a most important financial support of the Ch'ing government, in time its leading source of revenue, and thus made it dependent on the continuance of trade. Customs revenues were also used repeatedly as security for foreign loans and indemnities, symbols of the commercial and political processes at work. Thus was imperial China confounded by the merchants of the West.

† Complete statistical records of the Native Customs are unfortunately not available in this country.

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shipment passes" to or from other Chinese ports, even though goods 438
traveling on such passes may be stored, repacked, and reloaded at Shanghai. For all of these reasons, it must be assumed that the trade between Shanghai and the rest of China was considerably greater than recorded, and that the city's role as a transshipment point was thus more important than the combined customs figures would indicate.

With this major limitation, the customs figures nevertheless 438
show that nearly half of the trade of Shanghai was transit trade. 439
Graph 8 shows that re-exports (by value) to Chinese and foreign ports between 1885 and 1935 were consistently more than half of the total value of Chinese and foreign imports combined, and until after 1915 were greater in value than foreign imports alone. Until after 1920, the value of re-exports was more than half of the value of the gross trade, less exports of local origin. The break which comes between 1915 and 1925 is a reflection of the growth of manufacturing in Shanghai, which took increasing proportions of the city's foreign and Chinese imports and produced a sharp rise particularly in the value of exports of local origin, as well as in the value of all other trade categories except re-exports.

Graph 7 gives a similar picture of the city's trade, in terms of volume by weight. Discrepancies with graph 8 are due primarily to the greater weight per unit of value of imported industrial raw materials consumed in the city than of the imported finished goods subsequently re-exported. Nevertheless, re-exports in 1910 totaled about one half of combined Chinese and foreign imports by weight, and it was not until 1920 that manufacturing in the city claimed a majority of all imports by weight. In that year also, original exports equalled re-exports of Chinese goods and exceeded re-exports of foreign goods by weight. Slightly larger proportions by weight of Chinese than of foreign goods were re-exported in all of the three years represented in graph 7, indicating their greater weight per unit of value (predominantly food and unfinished goods) than foreign imports (predominantly finished goods). According to the Customs figures, Chinese imports into Shanghai in 1920 and in 1930 were, in rough order of value: coal, raw cotton, foodstuffs, raw

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438 439 silk, tobacco, tea, vegetable oils, hides, skins, and bristles, vegetable fibers other than cotton, and wool.

Graph 6 gives further details on what Shanghai did with its imports from the rest of China, and where it sent the growing volume of original exports produced by manufacturing after 1900. Through the entire period 1870–1930 as shown on the graph, Shanghai re-exported a total of well over half of the value of its imports of Chinese goods, and until after 1920 the proportion averaged about 90 per cent. (The value of foreign imports during most of this period is given in graph 8.) In every year shown on the graph, re-exports abroad were considerably greater by value than re-exports to the rest of China, a reflection of Shanghai's function in collecting from the Chinese hinterland and exporting to industrial economies overseas the assortment of raw materials shown in table I. However, Shanghai's original exports went about half and half to Chinese and foreign ports until 1910, and after 1920 went predominantly to the former, an indication of Shanghai industry's dependence on the domestic market. The sharp rise in Chinese imports and the fall in total re-exports between 1920 and 1930 indicate the increased proportion of the city's imports which were absorbed by manufacturing.

In 1893, the Commissioner of Customs at Shanghai described the trade of Shanghai as follows: "Excepting the small amount used locally, the bulk of the produce which comes here from Chinese ports or from foreign countries goes away again in some channel—the ocean, the river or the creeks—in a vessel which may be a large steamer or may be a little more than a sampan."[10] While the proportion of re-exports increasingly declined as manufacturing developed in Shanghai after 1895, the city's function as a transshipment point continued to depend in large degree on its water transport connections as they are described in the Commissioner's statement.* It is in measuring this domestic trade that accurate figures are unfortunately lacking, since so much of it was carried in

* At the risk of stating the obvious, it should be pointed out that this function of Shanghai as a break-in-bulk (or transshipment) point was an important factor in the rise of manufacturing in the city. This is of course an illustration of Cooley's classic theory (C. H. Cooley, "The Theory of Transportation," Publications of the American Economic Association, IX: 1–148 [1894]).

[p. 129]

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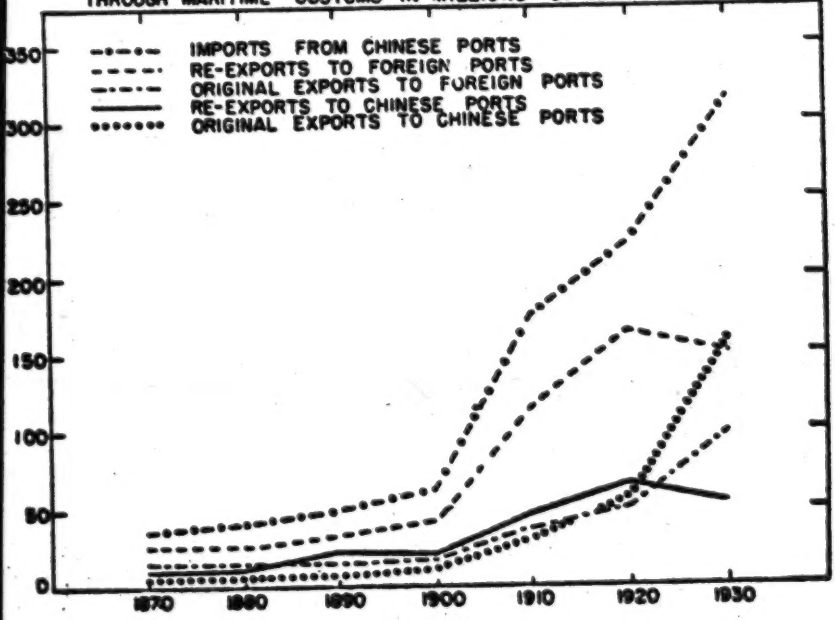
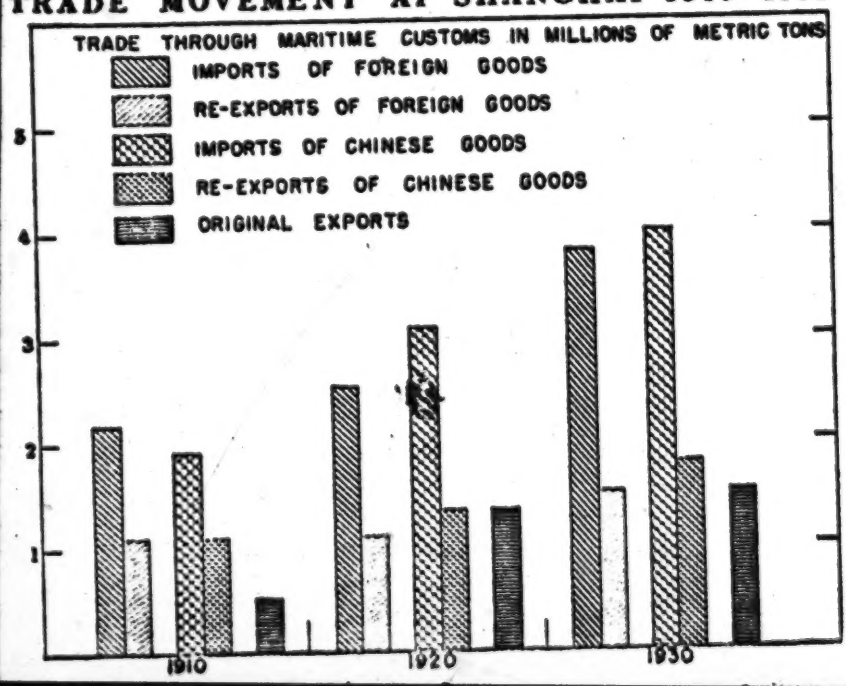
TRADE MOVEMENT AT SHANGHAI, 1870-1930

THROUGH MARITIME CUSTOMS IN MILLIONS OF HAIKUAN TAELS



Graph 6

TRADE MOVEMENT AT SHANGHAI 1910-1930



438 Chinese vessels beyond the purview of the Maritime Customs. We
439 are obliged to rely on reasoned estimates by customs officials and other observers, and on the partial evidence contained in customs records.

505 Shipping from foreign ports entering Shanghai averaged about 650,000 tons monthly from 1933 to 1936 inclusive, according to the records of the Maritime Customs. During the same period, coastal

TRADE PASSING THROUGH SHANGHAI

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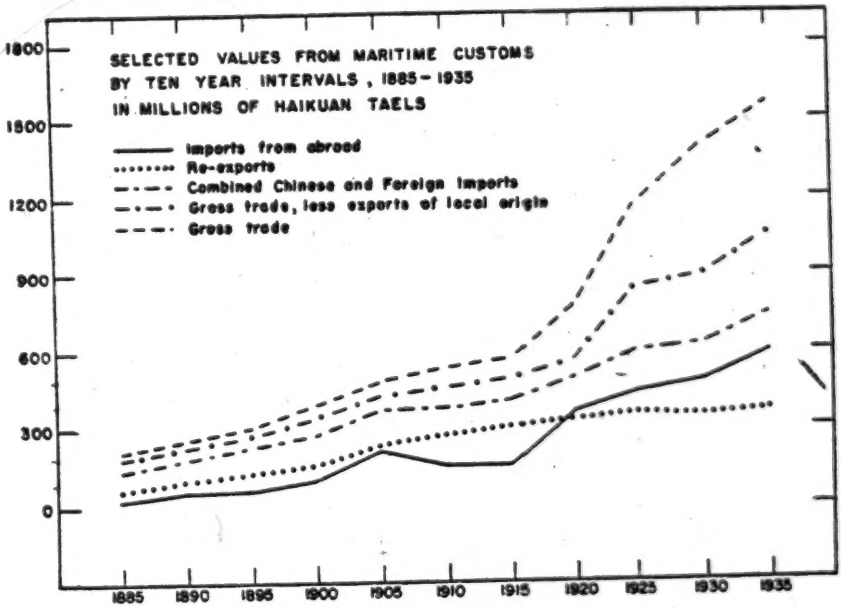

Graph 8

505 shipping entering Shanghai through Maritime Customs averaged about 640,000 tons monthly, while shipping entering from inland (i.e., Yangtze River) ports averaged about 250,000 tons monthly. These figures are exclusive of Native Customs, which recorded at Shanghai during 1930 a total of 54,410 junks entered and cleared (no tonnage given).[11] Combining the Maritime Customs tonnage figures, and adding a conservative 20 per cent for the recorded and unrecorded shipments by junk and sampan, gives a total for coastal and inland shipping (640,000 tons plus 250,000 tons plus 20 per cent,

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or 1,068,000 net tons monthly) 40 per cent greater in volume than shipping from foreign ports (650,000 net tons monthly). Among the domestic imports, food and industrial raw materials for the city, and among the exports, products of Shanghai manufacturing (or original exports) probably accounted (as we have seen in the above analysis of graphs 6, 7, and 8) for 50 to 60 per cent of these shipments to and from Chinese ports, but the remainder, or 40 to 50 per cent, was transit trade.* 505 438 439

Other published estimates corroborate the estimates of the relative importance of Shanghai's transit trade given above. The *Journal of The British Chamber of Commerce* at Shanghai in its issue for February 1920 estimates that about 65 per cent of the shipping of all types entering and clearing Shanghai was destined to or from coastal or Yangtze River ports, and only 35 per cent was engaged in overseas trade. Bowman estimates that about 50 per cent of Shanghai's imports of foreign goods were re-exported to ports on the Yangtze—20 per cent to ports below Hankow, 15 per cent to Hankow itself, and 15 per cent to ports above Hankow.† In the cotton trade, Fong Hsien-ting estimates that between 1920 and 1930 Shanghai accounted for an average of 80 per cent of China's total exports of cotton piece goods, although less than 60 per cent of this 80 per cent was produced in Shanghai.[12]

Finally, published citations of the records of the Native Customs at Shanghai add a not inconsiderable figure to the total values of domestic trade as shown in graphs 6 and 8. The Native Customs in 1928 recorded total imports from Chinese ports to Shanghai to the value of approximately 65,000,000 Hai-kuan taels, and total exports from Shanghai to Chinese ports to the value of approximately 46,000,000 Hai-kuan taels, or a grand total of 110,000,000.[13] In 1930, this grand total had risen to over 114,000,000 Hai-kuan 438

* During the same period (1931–1936 inclusive), the railway line to Nanking carried into and out of Shanghai a monthly average of about 80,000 total tons of freight, and the line to Hangchow a monthly average of about 40,000 tons, according to Ministry of Communications, 1931–1936. These two figures combined are less than 12 per cent of the total domestic waterborne trade as estimated in the preceding paragraph (1,068,000 net tons).

† Bowman's estimates take into consideration the unrecorded trade carried in junks and sampans. Of the major Yangtze ports, only Chinkiang, Nanking, and Wuhu have direct rail connections with Shanghai.

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438 taels.[14] Remembering that these records are far from complete and that the actual domestic trade carried in junks and sampans was probably at least 40 per cent larger, we must assume that the domestic trade of Shanghai was in fact between 20 and 30 per cent greater than it is shown in graphs 6 and 8. The proportion of transit trade was correspondingly greater.

177 As the first and the predominant focus of the opening of traditional China to Western commercial exploitation, Shanghai became, by virtue of its location and especially of its water connections, the great transshipment point for the trade of China which Western enterprise stimulated and directed into wider regional and international channels. Even after the growth of manufacturing in the city, at least half of Shanghai's commerce was transit trade. Trade repeated and transmitted the pattern of ideas, for Shanghai was the center and dispersing point of modern China's revolution.

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have been during the last 1,000 years. Improvements in transport facilities during the same period were slight. As stated above in Chapter Seven, the only railway lines serving Shanghai during the twentieth century were those to Nanking and Hangchow (opened in 1908 and 1909 respectively). They have never become large volume carriers on a Western scale. Highway development contributed even less to the total transport resources of the area. For a densely populated, highly productive area which also contains several large cities dependent in varying degrees on industry, this transport network is minimal. 433 489

The Shanghai Rice Market

Rice is the basic food commodity for Shanghai. A sampling survey of workers' families in Shanghai by the Bureau of Social Affairs during 1929 and 1930 * [12] showed the average worker's diet (by percentages of total money spent on food) to be 53 per cent cereals (of which rice was 90 per cent, wheat 5 per cent, and other cereals 5 per cent), 18 per cent vegetables and beans, 16 per cent meat, fish, and eggs, 8 per cent condiments, 3 per cent fruit, and 2 per cent miscellaneous. Since cereals may be presumed cheaper by weight than the other items in the list (as well as having a higher caloric value by weight unit), the importance of rice in the diet by weight (which is the leading consideration for transport problems) is thus greater than these figures indicate. Fortunately, statistics are more readily available for rice than for any of the other food items. 262

While no complete figures exist to show the rice supply pattern, trading in rice on the Shanghai market was recorded in considerable detail during most of the 1920's and 1930's, and an analysis of the published market reports provides a relatively clear quantitative picture of the main outlines of the city's food supply. The monthly reports issued by the General Chamber of Commerce of Greater Shanghai list supplies of rice entering the city according to source.[13] 438 489

* Chiang I-shih, Production, discusses regional differences in the consumption of cereals as between south China, the Yangtze region, and north China, and includes a table showing these differences for the major cereals, as of 1936. For the Yangtze region as a whole he estimates that rice formed 40 per cent of the cereal diet, wheat 20 per cent, minor cereals 14 per cent, and other food crops 26 per cent.

438 Most of the places so mentioned recur every month except during
489 the rice planting season from early May to early June, and nearly all of them cluster within a relatively small area in the immediate neighborhood of Shanghai (map 5). In about half the cases they are *hsien* towns (county seats), which presumably draw on most of their respective *hsien* (counties), and in the other cases simply towns or villages which serve as collecting places for the rice-producing areas immediately around them. For the most part, they are located with indifference to existing road and railway networks. Most of the exceptions are large towns through which the road and/or railway are obliged to run in any case. The majority of the places however are located on main waterways, and in every case there is a direct water connection with Shanghai.

433 When the rice supply pattern for Shanghai as shown in these
438 reports is compared with total figures for rice production in Kiangsu province by *hsien*,[14] it is seen that for the most part only the heavy rice-producing *hsien* which lie within about 75 miles of Shanghai send amounts to the city significant enough to be recorded consistently in the market reports. If a surplus exists in the other heavy rice-producing *hsien* * then either transport costs to Shanghai are too high for this rice to compete with areas nearer the city and it therefore moves to other consuming centers, or Shanghai can draw sufficient amounts from the nearer areas at a reasonable price to fill the majority of its rice needs.

For example, Kashing, an important rice marketing center on the railway 60 miles southwest of Shanghai sends little of its rice to Shanghai, although it does send large amounts of locally produced ginger. The comparatively high unit-value by weight of ginger can bear transportation costs which make shipment of rice uneconomic by either rail or water in this case. Another rice center, however, 19 miles farther south on the railway, sends large amounts of local rice to Hangchow 39 miles away. It is near enough apparently to be included in Hangchow's tributary rice area.[15]

438 Although water transport, especially in this delta area, is relatively
505 easy and cheap, it is also relatively slow, and it is reasonable to find

* Kiangsu government figures indicate that this is the case — *Kiang-su sheng-chien*, cited above.

438 505 that for the most part beyond approximately 75 miles from Shanghai, the time-distance-transport costs make water shipment of rice uneconomic under present conditions. It is correspondingly a logical conclusion that the heavy dependence of Shanghai on this small local rice-supply area is implemented by the Venetian network of canals and natural waterways in the immediate hinterland of the [435] city. Discussions of rice production and marketing in the delta area state that rice moves to both local and distant markets almost entirely by junk or sampan, and that in hilly areas with little or no water transport (such as the country southeast of Nanking, or west and south of Hangchow) the local market price of rice is double the price in the delta lowlands.[16]

The crucial importance of water transport in the pre-industrial economy of China as a whole is heightened in the Yangtze delta area, where water routes are so highly developed. Shanghai lies at the focus of these routes, and of the level terrain of the delta over which transport by water can operate at optimum efficiency. This has been a vital factor in making possible the development of a city of four million people.

438 439 The Shanghai rice merchants divide their main supply areas into three categories: a. local rice (roughly from within a 75-mile radius); b. out-province rice (from Anhwei, Kiangsi, Chekiang, Kiangsu north of the Yangtze, and at scattered intervals from Hunan); c. foreign rice (from the Indo-Chinese peninsula, mainly ex-Saigon, but including small amounts from Bankok and Rangoon).*

435 439 The factors influencing the rice market in Shanghai and its general behavior through the year throw considerable light on how the city is fed. These factors (in addition to the amount and quality of the rice harvest in the main supply areas) may be summarized as follows:

1. The price of foreign and out-province rice. Average monthly prices for the three area categories of rice for the period 1920–1936 were approximately as follows: a. (local rice), CNC$12.00† per

* The export trade in rice from Indo-China, and to a lesser degree from Siam and Burma, is in the hands of overseas Chinese.

† Chinese National Currency — the Chinese dollar.

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picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CN$12.40 per picul; c. (foreign 439
rice) CNC$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262] the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

132 435 438 505 The boatmen on these waterways usually refuse to load or unload rice when it is raining (whether out of regard for their own safety or for that of their cargo is not clear), and the flow of rice to Shanghai stops almost entirely whenever it rains. The Shanghai rice market, including foreign and out-province rice, reacts with great sensitivity to the rain situation in the city, price changes for rice from all sources often following changes in the weather as closely as an hour.* The role of the weather in the Shanghai rice market as a whole underscores the fact that local sources of rice hold the commanding position, and that the rice moves to the city largely by boat. The monthly reports on the rice market refer repeatedly to water transport connecting Shanghai with the rice-producing areas of south central Kiangsu, but very little mention is made of railway transport of rice during the entire period 1920–1936. Highway transport of rice is not mentioned at all. The dominance of water is so marked that these monthly reports lay great stress on the weather, and conclude in one case that "Rain and wind make a great difference to the rice merchant's heart."[18]

527 435 438 4. Traditional festivals, especially the Chinese New Year (a lunar festival occurring as a rule in early February). Their effects may be summarized as follows: a. since the New Year is the time for settling of accounts as well as for feasting, the farmers need cash and sell their rice; the price falls as a result at the beginning of the festival period; b. however, the holiday on the farms decreases the amount of rice collected and transported to inland centers as the festival continues, thus counterbalancing the earlier selling; c. banditry resulting from inability to pay debts slows or stops move-

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market on an average of ten or twelve times a year, principally from March through July.

* According to records kept by the Public Works Department of the International Settlement at Shanghai (printed each year in the Annual Reports of the Municipal Council from 1920 to 1939), rainy days occurred in the city from 1920 to 1939 on an average as follows:

	Jan.	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*
Number of days on which some rain fell	3	4	6	6	8	14	7	5	5	4	4	1
Number of days with rain continuously 6 A.M.-6 P.M.	1	2	4	4	5	8	4	3	3	2	1	1

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ment of rice by water to Shanghai. This last has the greatest effect on the rice market. In general, the Shanghai price of rice tends to rise at New Year about 5 per cent and at other festival times a little less. The above effects of festival periods also demonstrate the leading position of local rice supplies, since the entire Shanghai rice market (including the price of foreign rice imports) reacts at these times to purely local festival activities. Local rice being in short supply, foreign rice is at a premium. 527 435 438

5. Civil disturbances. Movement of local rice to Shanghai is notably interfered with during periods of local unrest, especially when troop movements occur. The boatmen fear commandeering of their boats and expropriation of the cargoes. This was a frequent occurrence during the unsettled political period of the late 1920's, and later during the Japanese attacks on Shanghai in 1932 and 1937, as well presumably as the wartime period and the large-scale civil war which shortly followed it. Civil order has unfortunately not been the rule in this area during the past thirty years. In October 1926, despite an excellent harvest just gathered, large amounts of rice already in storage in Shanghai and the accumulated demand in the city after the mid-autumn festival, a local uprising in Chekiang and troop movements connected with it in Kiangsu brought water transport to a complete halt in the delta south and west of Soochow. As a result, the Shanghai price of rice nearly doubled instead of falling as it otherwise would have done. The railways to Hangchow and Nanking were kept open during the entire period. In this case the rice supply situation was eased by shipments on special order from Tsingpu, Sungchiang, and other nearby areas removed from the trouble.* 579 435 438

* Rice was stored both in Shanghai and in the collection centers in the local producing areas. However, the Shanghai rice market was very sensitive to day-to-day changes in the supply arriving from the local areas. This suggests that relatively small amounts of rice were stored in Shanghai, and that the market depended on regular shipments. When these were interfered with, it was not possible for the Shanghai rice merchants to keep the Shanghai price from rising, since orders for foreign rice could not normally be delivered in less than two weeks. The hiatus in local supplies during the planting season was of course anticipated by the Shanghai merchants in the form of advance orders for foreign rice which were delivered during May and June, but even so the price of rice rose during this period, as indicated above, further evidence that the market was dominated by local supplies moving regularly to the city during most of the year.

438 The general impression from the foregoing summary of factors, and from the market reports themselves, is twofold: firstly, that there is an ample margin of rice supply for Shanghai, from various sources, at all times at least until 1936; and secondly, that by far the largest part of that supply comes from within a radius of approximately 75 miles and moves to the city largely by water transport. There is some statistical evidence which bears on the problem, and the following figures compiled from the records of the Maritime Customs provide as close a check as can be obtained at present.

Local, Out-Province, and Foreign Rice

438 439 The Food Commission of the Bureau of Social Affairs of the City Government (Chinese) of Greater Shanghai published in 1931 a statistical study of the sources of Shanghai's food supply, using figures taken from the records of the Maritime and Native Customs.[19] The study shows a yearly average during the period 1925–1930 of 780,000,000 pounds of rice brought into the city from all sources. This is stated as a rough estimate because there are no means of recording all of the small shipments arriving from the delta by junk and sampan via the many small creeks and canals which converge on Shanghai.

The total figure is broken down in the table below, according to means of entry into the city.

from inland areas via the Whangpoo, Yangtze, or Soochow Creek:		560,000,000 pounds
from the sea via the Yangtze:		160,000,000 pounds
domestic origin	30,000,000	
foreign origin	130,000,000	
via overland routes (means of transport not specified)		60,000,000 pounds
TOTAL		780,000,000 pounds

438 497 Railway haulage figures[20] indicate that nearly all of the 60,000,000 pounds arriving by overland routes came in by rail from cities and towns along the Yangtze toward Nanking, Tanyang, and Changchow in particular. Although these places are on or near the Yangtze, they are farther from Shanghai than its main rice supply areas so

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that rail transport to Shanghai can compete with water transport. 438
Given the lines, one might assume that they would carry the most 497
important product of the delta. The surprising fact is that they carry such insignificant amounts. Total figures given by the railway for rice haulage leave little or no margin for highway transport of rice, and we may assume that it is negligible.

The relatively small figure of 30,000,000 pounds given for arrivals 438
by sea from domestic sources is probably accounted for by small-lot 505
junk cargoes from the northern and southern shores of Hangchow Bay, and from the seaward-extending tip of Kiangsu just north of the Yangtze. South of Hangchow Bay all of the coastal areas import rice to balance their local rice deficits, and north China has no rice surplus for export.

Most of the foreign rice imports to Shanghai, according to the 438
market reports referred to above, are ordered by rice brokers from 439
Nanking, Tientsin, Hankow, and Ningpo operating at Shanghai as China's leading rice market, and this rice is then shipped from Shanghai to their respective cities. At certain periods when the Ningpo rice brokers ordered directly from Ningpo for Saigon rice, Shanghai's stores of foreign rice became superabundant and its price fell sharply, even producing a fall in the price of local rice during the planting season, as in May 1929. All of these cities are relatively more dependent on foreign rice imports than is Shanghai. The focusing of delta waterways on Shanghai, and the relatively less easy transport in the hilly or semi-arid hinterlands of the other cities mentioned, are certainly as important as the concentration of rice production in the delta in accounting for this difference.

The greatest period of foreign rice invasion on the Shanghai market for consumption in the city coincides roughly with the planting season, showing a natural lag of about one month during which Shanghai stores of local rice are drawn on. As soon as new supplies of local rice enter the Shanghai market in July, the situation returns to normal and prices are stabilized. Foreign rice is also ordered by Shanghai merchants when other natural or threatened hiatuses occur in the local supply due to weather, civil unrest, short supply in storage, or price stoppages. As a rule, these breaks in the local supply are short-lived or do not materialize.

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438 With the exception of the planting season, the general price and
439 supply situation is dominated by local rice.

Although considerable amounts (unfortunately there is no record
432 of their size) of both domestic and foreign rice entering Shanghai
511 are resold to or originally ordered by other cities, relatively more of the foreign imports fall into this category. The table on page 146 above should therefore be interpreted in the light of the ultimate destination of the several categories of rice shipments arriving in the city. Total sales of rice in Shanghai, for which relatively more accurate figures are kept, provide a different indication of the city's rice consumption. Sales are estimated by the Food Commission's study as averaging annually 860,000,000 pounds during the period 1925–1930.* Their report assumes that the difference of nearly 100,000,000 pounds between this figure and the total recorded entries of 780,000,000 pounds is accounted for by unrecorded shipments arriving by creek and canal from nearby sources. Shipment of much or most of the foreign rice from Shanghai to other cities would leave an even greater gap between the two figures as measures of Shanghai's consumption, and it is logical to assume that this also is filled from local sources.

The figure for total sales, however, may not be an accurate indication of total consumption if we attempt to estimate the average annual rice consumption of a Chinese adult and multiply it by the population of Shanghai in 1930. A Chinese economist [21] suggests four piculs per year (532 pounds), which, using 3,250,000 as Shanghai's 1930 population (graph I) gives a total city consumption of 1,730,000,000 pounds. Or if we use a lower estimate of 400 pounds,[22] which agrees more closely with the writer's experience, and scale down this figure to 380 to allow for children, for other cereals and foods in the Shanghai diet (see above, p. 139), and for the non-rice-eating foreign population of the city (38,000 in 1930), we still arrive
[146] at a figure of 1,235,000 pounds. This is equivalent to about 1,750 calories per day per capita from rice alone, certainly a minimum diet for a Chinese.

* This figure presumably includes spot sales of foreign rice by Shanghai brokers to dealers in other cities, but probably does not include foreign rice delivered in Shanghai on order from other cities.

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upon all of the city's population. A leading commercial journal in the city remarked in 1940 that "Shanghai is an island cut off from the normal sources of supply of its staple food," and went on to point out that rice selling at that time in Wusih for CNC$15 per picul of 172 pounds sold for CNC$90 per picul in Shanghai, a price difference which certainly reflects transport difficulties as well as the abnormal situation in Shanghai. The Shanghai price of imported rice quite naturally rose to meet this level.[28] At scattered intervals during this period from 1937 to the end of 1941 when conditions permitted relatively safe water shipment to Shanghai from the delta, local rice appeared on the Shanghai market in large quantities and the price of rice from all sources dropped to nearly its pre-war levels.[29] 435 [489]

The part played by out-province rice is difficult to evaluate. The market reports already referred to indicate that except during the planting season out-province rice is unimportant on the Shanghai market, and at all periods under normal conditions is less important than foreign imports.[30] However, complete figures for out-province shipments of rice to Shanghai do not exist, doubtless due, at least in part, to the fact that much of it moves to the city in small boats, a flow difficult to measure. The market reports give the impression that most of Shanghai's out-province supply comes (in order of importance) from Wuhu (the chief rice center of Anhwei), the lowland areas of Kiangsi connected by lakes and rivers with the Yangtze, the lowland areas of northeastern Chekiang, and the western and southern shores of Tung Ting Lake in Hunan. All of these sources have direct water connections with Shanghai. 438

If the earlier opinion that Shanghai, among the other treaty ports, depended for its growth on overseas imports of rice is no longer tenable, it is perhaps reasonable to question whether at least Canton may not have profited from its similar location. The Hsi delta is the closest parallel in China to the Yangtze delta, although on a smaller scale. Like the Yangtze delta, it is a heavy rice-producing area which also contains a highly developed network of natural and artificial waterways. Kwangtung as a whole is a rice-deficiency area, and foreign imports of rice to Canton may not be destined entirely for 439

439 consumption in the city. As in the case of Shanghai, Canton may act as an entrepôt for rice imports to other cities.

433 489 This may suggest that China as a whole produces enough to feed itself, even by traditional farming methods, if only the food could be transported cheaply enough. As it is, foreign rice moves only to the large coastal cities, because transport costs once it leaves the sea prevent further penetration. The rice comes in because at certain periods it is cheap, and it is cheap relative to Chinese rice primarily because of the difference in transport costs between sea and land. It may be found when full facts are available that the flow of rice to large Chinese cities, which depends on price, is governed predominantly by transport costs, as it is in the case of Shanghai, and that where cheap transport is possible, local sources form the major part of the supply.

Other Food Commodities

241 438 The Yangtze delta, and more especially the fertile triangle, is a specialized agricultural area, more so than most agricultural regions of China because of its greater degree of commercialization. Its special crop is rice, with cotton, mulberry, and vegetables the only other significant items. Some wheat is grown, but it is of relatively minor importance in the fertile triangle and is raised mainly as a dry-field winter crop between rice plantings. Shanghai's dependence on local sources for rice is thus not matched by the rest of its food supply. The significance of the city's water connections with other agricultural regions is apparent in the fact that in a largely pre-railroad and pre-commercial economy, Shanghai is able to depend on distant sources for many food items in a way, if not to a degree, which is in certain respects comparable to the food supply pattern developed for large cities in the United States and Western Europe.

244 438 Shanghai has its own truck- and market-garden area, much as large Western cities have, with the difference that vegetables in particular have always been grown there and that environmental conditions in the fertile triangle are virtually ideal for market-garden-type production. Near most Western cities, soil, climate, and relief must often be fitted with difficulty into the needs of the city for fresh local food. Vegetable production in the fertile triangle

2: Murphy G-4 (no date) 1953 AF15 East China AF15

for sale in Shanghai is not only convenient but environmentally advantageous. 244 438

How much of the city's supply of vegetables comes from its market-garden area (a day's water travel, or about a 30-mile radius from the city, an area where vegetables rival rice as the leading crop), and how much from greater distances is difficult to determine with any accuracy in the absence of published records. The principal vegetable market in Shanghai is along both banks of Soochow Creek near its mouth, which suggests that vegetables come into the city by water from its immediate environs. Merchants and vendors there, including many farmers who bring their vegetables into the city by sampan for daily or twice weekly markets, speak only of the near neighborhood of the city as the source of their wares. About 15 square miles within the Municipality of Greater Shanghai itself are occupied by vegetable crops,[31] which can take the fullest advantage both of convenience to the market and of favorable environment in this fertile flat delta land. Vegetables undoubtedly come into the city in large amounts from greater distances, although it is unlikely that bulk shipments of such perishable commodities would move beyond the delta. The railways do not carry them in any significant quantities.[32] 438

Although its place in the Shanghai diet is relatively minor (see above p. 139), wheat is a major food commodity for the city because of the prominent place of the flour milling industry there. While over two-thirds of the flour milled is exported, principally to north China ports, the wheat must first be brought to the city even though most of it is not eventually consumed there. [262] 256 438 489

Shanghai drew its domestic wheat largely from Kiangsu. Only a minor crop within the fertile triangle, wheat is of much greater importance in the drier and colder areas of Kiangsu north of the Yangtze, and in the western parts of the delta. This production, plus the wheat raised almost entirely for sale as a dry-field winter crop within the fertile triangle, can be carried to Shanghai from nearly every producing area via the water network of the delta, including the Yangtze itself. While the delta area is by no means a leading wheat producer, it is wholly unique among wheat areas in China in its cheap and easy transport connections with a large urban [243]

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256 market. The semi-arid north, where most of China's wheat is
438 grown, has almost no water transportation. Water in the delta has
481 made it possible for wheat production there to become highly commercialized as Shanghai developed into a huge industrial market which water routes made accessible in terms of transport costs for bulk shipments.* This helps to explain the anomaly of Shanghai (rather than Tientsin—a close second) as the largest wheat-milling center in China despite its great distance from China's major wheat-producing areas where other industrial centers, notably Tientsin, also mill flour.

439 Domestic sources of wheat, however, accounted for slightly less
505 than half of the city's supply during most of the 1920's and 1930's. Although Kiangsu sources held the commanding position domestically, wheat also came to the city especially from the major wheat area of Shantung, by sea from Tsingtao, where it was collected largely by rail. Shanghai's connections by sea thus implemented its water connections in the delta in ensuring a steady flow of low-cost cereals. Dependence on overseas sources for more than half of its wheat was more workable economically for Shanghai, with its location and harbor facilities, than for any other China port. It was cheaper for Shanghai to bring in wheat from Canada, the United States, and Australia (the three major overseas sources in order of importance) than for Tientsin, without inland water transport, to bring in wheat from the producing areas of north China beyond its immediate Hopeh region of the north China plain.

These imports of wheat from overseas fluctuated considerably from year to year according to price conditions. As in the case of rice, wheat imports were unusually high in years of civil disorder and (or) rain and floods in the delta area, notably in 1926, and decreased markedly in intervening years of political and climatic stability.[33] Again the inference is that stoppages of water transport in the delta were the key factor. As an ocean port near major world shipping lanes, Shanghai could import at a practicable cost whatever goods normally obtained from the delta which temporary cir-

* Water as rainfall, or as irrigation, also keeps wheat yields higher in the delta than the north China average.

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cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [482]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

[135] China has significant deposits
431 of tin and produced in the 1930's between 3 and 4 per cent of the
316 world's tin ore. It is mined in the southwest tableland of Yünnan
[328] and Kwangsi, and in the hills which form the divide between the Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

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1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

The average Shanghai price before the war was nevertheless substantially below that of foreign vegetable oil imports (despite the production of coconut oil in southeast Asia). Vegetable wax from central China also largely replaced foreign imports of paraffin wax after 1930, when the *likin* (internal customs tax) was abolished by the Kuomintang government. The cheapness of domestic tallow, oils, and wax in Shanghai relative to seaborne foreign imports was clearly related to the use of inland water transport in bringing these products to the city. The fact that 80 per cent of Shanghai's soap production in the early 1930's was marketed outside Kiangsu also suggests that the city's water connections with its hinterland were basic in locating the industry there. Only 10 per cent of the Shanghai soap industry's raw materials were imported, largely coconut and olive oils for making especially high-quality soap for the domestic market.[33]

By contrast, the Shanghai match industry was almost entirely dependent on overseas sources for its raw materials. It imported all of its sulphur (largely from Japan), all of its paper and cardboard (from Sweden), and all of its match-making machinery (from Japan). Most of its phosphorous was also imported, but some was produced locally from animal bones. Ample sulphuric acid was produced in Shanghai. For this product of such high unit-value by weight, raw materials to which so much value was added by manufacture could economically be imported, and the finished matches were marketed in every province of China.[34] Shanghai was never-

439 316 Consular and Customs reports from Shanghai during the early decades of the modern city show that it depended almost entirely on overseas imports of coal. There was a large movement in ballast from England to Shanghai from the opening of the port to foreign trade in 1843 through the period of the 1860's, when foreign merchants had difficulty finding a market for foreign goods in return for China's tea and silk.[43] It was consumed largely by the coastal, river, and ocean vessels fueling at Shanghai.[44] This relatively cheap ballast coal from England was however gradually replaced after 1870 by even cheaper coal from Nagasaki in Japan and from the large Chinese government-operated Keelung mines (subsequently taken over by the Japanese in their conquest of Formosa in 1895) at the northern tip of Formosa, opened in 1875. Both of these new sources were on tidewater and coal from both could move to Shanghai as part of the growing volume of east Asian maritime trade.

316 438 The first large-scale coal mine in China was opened at Kaiping, Hopeh, in 1878,* (map 9), and the first shipment from Kaiping to Shanghai arrived in 1881, but this coal was unable to compete with Japanese imports at Shanghai until after the turn of the century. By 1930, the Kaiping mine accounted for 23 per cent of China's annual coal production.[45] Kaiping was connected by rail to Tangku and Tientsin in 1888 (the first permanent railway in China), and to Shanhaikuan, via Chingwantao, in 1894. At Chingwantao, 79 miles by rail north of Kaiping, a seawall and wharves were built between 1899 and 1902 to permit shipment of Kaiping coal from this port, where there was no bar as at Tangku.[46] [503]

438 439 This facilitation of transport, and the relatively short rail-haul from the mines to Chingwantao, were undoubtedly factors in the increased ability of Kaiping coal to compete in the Shanghai market after 1902. In the 1890's, with the assistance of French capital, another new supply of coal appeared on the east Asia market, from Indo-China. The mines, located on tidewater near Haiphong (map

* This was the Kaiping Mining Bureau, organized at the instigation of Li Hung-chang in 1878, and later (1912), after a period of British control (1901–1912), reorganized as the Kailan Mining Administration, a joint Sino-British undertaking and one of the pioneer modern industrial enterprises in China. For a valuable account of its development, see Ellsworth Carlson, *The Kailan Mines* (1949).

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9), could compete in Shanghai with Japanese, Formosan, or north China coal. 439 438

The table below estimates the relative rank of major sources for Shanghai's coal in the 1930's, by percentages of total tonnage of coal delivered in Shanghai in each year from all the sources listed.[47]

Source	*1931*	*1932*	*1933*	*1934*	*1935*	*1936*	*Average 1931–36*
Kaiping (Hopeh)	37	46	37	36	37	36	37.5
Tzuchuan-Poshan (Shantung)	7	6	11	17	19	22	14.0
Japan (ex-Nagasaki)	18	16	15	8	5	3	10.8
Fushun (Manchuria)	19	13	13	6	3	1	9.5
Anhwei (mines on Yangtze)	—	—	9	10	14	23	9.2
Chunghsing (Shantung)	8	8	6	12	12	8	9.1
Haiphong (Indo-China)	4	6	6	5	5	5	5.3
Shansi (mine(s) unspecified)	7	5	3	6	5	2	4.6
	100	100	100	100	100	100	100.0

Mainland places mentioned in the foregoing table will be found in map 9. The Poshan and Tzuchuan mines were located in the major coal field of Shantung. Both mines began to produce coal on a large scale in the late 1920's, after they were connected by rail to Tsingtao, approximately 175 miles away. Tzuchuan and Poshan coal moved to Shanghai largely by rail to Tsingtao and thence by sea, although there was some rail shipment via Nanking and thence to Shanghai via the Yangtze. Fushun was linked by rail with the port of Yingkow (Newchwang), 120 miles to the south at the mouth of the Liao River, as well as by limited water transport on the river, and by rail with Dairen, Manchuria's leading port, 210 miles to the south. The mines in Anhwei were located along the Yangtze, but production was not begun on a large scale until after 1932. The Anhwei coal deposits are relatively small and their exploitation is more expensive than in the larger Chinese mines, such as at Kaiping. Only their location along the Yangtze made their exploitation profitable as a source for Shanghai's coal supply. Coal from Chunghsing in Shantung moved 120 miles by rail to Haichow, and thence to Shanghai by sea. Shansi coal entering Shanghai came principally from the mines at Tzu- 438 316

438 chou, and moved to both Tientsin and Haichow by rail, whence it
316 traveled to Shanghai by sea.

The figures for coal imports from Japan and Manchuria in 1931,
439 1932, and 1933 listed in the foregoing table owe their size primarily
438 to Japanese dumping of coal on the Shanghai market in these years at a price which was often less than two-thirds of the domestic price of coal in Japan. The table shows that while this dumping did not greatly affect sales of Kaiping coal in Shanghai, it did cut into the Shanghai market for Shantung coal in particular (Tzuchuan, Poshan, and Chunghsing). This may suggest, in the absence of complete available price figures, that Kaiping coal was relatively cheap in Shanghai and that Shantung coal was relatively expensive. A reason for this difference may be found in the long rail-haul necessary for coal moving from Shantung mines to Shanghai (120 miles from Chunghsing and 175 miles from Tzuchuan-Poshan), compared with the shorter rail haul of 79 miles for Kaiping coal to Chingwantao.

[497] Railway figures show that coal shipments arriving in Shanghai by rail in the years 1931, 1932, and 1933 averaged less than one-quarter of the railway coal shipments recorded for 1930, 1934, 1935, and 1936.[48] Apparently direct rail haulage of coal from Shantung (or from other sources) to Shanghai was not profitable in the face of Japanese dumping in Shanghai. Figures of the Maritime Customs for these years show no significant falling off in seaborne cargoes of coal arriving in Shanghai between 1931 and 1933, and in fact record a slightly higher average for these three years than for the years immediately preceding and following them, readily explainable in terms of larger imports of the unnaturally cheap Japanese coal for inland distribution as well as for consumption in Shanghai. In any case, Kaiping coal apparently had no difficulty in maintaining its position on the Shanghai market despite Japanese dumping.

438 Shanghai drew most of its coal from sources closely oriented to
316 water transport. Coal deposits are widely distributed over large areas of north and central China. While Shanghai received its largest supply from Kaiping mines near the coast, and a relatively constant supply from the mines on tidewater at Haiphong, it drew

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inland coal only from Fushun (on a navigable tributary of the Liao, and normally the cheapest pit-head coal in East Asia due to easy extraction from huge open-pit mines), Anhwei (deposits along the Yangtze), Shansi (China's major coal reserve), and Shantung (the nearest large coal deposits to Shanghai). The Chinghsing mines in Hopeh could not depend for transport on their largely unnavigable river connections with Tientsin, 190 miles away by rail. 438 316

The accompanying table lists the average annual production (in millions of tons) of the major coal-producing provinces of China in the early 1930's.[49]

Province	*Production*
Hopeh	7.7
Shantung	3.5
Shansi	2.7
Honan	2.1
Szechuan	.9
Hunan	.6
Anhwei	.6

Hopeh, with its Kaiping mines 79 miles by rail from the port of Chingwantao, supplied the largest share of Shanghai's coal for the period 1931–1936 (37.6 per cent). Shantung, immediately north of Kiangsu and the nearest large coal producer to Shanghai, but with limited water transport, supplied an average of only 23.1 per cent of Shanghai's coal during the same period. Inland Honan, Szechuan, and Hunan do not figure as sources of Shanghai coal. Anhwei, also without a seacoast, but with mines along the Yangtze, accounted for 23 per cent of Shanghai's coal supply by 1936. Landlocked Shansi, China's third producer of coal accounted for less than five per cent of Shanghai's coal supply for the same period. Overseas coal imports (Japan, Manchuria, and Indo-China) accounted for 25.6 per cent of Shanghai's coal supply for the period 1931–1936, or more than any Chinese province except Hopeh (see table above on p. 185). 439

Ting estimates that for China as a whole in the period of the 1930's domestic coal was moved 70 per cent (by weight) by rail, and 438 461

438 30 per cent by water.[50] Shanghai was thus in a relatively favorable
489 position in being able to draw its coal supplies so largely over water routes. For the period 1930 to 1936, the city imported an annual average of 3.9 million tons of coal from all sources combined.[51] Figures of the Maritime Customs at Shanghai for the same period show an annual average of 3.5 million tons of coal arriving in the city by sea and river [52] (so that railway haulage accounted for less than 10 per cent). Even so, the distances separating Shanghai from its sources of coal made domestic coal more expensive there than for instance in Tientsin, where the cost of Kaiping coal was about 10 per cent less than in Shanghai. Shansi coal, selling for CNC$5 per ton at the pit-head, sold after its long rail haul for CNC$10 at Taku and CNC$12 per ton at Shanghai.[53] (Note that the price doubled between the mines and Taku, but increased by only 20 per cent between Taku and Shanghai, more than twice as long a haul, but by sea rather than by rail.) Shanghai has the advantage of central location, and can draw with equal ease on domestic or overseas coal as prices vary.

375 Consumption of coal in the city, according to C. A. Bacon, was divided approximately as shown below.[54]

Users	*Approx. Annual Consumption, in Tons*	
Public Utilities	1,475,000	
electric power companies		1,300,000
gas works		100,000
waterworks		75,000
Other Industries	1,100,000	
Households	500,000	
Shipping	400,000	
Railways	350,000	
Miscellaneous	50,000	
TOTAL	3,875,000	

365 According to these figures, 37 per cent of Shanghai's coal consumption was accounted for by the electric power companies. There were four of these companies in the 1930's, of which the Shanghai Power Company (sold by the Shanghai Municipal Council to an American company in 1929, and in 1949–50 taken over by the Com-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER VIII

FOOD AND NUTRITION

AT A TIME WHEN Shanghai is militarily occupied following the outbreak of Pacific hostilities, and its food supplies subject to willingness of the Japanese military to provide them, one is apt to think of the problem of food entirely in terms of whether or not there will be any at all. From the moment of the commencement of hostilities in August 1937, the question of food supply held the concern of the Settlement authorities. Two days after the first shot was fired in the Shanghai area, the Supplies Committee of the Shanghai Municipal Council met and through the intervening years dealt with the problem actively and continuously. 262 722

The problem at first was what the city would do when it was cut off from its hinterland, the rice-producing area; when fighting moved back into the provinces and destroyed the autumn rice crop; when rice boats would no longer bring rice to the city. In 1932, when there had been five weeks of fighting in the Shanghai area, rice boats had feared to come into the city, and trucks had been sent out to meet them beyond the fighting zone, to bring in needed food. Rice, which then usually sold at $10 to $12 per *shih* (172 pounds), rose to the high price of $17 to $18 because of fear of shortage, and fell with what at that time seemed a dramatic drop when the supplies were brought in and the feared shortage did not eventuate. Those who had planned the small adjustment needed in 1932 found that more drastic measures were necessary in 1937 and later. 262 438 727 [435]

The provinces nearest to Shanghai are rich rice-producing areas. Through part of Kiangsu province winds Soochow Creek, and from Chekiang province into Kiangsu flows the Whangpoo River, to meet in Shanghai. Down both of these waterways in normal times came a succession of large rice boats, and from Wuhu above Nanking on the Yangtse River larger steamers laden with grain. In general it was a simple trade. Rice was sent on consignment to rice merchants in Shanghai, and payment was later made to the interior

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

438 chiefly in the form of the city's cotton textiles, soap, cigarettes,
262 matches, and rubber shoes. In addition, through importing firms,
722 a certain amount of foreign rice arrived, usually from Indo-China; but Saigon rice was considered inferior, and Chinese rice was preferred when it was available.

It was obvious that when the city was surrounded by Japanese troops, its waterways could no longer be used for the transportation of rice. Immediately after the outbreak of hostilities the Shanghai Municipal Council placed orders in Saigon for 7,000 tons of rice, and chartered ships to bring it to the city. But because fighting was taking place across the Whangpoo River, the ships would not enter it, and it was necessary to send steel lighters by tug out into the Yangtse mouth to off-load the rice. This rice, stored in godowns all over the area south of Soochow Creek, was available when in November 1937, the expected severance of supplies from the interior occurred.

It was then hoped, as time went on and hostilities were removed further from the neighbouring provinces, that normal trade relations with the hinterland might be restored. For a time rice did come into the city in fair quantities. But increasing controls exercised by the Japanese military, who gave Japanese firms the privilege of collecting rice with reservation for military use, and increasing difficulties of obtaining rice in the growing districts due to various factors, by 1940 compelled Shanghai to rely almost en-
511 tirely on rice imported from Saigon. The steep rise in cost of living
439 in Shanghai dates from the commencement of dependence on for-
722 eign sources. It was tragic that Shanghai should be tied to foreign exchange in order to feed its population at a time when the exchange value of the Chinese national currency was falling.

Other factors soon intruded. Freight rates and insurance charges rose month by month following the outbreak of the European war and added their share to the increasing cost of imported rice. But the situation was to become even worse. During the autumn of 1940 Japan was engaged in gaining control of northern Indo-China, with the result that after early February 1941, no orders for rice would be accepted in Saigon until the Japanese demand for 700,000 tons had been met.

722
262 WHERE, THEN, WAS Shanghai to get rice? Renewed efforts to obtain
438 rice from Chinese provinces near Shanghai failed. Prior to the sign-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

ing of the treaty with Nanking on November 30, 1940, it was announced that high Japanese military authorities in Nanking had agreed that, subject to meeting the needs of the army and with certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai.

There were ample stocks of rice in Burma, but there were no ships to bring it to Shanghai. This was well known, not only to rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*.

It can readily be understood that with such difficulties in feeding the Settlement, major emphasis had to be placed on ensuring supplies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937.

The distressing effects of high prices were illustrated by the practice of "rice sweeping" (and, indeed, the snatching of other commodities such as raw cotton) which became a frequent sight in the city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled.

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council had intervened to bring rice to Shanghai, it had no desire to interfere with the normal trade in rice unless forced by circumstances to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 the chairmanship of one of its own members to deal with the
438 matter.

But it proved impossible to secure the desired ships, and the out-
262 look for Shanghai appeared dark. The authorities were therefore much relieved when in April the Government of Hongkong requested the Shanghai Municipal Council to act as its agent in disposing of stocks of Rangoon rice which had been held in Hongkong as a reserve but could not be kept indefinitely without deteriorating. An arrangement was concluded whereby the Council agreed to receive enough for the Settlement's needs at a price which would enable the Hongkong Government to replenish its stocks through imports from Rangoon.

262 On April 26, 1941, when second-grade Saigon rice was quoted
435 at $126 per *shih* in the Shanghai rice shops, the Council announced
438 its intention to import Burmese rice from Hongkong. Speculators who had been hoarding rice made last-minute efforts to sell at high
633 levels. Prices rose steadily until May 3, when $145 was quoted for second-grade Saigon rice, but during the next fortnight they dropped, until May 17, when Council rice at $110 per *shih* was placed on sale in the retail shops. The "racket" for the moment was broken.

435 Ever since 1937, the Council's Supplies Committee had wrestled
633 with the question of price control. The rice trade appointed a "Shanghai Rice Price-Fixing Committee" whose decisions could,
262 according to Chinese Law, be enforced in the First Special District Court. During 1939 it fixed a price endorsed by the Council, of $40 per *shih*, which, however, was soon exceeded; and a "black market" developed where deals were consummated at prices considerably beyond this price. During 1940 the question of price-fixing generally was again exhaustively examined by a special sub-committee of the Supplies Committee. One result of its work was the adoption by the Council of measures requiring clear marking of the prices of daily necessities sold in the Settlement. The aim of this was to induce competitive selling on the part of vendors, and to permit the buying public to discover where goods were most reasonably priced. The Council, together with the French Concession administration, published regular price lists of necessities, also with the idea of informing the public where goods could be most reasonably purchased. In June 1940 the Council established

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Annex "A," Subparagraph 3i,
Economic Background

FOREIGN TRADE AND EXCHANGE

439 Of the five provinces of East China, only Anhwei has no direct outlet to the sea. The provinces of Shantung, Kiangsu, Chekiang, and Fukien, on the other hand, provide virtually the entire eastern and southeastern seaboard of the Chinese Mainland. Furthermore, access to the inland provinces is especially facilitated by the Yangtze River via the port of Shanghai. These geographical facts served in the past to make East China one of the most important areas of foreign contact, if not the most important. Foreign investors followed the footsteps of foreign merchants and the trade ports became in turn centers of manufacturing, which further encouraged their development as focal points in foreign commerce.

Customs Offices and Principal Ports

502 The identity of the principal ports of the East China provinces today may be seen from the distribution of Communist China's customs establishments in this area.[1]

1. Lun-hsien-hou Ti Ta-lu [Mainland under Occupation], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1953, pp. 140-41.

502 Apparently, the above tabulation represents the result of the streamlining of the customs administration as former customs offices at such river ports as Wu-hu (Anhwei Province), Nanking, Soochow, and Chen-chiang (Kiangsu Province) have been eliminated. Moreover, seaports like Lung-k'ou and Wei-hai-wei -- both in Shantung Province -- do no appear on the list. While foreign trade may still be conducted through such points, there is no doubt that the twelve ports given in the table above now constitute the principal points of contact in East China's trade with foreign countries.

Relative Importance of East China Ports in Imports and Exports

504 439 During 1936, the last year of relative peace before the resumption of the Sino-Japanese War, the East China ports accounted for 70.9 per cent of the country's imports and 62.6 per cent of its exports. At the end of World War II, because of civil war activities in North China and their adverse effect on trade, and because of the large import of consumer goods demanded by the population of the coastal cities, the relative importance of the East China ports was further enhanced so that 87.4 per cent of the country's imports and 66.3 per cent of its exports were funneled through these ports

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504 in 1946.[2]
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As far as imports are concerned, the principal ports of entry in 1936, arranged in diminishing order of their trade volume and exclusive of river ports, were (1) Shanghai, (2) Tsingtao, (3) Amoy, (4) Chefoo (Shantung Province), (5) Foochow, (6) Hangchow, (7) Lung-k'ou (Shantung Province), (8) Ningpo (Chekiang Province), (9) Wei-hai-wei (Shantung Province), (10) Wen-chou (Chekiang Province), and (11) San-tu-ao (Fukien Province). At the same time, the corresponding list for exports was: (1) Shanghai, (2) Tsingtao, (3) Chefoo, (4) Foochow, (5) Amoy, (6) Lung-k'ou, (7) Wei-hai-wei, (8) Wen-chou, (9) Ningpo, and (10) San-tu-ao.[3] The two lists are in agreement in placing Shanghai and Tsingtao as the first and second busiest ports on the East China coast, but differ somewhat on the relative significance of the remaining ports. As far as statistics of any one year can be taken as an indication of normal conditions, the lists above seem to point to a greater role for the Shantung ports (other than Tsingtao) in relation to the remaining East China ports, in China's export trade, than in the country's import trade.

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2. Chinese Maritime Customs, Statistical Series, Trade of China 1936 and 1946, Shanghai, passim.

3. Ibid.

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439 The phenomenon that the East China ports as a whole were more important as import channels than as export channels in China's foreign trade in the past and that, with the exception of Shanghai and Tsingtao, the individual East China ports also exhibited a similar dichotomy in relation to one another is a reflection of the following factors. First, the volume of imports handled by any port or area is determined primarily by the latter's importance as a center of manufacturing and consumption and by its capacity to serve as a point of entry for other similar centers. Second, the volume of exports that pass through any port or area is chiefly dependent upon accessibility to areas producing such goods. It was for these reasons that East China, which contains the large manufacturing and consumption centers of Shanghai and Tsingtao, was more important in the country's import trade than in its export trade. It was probably for the same reasons that, in relation to other East China ports, the Shantung ports of East China (except Tsingtao) seemed to be more important as export centers than as import centers while the Fukien and Chekiang ports presented the opposite case. As the underlying economic factors change, the relative position of these ports with respect to imports and exports will, of course, also undergo corresponding adjustments.

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The Changing Role of East China in Foreign Trade

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Some adjustments have already taken place under the Communist regime. For instance, during the nine-month period from June 1949 to February 1950, Shanghai recorded only US $15.3 million worth of imports and US$ 9.9 million of exports.[4] At these rates the annual amounts would be US$ 20.4 million and US$ 13.2 million, respectively, and would be no more than 11.4 per cent of the country's total imports and 8 per cent of the total exports, a far cry from the pre-Communist period when Shanghai accounted for well over one-half of the total exports and from 80 per cent (1936) to 90 per cent (1946) of the total imports. The situation was not much improved in the following year when Shanghai registered an export volume of US$ 44 million,[5] which corresponded to less than 10 per cent of the country's estimated total export trade.[6]

A number of reasons were responsible for this sudden decline of the share of Shanghai,

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4. Ching-chi Chou-pao [Economic Weekly], Shanghai, May 25, 1950, p. 9.

5. Far Eastern Economic Review, Hong Kong, April 19, 1951, p. 486. This may also be compared with India's export of $ 1,140 million in 1950; cf. United Nations, Economic Survey of Asia and the Far East, 1950, New York, 1951, p. 312.

(continued next page)

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439 and hence that of East China as a whole, in Chinese foreign trade during the first phase of Communist rule. One vital factor in this development during 1949-50 was undoubtedly the Nationalist blockade which extended at one time well to the north of Shanghai and all along the southeastern coast. This blockade was apparently more effective in reducing the usefulness of these ports than one might have been inclined to believe at the outset. However, the loss of the Chou-shan (Chusan) archipelago and the subsequent evacuation of various coastal island groups by the Nationalists has whittled down the effectiveness of the blockade to a token level affecting the Fukien ports only.

Underlying Economic Factors

The complete elimination of this non-economic and exogenous influence would not mean that East China in general and Shanghai in particular would reassert their predominance in China's foreign trade, inasmuch as several basic economic changes have taken place under the Communist regime. First, Shanghai has ceased to be the most important manufacturing center of China and does not represent a major center for further intensive development under

6. Yuan-li Wu, An Economic Survey of Communist China, chap. XIII. New York, Bookman Associates, 1956.

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439 the Five-Year Plan. The same may be said of the entire lower Yangtze valley served by Shanghai in comparison with other areas of the Mainland. Secondly, near self-sufficiency in raw cotton has reduced, or perhaps removed, the need to import cotton to feed the large cotton textile industry of Shanghai and Tsingtao. Thirdly, as a result of general austerity and import restriction, such coastal cities as Shanghai, Tsingtao, and Amoy, as well as inland urban centers like Nanking, have ceased to be areas of concentrated demand for imported consumer goods. Finally, intensive development of North China, South China, and Manchurian ports, together with land transportation lines in the west and north, have opened up alternative channels of foreign trade which, developed at a time when the coastal blockade was a serious threat to the Communists, would not diminish in importance even if such military threat were completely removed.

Exports from East China

On the basis of the above analysis, it would appear that in the future East China will reverse its traditional role in China's foreign trade and become relatively less important in imports than in exports, i.e., both as outlets for exports in general and as the producer of exportable goods. In this connection, it may be noted that major exports from Shanghai in the second half of 1949, arranged in

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439 diminishing order of their respective magnitudes, were: (1) tea, (2) furs and skins, (3) wood oil, (4) wool, (5) feathers, (6) cotton yarn, (7) egg products, (8) textiles other than cotton, (9) cotton piece goods, (10) intestines as casing, (11) raw silk, (12) straw hats, and (13) peppermint.[7] Of these, tea, raw silk, straw hats, and textiles may be regarded as products indigenous to East China. A similar listing for Shanghai exports in 1950 consisted of (1) ground nuts, (2) menthol, (3) wood oil (4) tea, (5) lace, (6) vegetable oils other than wood oil, (7) cotton yarn and cloth, (8) cereals and other edible products, (9) peppermint oil, (10) straw hats, (11) gallnuts, and (12) hemp.[8] The second list generally corresponded to the first and both reflected the predominance of agricultural and handicraft products in China's exports.

If the traditional importance of certain exports from East China may be regarded as an

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7. Far Eastern Economic Review, Hong Kong, July 20, 1950, p. 74.
8. Ibid., April 19, 1951, p. 486.

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439 indication of future development, one might also expect some expansion in the export of bristles, which had suffered a decline in the early phase of the Communist regime, in addition to export of tea and wood oil. On the other hand, it is entirely possible that shipments through East China of such ores and metals as antimony and wolfram may not be revived to former levels because the bulk of such shipments is now destined for countries within the Soviet orbit and may take different routes.

Moreover, in line with Communist China's policy to expand the export of manufactured products, Shanghai and Tsingtao, as principal centers of light manufacturing industries, may be expected to contributed substantially to the effort. According to a recent report, for instance, the Shanghai branch of the China Industrial Products Export Company is said to have undertaken the organization of the export of various manufactured goods to African and Asian countries, including such items as electric fans, window screens, thermos flasks, sheets of asbestos, knitted wear, piece goods, and pharmaceuticals.[9] That this type of activity will be continued and expanded in the future may be taken for granted.

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9. Hua-ch'iao Jih-pao [China Daily News], New York, June 27, 1955.

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439 The above trend has been further confirmed in a recent report from a Communist paper in Hong Kong which, while alleging a substantial increase in Shanghai's export trade in 1954 as compared with 1936, also stated that the volume of exports exceeded that of imports. Various manufactures were again mentioned as among the exports while former imports such as newsprint, glycerine, caustic soda, and pure soda, were no longer imported.[10]

Nationalization of Foreign Trade

471 439 A number of developments in East China under the present regime are especially symbolic of the radical change in China's foreign economic relations in recent years. One of the first things to be noted is the gradual elimination of private business from the foreign trade field. There were, for instance, as many as 1,434 registered private import firms in Shanghai prior to the Communist occupation.[11] By 1952, the total number of registered private importers and exporters had dropped to 800 for the country as a whole.[12] Even prior to

10. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 22, 1955.

11. Far Eastern Economic Review, Hong Kong, April 19, 1951, p. 483.

12. Ching-chi Chou-pao [Economic Weekly], Shanghai, Oct. 2, 1952, pp. 775-76.

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439 the Five-Anti Campaign, government trading
471 already accounted for 67 per cent of Shanghai's exports and 54 per cent of the city's imports. Moreover, only 10 per cent of the private foreign trade business was accounted for by non-Chinese firms.[13] This trend of nationalization and naturalization of foreign trade has by now been carried to its logical conclusion.

In the second place, it may be noted that as early as October 1949, when there was no United Nations embargo against Communist China, a trade agreement was concluded between the USSR and East China, under which 8,000 tons of Russian newsprint and paper pulp were bartered for 1,024 quintals of bristles and 800 bags of raw silk.[14] While no other regional trade pacts have been concluded by East China thereafter, in this case the reorientation of China's foreign trade toward the Soviet orbit can be clearly seen.

Black Market Foreign Exchange

457 However, one would be mistaken if one
439 were to conclude that such East China ports as Shanghai and Amoy, which were focal points

13. Ibid.
14. Economic Weekly, Shanghai, May 25, 1950, p. 9.

439 of private financial and economic activity, have
457 entirely discarded every trace of business methods common in the pre-Communist period of monetary inflation. A most notable case in this respect is the continued practice of conducting private remittances between Shanghai and Amoy, on the one hand, and the British Crown Colony of Hong Kong, on the other hand, in defiance of the Communists' exchange and trade controls. Quotations for such remittances can be obtained in Hong Kong and business is usually carried on in terms of gold bars or U. S. dollars, albeit on a small scale. Although gold and U. S. dollars are not actually shipped -- i.e., smuggled -- in each transaction, the possibility apparently exists. Moreover, there would appear to be black markets in both gold and U. S. dollars in these former treaty ports. While this state of affairs will undoubtedly change, it nevertheless points to the existence, for the present at any rate, of what to the Communist authorities must be an "insidious influence" born of the days of dominance of Chinese "bureaucratic" capitalism and foreign "exploitation" in East China's economic relations with the outside world.

Control of Foreign Exchange

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The Bank of China, as designated by the People's Bank, handles what few foreign-exchange transactions there are, including the

361 177 politan limits, and the Chinese economy on which its trade is based remains far from integrated or commercialized, while railways are still perhaps China's most notable lack.

361 439 177 But Shanghai lies near the seaward face of the Yangtze delta, where the extensive water routes of a great river system are gathered into a knot, and where the coast of China extends farthest into the open sea. Goods which different local areas produced and for which foreign traders found overseas markets could thus move out for export through Shanghai, and foreign goods entering China in return could be distributed over a wide area from the city. Shanghai thereby became the commercial center for virtually all of the Yangtze basin, which includes the most populous and productive half of China. Not only did trade flow through the city, but Shanghai also became one of the world's leading financial centers. Its banks financed the Chinese government as well as the economic life of the city and of its commercial hinterland of half of China and all the Chinese ports. They controlled "at a very conservative estimate 90 per cent of the imports and exports between China and foreign countries."[1] As manufacturing developed in the city during the twentieth century, aided by the accumulation there of foreign and Chinese capital earned in trade, it was able to compete successfully with other manufacturing centers, despite the local absence of most industrial raw materials, because of the ease and cheapness of water transport for the materials of manufacturing brought from more distant places. Finally, Shanghai's four million people could be fed largely from rice produced in the fertile Yangtze delta.

361 162 177 Perhaps the most remarkable aspect of the city is simply its size. Dense populations have long been associated with deltas, and in southeast Asia nearly all of the notable population concentrations are on fertile deltaic soils where ample water is available for the irrigation of paddy rice. Each of the major deltas in southeast Asia also supports the largest or second largest city in its political unit (Hanoi, Saigon, Bankok, Rangoon, and Calcutta). But none of these cities approaches Shanghai in size; Calcutta, the largest, has a population of only about two and a half millions.

361 439 Two outstanding locational factors distinguish Shanghai from other delta cities in the lower and lower-middle latitudes: its central

361 position on the coast of east Asia, and the great extent of its trade
439 hinterland. With a similar delta agrarian setting for all of these
177 cities, Shanghai is nearly twice as large as any of them because the trade of half, and that half the richer one, of the most populous political unit in the world is funneled through the city by the pattern of inland waterways and sea routes which focuses on it. In the pre-industrial economy of China, water transport is by far the most important volume carrier. While China remained agrarian, the stimulation of its external trade by foreign commercial enterprise produced an interregional flow of goods which moved largely through Shanghai. This situation continued to implement the physical advantages of the city's location to make it the major point of contact between China and the West.

369 Modern Chinese banking and finance, manufacturing, and com-
177 mercial organization (and the new class of Chinese associated with them and divorced from traditional China) all got their start there, are still largely concentrated there, and for the last hundred years have spread out from there as from the center of a whirlpool. Of the whole process of Westernization in China, only railways came relatively late to Shanghai, a logical exception in view of the abundance of good water transport. Otherwise the city rapidly became, within the first decade of its opening to foreign trade, a physical and economic replica of the nineteenth-century Europe which had built it, and in time of the twentieth-century America which was also a prominent contributor.

Shanghai and the pattern of its development during the past century have been modern China in microcosm. In the city China for the first time learned and absorbed the lessons of extraterritoriality, gun-boat diplomacy, foreign "concessions," and the aggressive spirit of nineteenth century Europe. There more than anywhere else the two civilizations came together: the rational, legal-minded, scientific, industrialized, efficient, expansionist West, and traditional, intuitive, humanist, agrarian, inefficient, seclusionist China. The sequel, and China's response, began primarily at Shanghai, and there modern China was born.

China's economic revolution, as fully as Chinese nationalism, struck its first modern roots beside the Whangpoo, and these two

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of real significance for the existence of the city as a foreign enclave. 648
(All special rights of foreigners in China, including extraterritoriality, were renounced by the treaty powers in 1944. Shanghai is now governed as a single unit by the Communist administration.) 692

The practice at many other treaty ports in China differed. At 648
some, outright territorial concessions were made to each important 651
foreign trading power; at others, the Chinese authorities established 439
"international settlements" where foreigners might purchase land; at others, as at Shanghai, certain areas were reserved for foreign leasing (and later foreign purchase), with title deeds issued by the Chinese Government. Altogether, more than forty such treaty ports were established in China (some of them in fact inland centers far removed from navigable waterways), and administrative practice differed widely among them. The one common feature of all the treaty ports was that goods entering the "port" were exempted from all further taxation on their domestic movement by the payment of one inclusive tax. This provision was intended primarily to expedite the foreign trade of the treaty ports, but it also acted to encourage the movement of domestic trade through these cities with the streamlined tax system as compared with the multiplicity of local taxes which otherwise interrupted the movement of goods within China.

At Shanghai, there were three independent political units (map 633
3). First, the original Chinese city, to which were added, as the city grew after its opening to foreign trade, areas of predominantly Chinese occupancy outside the limits of the foreign settlements. This Chinese area was governed by the local Chinese county authorities until 1928, when the Nationalist Government established the Municipality of Greater Shanghai (map 5), a new administrative unit covering all of Shanghai outside the foreign settlements, responsible directly to Nanking and independent of local authorities. (It totalled 320 square miles, most of which remained open rural country outside the conurbation.) Second, the so-called International Settlement, which had originally been British and which was opened to all foreigners in 1854. This was the largest and most populous single political unit within the conurbation, and it included the city's commercial core, most of its manufacturing, and most of its shipping frontage. Third, the French Settlement, usually miscalled the "French

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Nanking

is above the delta proper, and its water connections are limited compared with those of its delta rivals. It has profited primarily from its location at a break in transport routes (including China's major north-south railway, which breaks at the Yangtze — map 8), and from its periodic function as a political capital.

All three cities have been hampered in their modern development by the lack of harbors adequate for ocean ships. At Hangchow an impressive tidal bore and many shoals in Hangchow Bay preclude use of the Chientang estuary by ocean shipping, and the river itself is navigable only for small boats. Soochow, once a maritime trading center, is now effectively land-locked, and was in any case superseded as a port city by Shanghai by at least the eighteenth century A.D. Nanking, 210 miles from the sea, must contend with silting, river currents, and an exposed anchorage. Both Nanking and Hangchow are handicapped as commercial centers, especially in a region where most goods move by water, by the rugged country around them (map 5), which contrasts with the extensive lowland focused on Shanghai. While all three of these cities were larger than Shanghai before the opening of China to foreign trade and to Western commercial exploitation, they were quickly outstripped by Shanghai under the new economic conditions, where access by water to the entire Yangtze basin and to the major ocean lanes of world commerce gave it a decisive advantage.

The city lies topographically at the focus of the east China lowland, converging on it from both the west and the north, and of the Yangtze basin as a whole (map 2). The river and its tributaries, draining the productive heart of China, all feed ultimately to the mouth of the Whangpoo. In the mainly pre-industrial economy of China, the great majority of goods moving beyond purely local markets do so by water. No other location can marshall a fraction of the advantages of Shanghai on this crucial point.

Of China's two other major river systems, the Huang (Yellow) in the north is navigable for steam launches for 25 miles above its mouth and for a small part of its course through Honan, but it is otherwise useless for navigation except in short stretches by small boats. The Hsi (West) River in the south is navigable for some 230 miles in the high-water season (spring and summer) for vessels

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505 drawing fifteen feet and for the same distance at low water for vessels drawing six feet. Smaller steam launches use the river for about 700 miles at all seasons. The Hsi system, however, drains only about 210,000 square miles, and contains no such extensive lowland as the Yangtze basin (map 2).

On the Yangtze there is an all-year ship channel for 5,000-ton ships as far as Hankow, 600 miles from the river's mouth, and a summer (high-water period) channel to Hankow for 10,000-ton ships. Above Hankow, permanent steamship service is maintained as far as Chungking, 1400 miles from the sea, by vessels up to 2,000-tons, and river steamers also operate to Suifu (Ipin, Süchow), 150 miles farther upstream where the Yangtze leaves the mountain mass of central Asia and is joined by its navigable tributary, the Min, from the western part of the Red Basin of Szechuan. Map 4 shows the extent to which the river's tributaries are navigable by different sized ships (Suifu on this map is referred to as Süchow). The total of inland waterways navigable from Shanghai by junks at all seasons (excluding the canals of the delta) is nearly 30,000 miles, reaching approxi-
● 434 mately 200,000,000 people. This transport network is reflected in the fact that Shanghai between 1865 and 1936 handled between 45 and 65 per cent of the total foreign trade of China by value.

503 The Yangtze system feeding Shanghai is reproduced in miniature
505 within the delta itself (map 5). A maze of canals dissects the fertile triangle, connecting with natural waterways to form through water links between every village and town in this area and from
[312] all of them to Shanghai. The canals are used primarily for transport, but they also serve as sources of irrigation water for wet paddies and as community water supplies, in addition to providing drainage, which may have been their original purpose.[2] The alteration of the natural environment which the canals represent has been in progress for at least the last 2,000 years, and now constitutes probably the largest concentration of artificial waterways anywhere in the world.

When the canals are added to Tai Lake and the chain of smaller lakes to its east, the Yangtze, the Whangpoo, Soochow Creek, and many smaller rivers in this area, the landscape becomes an enormously magnified Venice. Within a radius of at least 100 miles from Shanghai it is possible to go from any village or town to any other

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The port of Hong Kong however owes its ascendancy as much to its political status as to its physical advantages. Acquired by the Treaty of Nanking in 1842 at the close of the first Anglo-Chinese war as a British rival to the Chinese-controlled trade at Canton, it has since its founding served as an entrepôt for the entire China coast. Since at least 1865 it has transshipped annually between 20 and 25 per cent of China's total foreign trade by value, aided by its treaty status as a free port.* Hong Kong has nevertheless yielded first place as a port to the greatly inferior harbor of Shanghai, located on the mainland and more closely oriented to China's productive areas and transport routes. 504 648 439

The coastline becomes emergent at about the mouth of the Chientang River in Hangchow Bay. There is only one natural harbor on the coast north of Hangchow used regularly by a large volume of ocean shipping: Tsingtao, on the rocky promontory of Shantung. Chefoo, also on this promontory, has a good, though somewhat shallow, natural harbor, but it has been relatively little used or improved. Weihaiwei, near the tip of Shantung and thus one of the most seaward ports in China, is a largely artificial harbor constructed by the British at the turn of the century for their naval vessels (following a decade of "concessions" by the crumbling Ch'ing government to the European powers), but its large protected roadstead has attracted little commercial shipping. 504

It is an unfortunate circumstance that these few adequate harbors are in effect isolated from the body of north China by the crystalline mountains of Shantung and by their out-of-the-way location. This situation is responsible for the small importance of Chefoo and Weihaiwei as ports, as well as for the fact that they still have no railway connections. Shantung, originally an island in the Yellow Sea, has been land-linked by silt deposition from the Huang, yet its harbors are economically cut off from the mainland. In a more highly industrialized economy, these harbors would probably be more important, but the almost complete lack of water transport links between them and the north China hinterland decrees for them under present conditions a relatively minor role.

Tientsin, the leading port of north China, forty miles from the sea on the Pei River, fight a losing battle against silt. Two rivers flow- 503

* Hong Kong is not included in the customs figures for China.

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FIVE

The Opening of the City to Foreign Trade and its Early Development

Canton and the Treaty Ports

The treaty ports* were an answer to the expansionist foreign pressure for trade with seclusionist China. The Ch'ing government (1644–1911) hoped that by granting trade privileges only in these cities it could confine the scope of the Westerners and protect the body of China from their disturbing activities. But when the Canton system was broken by the Anglo-Chinese war of 1841–42, the foreigners envisaged a continually expanding trade with the potentially immense China market. Sir Henry Pottinger, chief of the British delegation at the Treaty of Nanking, stated that the treaty had opened to trade "a market so vast that all the mills of Lancashire could not make stocking stuff enough for one of China's provinces."[1] Western economic enterprise, once given a foothold and an opportunity under its own laws to buy and sell with the Chinese, was a dynamic growth which could not be checked by treaty provisions.

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The Canton system of the eighteenth century, under which the British East India Company and later private American firms were permitted to establish trading factories in a limited area of the city set aside for them, was an increasing annoyance to foreign merchants. Several diplomatic missions to Peking, including that of Viscount Macartney in 1793 and of Lord Amherst (who was not even received by the court) in 1816, all failed to obtain a relaxation of

* Canton, Amoy, Foochow, Ningpo, and Shanghai were opened to foreign trade by the Treaty of Nanking in 1842, and eleven further ports, including Hankow, Kiukiang, Chinkiang, Nanking, and Tientsin were added by the Treaty of Tientsin in 1858, although the actual opening of Nanking was deferred until 1899, a reflection of its poor location compared with Shanghai (see map 1).

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439 restrictions on the trade at Canton or the opening of further ports
648 to foreign trade. These changes finally came about only as a result of
175 the Anglo-Chinese war of 1841–42. Under the old system at Canton, foreign traders were virtually confined to their trading factories, were forbidden to bring in women or arms, and were allowed in Canton at all only during the trading season, which largely as a result of monsoon winds essential to overseas trade movements by sailing vessels, and particularly favorable to shipping in and out of Canton, lasted from September to April. However, the foreigners thus avoided the uncomfortably tropical summer in Canton. They spent the hot months for the most part in Macao, a remnant of the once extensive Portuguese empire in the East, at a distance of some 75 miles southeast of Canton and on the tip of a hilly and narrow peninsula jutting into the sea, where the breeze seldom failed.

439 Most cramping of the restrictions was that requiring all foreigners
648 to trade only through the Canton merchants' guild, or Cohong, es-
175 tablished with official support in 1720 as the principal instrument for controlling the foreigners, armed with full governmental powers of
441 enforcement of the factory regulations, as well as the monopoly of trade with the foreigners under conditions which yielded them enormous profits. Disputes between Chinese and foreigners arising out of the trade were settled by the Cohong, and protests against abuses could be made by foreigners to the Chinese government only through the Cohong.[2]

439 One of several attempts to break out from this system independently of the Government at Peking was made in 1832, when the British East India Company (shortly before its monopoly of the British trade with China was removed by Parliament in 1834) sent the ship *Lord Amherst* with a commercial mission under Hugh Lindsay (with the Rev. Karl Gutzlaff as interpreter) to request trade privileges from the local officials at other ports on the China coast. Lindsay was refused entry at Amoy, Foochow, and Ningpo, but he obtained an interview with the taotai (Intendant of Circuit, or chief local official) at Shanghai. The taotai informed Lindsay that Canton would remain the only port where foreigners could trade, but Lindsay was enthusiastic about the possibilities of Shang-

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hai and his report indicates that its location had already made it a large trading city.[3] 439

He counted 400 junks, averaging between 100 and 400 tons, entering the port of Shanghai weekly during July. If this count was representative of the whole year, it makes Shanghai at that time one of the leading ports of the world.[4] Lindsay stated that the native trade of Shanghai was greater than the total trade of Canton, and described the large wharves and warehouses, and the remarkable accessibility of the port to the hinterland. While the trade was primarily domestic, it included large numbers of junks from as far as Manchuria and Kwangtung, and relatively smaller numbers from Java, Indo-China, and Siam. "The advantages which foreigners would derive from the liberty of trade with this place are incalculable . . . It is the seaport of the Yangtze River and the principal emporium of eastern Asia."[5]

Lindsay noted that British textiles brought in via Canton were on sale in Shanghai shops, and he saw a market for British woolens in this colder climate, a market for which the British had long been hoping since they had been able to exchange only Indian opium in any appreciable volume for their purchases of tea and silk.* Multiplying the estimated population of the Yangtze basin and north China by the expected consumption of woolens, Lindsay voiced one of the earliest expressions of recurrent trade dreams about the China market, none of which have yet materialized on the scale hoped for. He also commented on the extensive crops of cotton within sight of the city, the carding, spinning, and weaving of cotton cloth in every home, and the superior quality of the nankeen cloth made at Shanghai and exported from the city. While this did not appear to discourage him about the prospects for imports of British textiles (which until about 1840 remained inferior in quality and dearer in price than Chinese nankeens),[6] he counted it another advantage in trade with the city.† Lindsay concluded that "considering the extraor-

* For a recent study of the familiar problems of the China trade before 1842 and its balance of commodities and payments, see Michael Greenberg, *British Trade and The Opening of China 1800–42* (1951).

† An 1850 account says that Shanghai's production of cotton cloth supplied "several of the neighbouring provinces." W. H. Medhurst, *A General Description of Shanghai* (1850), p. 15.

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● 739 dinary advantages which this place possesses for foreign trade it is wonderful that it has not attracted more observation."[7]

721 175 The lack of attention to Shanghai of which Lindsay complained had been beyond the powers of the foreigners to remedy, as Lindsay discovered for himself when his request for trade privileges there was refused. The tension at Canton finally resulted in open hostilities nine years later. Early in the course of the war of 1841–42 the British occupied the Chusan Islands at the mouth of Hangchow Bay, and interest was revived in making that well-protected site the principal base for British trade, as earlier surveyors, including Lindsay, had suggested.* However the further progress of the war required British occupation of the mainland ports, and a fleet under Sir William Parker, after taking Amoy, Foochow, and Ningpo, arrived off Woosung June 13, 1842, and captured the forts commanding the mouth of the Whangpoo. The British planned to invade the Yangtze valley and by appearing in force on the river and capturing Chinkiang block the movement of rice via the Grand Canal to Peking.

728 648 175 Shanghai was taken, and then evacuated by the troops on June 23, in order to concentrate on the advance to Chinkiang and Nanking. The treaty, signed at Nanking on August 29, created the treaty ports already named, where British merchants and their wives could reside permanently, with their own consuls, and importing goods into China under a fixed and nominal tariff (it averaged about 5 per cent *ad valorem*) without any requirement to trade through a Cohong or under official supervision. Article II of the treaty contained the provision that "British subjects shall be allowed to reside, for the purposes of carrying on their mercantile pursuits, without molestation or restraint, in the cities of Canton, Amoy, Foochow, Ningpo, and Shanghai . . . Her Majesty, the Queen of Great Britain (etc.) will appoint superintendents or consular officers to reside at each of the above mentioned cities to be the medium of communication between the Chinese authorities and the said merchants . . ."[8]

No other mention was made in the treaty about foreign rights of

* This plan was not abandoned in favor of Hong Kong until the very end of the war.

477 not employ their own agents.[11] At Shanghai, Consul Balfour found himself unwittingly involved in an attempt to create a local Cohong when after some difficulty in finding a house available for leasing as the consular residence on the day after his arrival in November 1843, he accepted the offer of a prosperous Chinese gentleman. His landlord leased him a large house in the Chinese city, and then established himself in the gate house where he carefully observed the comings and goings of his tenants. When Balfour was approached by his host on trade matters, it was revealed that the gentleman was a prominent Shanghai merchant and that by agreement with the taotai he had planned to acquire a monopoly of trade with the foreigners and to keep them conveniently under supervision in polite house arrest. Balfour quickly made other housing arrangements, and in 1846 moved the consulate to quarters rented outside the city in the foreign leasehold.[12]

651 By the end of 1843, eleven foreign trading firms were in business at Shanghai, most of them branches of British and American firms originally established at Canton. The new conditions under which they now operated were unique in the history of the China trade. Escape from the Cohong meant moreover a large saving in customs duties. Average total duties per ship exacted at Canton between 1800 and 1840 were estimated by the foreign merchants at 240,000 taels, of which 200,000 taels represented officially connived-in "squeeze." (The tael was a unit weight of pure silver which remained fairly constant from 1800 to 1860 at the equivalent of seven shillings.) At Shanghai the merchants estimated in February 1844 that since the port had been opened average total duties per ship had been 50,000 taels, of which only about 15,000 [505] represented "squeeze."[13] During 1844 a total of 44 foreign ships entered and cleared the port, and by 1855 the figure had risen to 437.[14]

439 The three great trade commodities of this period were tea, silk, and opium (tables I and II), and for all of them Shanghai was advantageously located. The major silk-producing regions of China lie in the lower Yangtze basin. Tea for export was grown primarily in the belt of hills which forms the Yangtze divide on the south, and waterways connected the northern slopes of this region (where

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the best teas were grown) with Shanghai more easily and directly than with any other ocean port. Opium could be distributed domestically to greater advantage from Shanghai, via the Yangtze, than from any other coastal port. In 1846, within three years of its opening, 16 per cent of China's export trade passed through the city, and by 1861 its share was 50 per cent.[15]

With its natural advantages, and doubtless helped as well by the veiled continuance of the Cohong system at Canton into the 1850's, Shanghai overtook its nearest rival in total value of foreign trade in 1864, two years after the effective opening of the Yangtze to steam navigation. By 1870, Shanghai was responsible for 63 per cent of the total external trade of China by value, as against 13 per cent for Canton, still its closest competitor. The opening of Japan to foreign trade in 1859 brought into play the locational advantages of Shanghai for this new and rapidly expanding market, and was credited by Shanghai merchants with an important part in the quick rise of the city's commerce.[16]

As imports became more diversified with the relative decline of opium, they were more easily shipped to and distributed from Shanghai as the primate commercial center, but exports, which became diversified more slowly, could in many cases move out as cheaply from other ports which might in particular cases be better oriented to production areas. This situation was of course the usual one for the movement of commodities into and out of any trade area. The accompanying table shows Shanghai's place in China's foreign trade from 1870 to 1930, by value percentages of China's total external trade in each category passing through the city.[17]

	Imports	Exports	Total Foreign Trade
1870–1880	65%	59%	62%
1880–1890	58%	48%	53%
1890–1900	56%	52%	54%
1900–1910	54%	48%	51%
1910–1920	51%	45%	48%
1920–1930	50%	40%	45%

Robert Fortune, an English botanist sent to China by the Royal Horticultural Society to collect plants and seeds of ornamentals not found in England, spent most of November and December of 1843

439 in Shanghai, and visited it again late in 1848, this time under commission from the British East India Company to introduce the tea shrub into India. (He also made two later trips to the Yangtze basin, in 1853–1856 and 1861–62.) He was as much taken with the natural advantages of the place as Lindsay had been, and provided a neat and prophetic summary of the factors which have been responsible for Shanghai's growth:

> No other town with which I am acquainted possesses such advantages. It is the great gate to the Chinese empire and a place of vast native trade . . . The convenience of inland transit is unrivalled in any part of the world. The country is one vast plain intersected by many rivers, and these again joined and crisscrossed by canals, many of them nearly natural and others stupendous works of art. The port of Shanghai swarms with boats of all sizes employed in the inland traffic. Since the port has been opened these boats bring down large quantities of tea and silk and return loaded with the manufactures of Europe and America which they have taken in exchange. From what we know of the geographic nature of the country there can be no doubt that all the green teas and most of the black can be brought to Shanghai at less expense than they can be taken to Canton or any of the southern towns. The large silk districts of central China are also close at hand. The proximity of Shanghai to the large towns of Hangchow, Soochow, and Nanking forms a further advantage. Lastly, viewing this place as an immense mart for our cotton manufactures, which we already know it to be, there can be no doubt that in a few years it will not only rival Canton but become a place of far greater importance.[18]

162 Fortune however estimated the population of Shanghai in 1843 as only 270,000, while he gave figures of one million for Hangchow and about 500,000 for Soochow, Nanking, and Ningpo. He credited six other delta cities with populations equal to Shanghai's (Sungchiang, Chiating, Changshu, Kashing, Huchow, and Wusih — map 5).

361 Chinese Shanghai had risen as the port of Soochow, from a small fishing village at the junction of Soochow Creek and the Whangpoo. When silting, and presumably advance of the coastline, made maritime access to Soochow impossible by the eleventh century A.D. despite the canalizing of the Creek's lower course in

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stables.[20] Within a few years bricks began to arrive in ballast from 341
England, and the brick work prominently displayed in verandah 347
arches facing the Bund provided an indication of the search for Chinese markets for foreign goods in return for China's wealth of tea and silk. This architectural style, common to all the nineteenth-century treaty ports in central and south China, was wittily and fittingly christened the "Compradoric," for it was a necessary blend of Chinese with foreign methods.

The larger foreign firms had two or three partners and eight 441
or ten foreign clerks, plus fifty or sixty Chinese staff (with families), all living in the compound. Among the foreigners there was a notable preponderance of Scots, including the partners of Jardine, Matheson, Ltd., the largest trading firm in Shanghai and known universally as "the muckle house." Apparently the enterprise of these perennial pioneers had conquered Shanghai as it had conquered London. William Jardine, the firm's founder, had been a surgeon on one of the East India Company's ships trading to Canton. He found trading more profitable than healing, and in 1828 persuaded his compatriot James Matheson to join him in his new company at Canton. A Jardine ship carried the first cargo of "free" tea from Canton after the old Company's monopoly was removed by Act of Parliament in 1834. William Jardine was said to keep only one chair (his own) in his office, to encourage his clients to state their business and leave.*

All the large foreign trading firms were divided into six depart- 442
ments: 1. tea; 2. silk; 3. "Manchester goods" (predominantly cotton 439
piece goods); 4. shipping and insurance (understandably a profitable enterprise); 5. land and house agency; 6. "muck and truck" (all the other trade goods, which seldom amounted together to more than 5 per cent of any firm's total goods transactions).† Each

foreign firms in Shanghai found compradores no longer necessary as employed 441
agents. By that time the compradores had taught them almost as much as they had unwittingly taught the compradores.

* See Greenberg, British Trade, for a detailed account of the history and operations of this and other private firms in the Canton trade, based on contemporary letters and business records.

† Until 1890, overseas exports in this category were primarily hides, leather, bristles, horsehair, China grass, and art objects; imports, aside from opium and textiles, were largely limited to hardware, cotton yarn (for Chinese household and small-scale industry), and machinery.

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442 foreign firm employed a tea expert, usually a foreigner, who went
439 every year in the tea season of late April and early May to the local collecting centers in the hinterland at Kiukiang, Hukow, Hankow, Siangtan, and Hangchow (map 9), where he made his own selection and bought according to the anticipated state of the London market. By the time of the Treaty of Tientsin in 1858, the original provision that foreigners must not be away from the treaty ports for more than one day had yielded to foreign assertiveness and the demands of trade. Under the new treaty, foreigners were permitted free movement to all parts of the empire, and required a passport only beyond 100 *li* (approximately 33 miles) from the treaty ports.

For the silk trade at Shanghai, there was also an expert attached to each foreign trading firm, again usually a foreigner, but since the main silk-producing areas were in the delta it was not necessary for him to travel so extensively, and he did most of his appraising and buying of silk in Shanghai. Kiangsu and Chekiang silk was considered by these men to be the finest in the world, a quality which they ascribed to the favorable effects of the climate and soil on the growth of the silk worm and on the excellence of its diet of mulberry leaves. The silk was brought to Shanghai by Chinese silk merchants in the city, who bought it at hinterland collection centers, notably Soochow, Wusih, Huchow, and Hangchow.

Much depended on the accuracy of predictions about the London market. In the early days of the Settlement, letters from London arrived via Bombay or Calcutta by the opium clippers, forerunners of the tea clippers, which carried a cargo of such high unit-value that they could sacrifice size and weight to speed. By 1840 they had supplanted the slow-moving and cumbersome East Indiamen of the old Company, and at Woosung they discharged their cargo into hulks anchored in the Yangtze, since the importation of opium had been made illegal for American, French, and Russian nationals by their treaties with China after 1842, and declared illegal for British
[548] subjects by Sir Henry Pottinger in 1843. The opium was illegally distributed from Shanghai by the Chinese dealers to whom it was sold there. Mail was at the same time dropped off at Woosung, and rushed to Shanghai by pony express, whose riders galloped up the

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Bund and slung off at each firm's compound the mail bags addressed to it. After 1860 when a British mail service was begun by steamship to Singapore and Hong Kong, Jardine's managed to get its mail two days before its competitors by arranging for its own line of faster ships to take its own mail from the mail boat at Hong Kong or Singapore while the mail boat was coaling and bring it at full speed to Shanghai, where it was put ashore farther up the Yangtze above Woosung and brought secretly to the firm's offices, thus giving them a valuable jump on buying and price transactions.

This advantage was, however, shortlived, since a telegraph line was completed into Siberia by 1871, and messages could be sent from London to Kiachta on the Mongolian frontier of Siberia, relayed from there by courier to Tientsin, and thence by coastal steamship to Shanghai in three weeks total while the regular sea mail from London, even with Jardine's short cut, took seven weeks. In at least one case these dramatic but often uncertain improvements in communication proved disastrous. Early in 1876, a telegraph and marine cable line was completed to Shanghai via Singapore and Hong Kong, and in June came the news that half of the French and Italian silk-worm crop had been destroyed by violent thunderstorms. This stimulated frenzied buying of silk by the foreign firms, but the cable broke early in July a few days before the London market (which supplied the continent with Chinese silk) collapsed, and two foreign firms at Shanghai were ruined by their continuance of buying in the expectation that the cable would soon bring more good news.[21]

It was an alternately lazy and frenzied life for the foreign merchants during the days when tea, silk, and opium were the only important trade goods and before the advent of cables and steamships. During the "season" of about two and a half months (the silk-buying season lasted from mid-May to late June), foreign merchants worked twelve or fifteen hours a day seven days a week arranging for the buying, transport, packing, and shipping of tea and silk. For the rest of the year they kept leisurely hours, seldom opening their offices before ten or closing them after four, and taking two hours or more for a heavy lunch in the mess. They placed great emphasis on violent exercise as the only way for a Westerner

442 to keep healthy in China, and nearly every foreigner in Shanghai
439 rode, hiked, or took part in team sports.

The Chinese were amazed at this waste of calories. "'Belong foreign man custom' they would say as they turned to their diet of rice and cabbages," according to the memoirs of an early foreign resident.[22] Certainly the foreigners ate well, but while they brought spirits and special foods from home at great expense, the bulk of their food came from the delta area, according to the records of the same early resident, who was for a time during the 1870's in charge of the mess at one of the foreign firms and lists the sources and prices of the most important items which supplied it.[23] Foreign merchants and assistants would often be gone for weeks at a time on shooting excursions in the hinterland. Wherever they wanted to go in the delta area they found they could travel by houseboat, to the smallest village or the most remote bird-feeding grounds. And wherever they went they found these waterways clogged with Chinese craft carrying both domestic and foreign goods to and from Shanghai.[24]

509 W. H. Medhurst, an early British missionary (and later consul) at Shanghai, took a trip into the tea and silk districts of Kiangsu, Chekiang, Anhwei, and Kiangsi in 1845, disguised as a Chinese. His account of the trip laid emphasis on the waterways of this region, and since his journey never took him far from the waterways of the delta or of the Yangtze system, he attributed what he saw over this large area to the whole of China:

> Canals have been dug in all directions, and spread like veins and arteries to almost every part of the empire. As far as the experience of this writer goes, the Chinese have no walled cities or large towns except in places which are accessible by water.[25]

[491] He noted that the major canals, used by grain junks, averaged about 40 feet wide and 6 to 8 feet deep, and that bridges over them were at least 20 feet above the surface of the water at the center of the arch so that the grain junks could pass under them with their masts lowered.

361 By 1863, the original foreign leasehold at Shanghai of 43 acres had been expanded through agreements with the taotai to a total of

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since only they could make such large investments, and could 505
spread the risk of loss over many distribution centers in the interior. 442
Only the largest firms could also keep prices reasonably uniform throughout the year by balancing seasonal and regional losses against seasonal and regional gains.

These operations could not be conducted by foreign firms from 505
a non-Chinese port (such as Hong Kong, or such as was at one time envisaged on Chusan Island), where customs dues and handling charges would be added costs, and because much of the Yangtze trade can best be conducted by junks which are usable over most of the basin's waterways but are not suitable for coastal navigation. Junks drawing between five and eight feet can navigate both the upper and lower Yangtze (i.e., above and below Hankow) as well as most of the major tributaries and the larger waterways of the delta. Their shallow draft and unseaworthiness eliminate them from coastal navigation; a dual-purpose junk would be an overly expensive carrier. Cargo packed at the Shanghai headquarters of foreign firms for shipment to inland centers can be packaged more cheaply for river transport than would be possible for non-Chinese entrepôts dependent on coastal shipping for their connection with the transport routes of the mainland.*

All of these factors, in particular the advantages accruing to the largest firms from the seasonal variations in water transport facilities, redounded to the benefit of Shanghai, since the great majority of the largest foreign and Chinese firms engaged in the import and export trade had their headquarters there. Hankow was handicapped in its direct foreign trade by the low-water period of winter, during which most ocean ships could not reach the city. Shippers preferred to operate out of Shanghai as the only year-round ocean port for the Yangtze basin.

The advantages of unfettered access to this trade artery were 648
apparent to the early foreign traders at Shanghai before the Yangtze 439
was opened to foreign steam navigation by the commercial section

* A statement from a "businessman of wide experience in China," cited in R. C. Feetham, *Report to the Shanghai Municipal Council* (1931), I, 289–90, makes many of these points. What is discussed here is of course the "break-in-bulk" theory. The statement goes on to say that "fully 80 per cent of cargo delivered to ultimate consumers in China moves via waterways."

648 of the Treaty of Tientsin in 1860. (Large-scale foreign trading on
439 the river was in effect delayed until after 1862 by Chinese recalcitrance resulting in a second British campaign in 1860, this time to Peking itself, and by the progress of the Taiping Rebellion in the Yangtze basin.) Rutherford Alcock, British consul at Shanghai in the early 1850's, was of the opinion that "it is vain to look for improvement in British imports while these great trunk lines of inland commerce [i.e., the Yangtze system] are closed to the transit of our goods."[8] The British campaign of 1858 against the Ch'ing Government, and its sequel in 1860, had as one of its chief objectives the opening of the Yangtze to British trade and the addition of Chinkiang, Kiukiang, and Hankow to the list of treaty ports. All three were opened by 1861, and with free navigation on the Yangtze, Shanghai was at last able to implement its location to the full.

439 Graph 3 suggests the effect of these changes on the foreign and domestic trade of Shanghai. Both total trade and re-exports of foreign goods increased only slightly between 1859 and 1862 owing to the problems referred to in the preceding paragraph, but by 1865 there was a ten-fold increase over the figure for 1859 in the value of foreign goods re-exported to Chinese centers. The total value of trade rose in the same period by nearly 34 per cent. The trade report of the British consul at Shanghai for 1864, commenting on this growth, attributed it entirely to "the large and increasing trade from ports opened on the Yangtze."[9]

The same report pointed out that from a total of 34 million Haikuan taels' worth of foreign imports to Shanghai in 1864, 26 million was re-exported to Chinese centers, by virtue of the city's newly-opened water connections with the interior. Consular trade reports in the early and middle 1860's from the newly-opened treaty ports on the Yangtze indicate that these ports shipped the bulk of their exports to Shanghai for re-export, and received from Shanghai the bulk of their imports of foreign goods, principally opium.[10] Hankow, the largest trade center among the Yangtze treaty ports after Shanghai, despite its channel to the sea for ocean-going ships, carried on its exchange transactions with Shanghai rather than with London, and all of the foreign and most of the

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Chinese commercial houses in Hankow were branches of Shanghai 439
houses.*

The foreign merchants at Shanghai, aware that their trade was 484
increasingly based on the commercial exploitation of the entire 505
Yangtze basin now made possible by the new treaty, combined in 438
1868 to finance an expedition under the leadership of Alexander Michie and Robert Francis to explore the trade of the upper Yangtze. The leading American firm in Shanghai, Russell and Company, paid the travel expenses of the expedition by steamship as far as Hankow, and the remainder of the expenses were met by the Shanghai Chamber of Commerce, from which body the members of the expedition had been selected.

The report of these delegates, published in 1869, stressed the 505
importance of water transport in the trade of major commercial 438
centers along the Yangtze, and in the overall movement of domestic trade to and from Shanghai. They noted the extensive tea shipments moving via the Kan River and its tributaries and Poyang Lake to Kiukiang and Hukow and thence via the Yangtze to Shanghai. They commented on the widespread water connections of Hankow, via the Han River system, which brought tea, hides, hemp, timber, and vegetable oils for transshipment to Shanghai, and via the Hsiang River system, which brought mainly tea and cotton. Szechuan sent hemp, hides, bristles, tea, vegetable oils, and opium via the Yangtze to be transshipped at Hankow for Shanghai, these goods having originally been assembled at Chungking via the Chialing, Yangtze, and Min Rivers.[11]

British dominance of the trade of the newly-established treaty 648
ports was secure, but the organic connection between the growth 439
of their primary stronghold at Shanghai and a similar dominance of the Yangtze hinterland which fed it was perhaps the most compelling reason for the early development of Britain's traditional sphere of influence in central China and throughout the Yangtze basin. In north China they could better afford to give ground later in the nineteenth century to Russia and Germany, and in the south to

* The British consul at Hankow notes this pattern in his trade report for 1865, which further emphasizes the conditions of Yangtze trade favoring a monopoly by the large Shanghai firms.

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648 share hegemony to a degree with France, but along the Yangtze
439 British preponderance was the logical accompaniment of Britain's trade investment in Shanghai. Without the Yangtze, Shanghai was merely an indifferent harbor.

487 Two major changes in trade movements resulted from the
439 opening of the river and its tributaries to foreign navigation, aside from the overall increase in foreign trade moving to and from Shanghai. First, the diversion of the export trade of central China (including the Yangtze basin) from Canton to Shanghai, as indicated above in Chapter Four. Under the artificial Canton system, goods for export from central China were obliged to move across the grain of the country in order to reach the only port where foreigners were permitted to trade. The opening of the Yangtze allowed this trade to drain by its natural channels. Two major routes had led from central China to Canton: one from Hankow to the headwaters of the Hsiang River and over the 1400-foot Cheling Pass with a land portage of 26 miles into the headwaters of the Pei River, and one from the lower Yangtze basin via the Kan River to its headwaters near the Meiling Pass at 1000 feet, with a land portage of 24 miles to the headwaters of a tributary of the Pei (map 4). Canton had drawn its trade goods of silk and tea from central China for export via these two routes, but the opening of the Yangtze short-circuited the bulk of this trade to the much closer port of Shanghai.

Goods from central China began in fact, after the effective opening of the Yangtze in 1862, to move to Canton via Shanghai by coastal shipping instead of by the former overland routes. Chungking in Szechuan, which before 1862 had drawn all of its foreign textiles via Canton, was by 1869 entirely dependent on Shanghai for this supply. The delegates of the Shanghai Chamber of Commerce were sufficiently impressed by this indication of the greatly expanded markets which the opening of the Yangtze created for Shanghai that they succumbed to the old dream of British traders of finding buyers for British woolens. Szechuan, they reasoned, had a climate colder than any of the areas where British trade had theretofore reached, and a boom in the woolens trade there could con-

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sequently be expected. Like the earlier grandiose expectations of the East India Company days, it never materialized.* 487 439

Second, the opening of the Yangtze was a leading factor in permitting the increasing native opium production, notably in Szechuan, to acquire the major share of the China market by the 1870's, at the expense of opium imported from India. Opium was not introduced into China by the Europeans. It had been consumed domestically, from both domestic and foreign sources, since at least the early eighteenth century, and the first Imperial Edict against the import and smoking of opium was issued in 1729. Small amounts of the Szechuan production had continued to find their way as far as Canton by overland routes well into the nineteenth century, despite new Imperial Edicts of 1821 and later making opium smoking and trading in opium capital offenses. But by 1868, with free navigation on the Yangtze, Szechuan opium undersold Indian opium in Shanghai by about 40 per cent, although its quality was inferior, and it was already beginning to rival the sales of the imported drug.[12] This was true despite the fact that consular records show Shanghai in 1864 accounting for 72 per cent of China's total imports of opium, by virtue of its access to the central China market.[13] By 1887, the Maritime Customs estimated that opium production in China amounted to 224,000 piculs (one picul equals 133 pounds) (of which Szechuan accounted for 177,000 piculs), as against foreign opium imports of only 67,000 piculs.[14] 548 439

Though opium was no innovation of the Europeans, it is true that it was they who first organized its import on a large scale. That the trade was avidly taken up by the Chinese is indicated by the rise of Szechuan opium, as well as by the well-known history and complements of the Canton trade.† Foreigners and Chinese alike were eager

* The woolens consumed in north China have continued to come from local industry, both household and factory, which can produce goods of a quality and price better suited to the China market.

† For a discussion of the role of opium in the China trade before 1842, see Greenberg, *British Trade*, especially chapter 5. He includes an analysis of the conditions within and without China which stimulated it, and of the close relationship between the trade in tea and in opium. The revenues of Great Britain and of India, the profits of the British East India Company and of the private trading firms at Canton, and the viability of the tea and silk trade are discussed as they depended in varying, but significant or decisive degree, on the import of opium from India to

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548 for the large profits always associated with an illicit traffic. Chinese
439 edicts against it were matched by foreign pronouncements in the wake of the "Opium War" of 1840–1842 (see above, p. 70) to make the trade doubly lucrative. The Chinese drug dealers profited both from its distribution from coastal ports of entry, notably Shanghai (an undertaking from which foreigners were explicitly barred by their own governments), and also from the growing domestic production and its distribution. (Opium came domestically not only from Szechuan but also from the northwest [Kansu and Shensi] and Yünnan, areas of limited arable land remote from the market where high unit-value production was essential and where local taxes and requisitions added to the incentive to grow opium.) Using both sources Chinese drug merchants built up a system of distribution and marketing which was later to implement the penetration of the China market as a whole by the variety of goods which increasingly entered domestic and foreign trade channels after the opening of the Yangtze.

Shanghai's key role in this process is evident from its command of the Yangtze trade artery, and it was the principal market for the distribution of both imported and domestic opium. The drug trade was profitable, and it was conducted on a very large scale. Concentration at Shanghai played an important part in the process of capital accumulation in the city, which was in turn a significant advantage in its continuing acquisition of commercial (and later industrial) dominance. These aspects of the opium trade have been little studied or described, for obvious reasons. Opium remained a live issue in which important sectors of the economy and important bureaux and personalities have been involved until very recently. One cannot consider the issue closed for China until Communist control had been thoroughly established. But it seems likely that opium played as great if not a greater part in Shanghai's rise than did tea or silk (see table II), and that it continued to stimulate the growth and concentration of capital and commercial activity in the

China. This trade, with its consequences for commercial development, was largely inherited by Shanghai after the breakdown of the Canton system. For an earlier standard work on opium, see David Owen, *British Opium Policy in China and India* (New Haven, 1934).

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city long after tea and silk had lost their commanding positions. 548
The import of opium into China was legally abolished in 1917 by 439
the terms of an international convention (see below, Chapter Eight), and it disappeared from customs figures at that time. But it was clearly still a powerful generator of capital and trade in the Shanghai of the 1930's. Opium also became a highly profitable export from Shanghai once its import had been officially banned, though as a then wholly illegal trade its volume and mechanics can only be guessed at.*

It also appears likely that the activities of Chinese opium merchants and distributors during the period from about 1800 to about 1870 helped to pioneer the commercialization and integration of the China market for sales of foreign goods, and that the later rapid spread of merchandizing, especially from Shanghai, was in some measure due to this earlier development of the techniques of commercial exploitation. Concurrently, opium continued to flow into Shanghai for domestic marketing and even for export, a trade which under the circumstances was increasingly profitable.

Tea and Silk

However, it was the trade in tea and silk, the two dominant 439
staples of China's export trade until the close of the nineteenth century (table I), whose contribution to the commercial growth of Shanghai is clearest. The city's original near-monopoly as a result of the concentration of tea and silk production in or near the delta was further implemented by the opening of the Yangtze and its ports by the Treaty of Tientsin.

Transport costs for tea and silk by overland routes were high, 494
averaging during the 1860's and 1870's 13 taels per bale of silk 505
(approximately six bales to the ton), and 12 taels per hundred chests of tea (approximately 100 chests to the ton), for 200 miles. Taking the tael at this period as equivalent to about 6s 2d, these rates work out at about £24 per ton of silk (US$.56 per ton/mile), and £21 per ton of tea (US$.50 per ton/mile), as compared with

* See R. d'Auxion de Ruffe, *La Farce de l'Opium* (Paris, 1939), for a somewhat bitter *ad hominem* account of opium smoking and the opium trade in Shanghai, against the background of local and international measures designed to suppress it.

505 port. Most of the teas from this area could move out more easily
487 by water to Ningpo, or to Hangchow for transshipment to Shanghai. Foochow and Amoy drew their tea for export primarily from the southern part of the chief producing area, by way of the rivers which terminate at each port, and Canton depended for its tea supply mainly on the route through the Meiling Pass. Ningpo, situated on an indifferently navigable river, in fact drew some of its tea for export from the Chientang basin, via a canal from the Chientang ten miles upstream from Hangchow, but even so three portages were necessary between the river and Ningpo.[19]

245 Shanghai could draw tea from almost all of the chief producing area with much greater facility. Tea in China, as in most of the important tea areas of the world, is a mountain or a hillside crop. It is displaced from the lowlands by grain crops, and it is considered by the Chinese that a more fragrant leaf is produced on slopes and at higher altitudes, where drainage is good, nights are cool, and mists are frequent.[20] In the chief producing area, most of the tea is grown at elevations between 1000 and 2500 feet, and was thus necessarily transported by portage to the local curing and collecting centers. From these local centers, however, the tea moved to larger collection places and to ports of export predominantly by water, especially after the Yangtze was opened to foreign trade.

505 All of the leading tea districts of the area producing the best
439 quality teas (map 9) have through water connections with Shanghai, while only a few of them have similar connections with Foochow, Ningpo, or Wenchow. Amoy and Canton have no through water connections with this area except by sea.[21] Hankow acted as a collecting center for the teas of Szechuan, Hupeh, and Hunan, brought there largely by water and largely transshipped to Shanghai for export, although direct exports of tea from Hankow during the late nineteenth and early twentieth centuries amounted to about one quarter of the amount transshipped to Shanghai for export.[22]

245 The tea of central China is grown in the northern and southern
505 highlands of the hill and mountain ranges south of the Yangtze
487 (called by Cressey the "South Yangtze Hills"), with the better quality teas coming from the northern highlands. The tea leaves are

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505 487 producing areas by water, but that many of the routes to Canton began on land and were interspersed with portages. Medhurst also noted that tea was being shipped in large quantities from the northern highlands of the divide to Shanghai, via the smaller tributaries of the Yangtze in Kiangsi and Anhwei.[25] Robert Fortune (see above, Chapter Five) visited the same areas a few years later, also in disguise as a Chinese. His account corroborates in more detail the general impression of Medhurst that tea from nearly all of the collecting centers in the area producing the best quality teas moved to Shanghai by through water routes, while some part of all of the routes to Canton lay on land.* [26]

505 439 By 1867, the British consul at Shanghai, in commenting in his trade report for that year on the greatly increased trade of the port resulting from the opening of the Yangtze, gave his opinion that the greater ease, cheapness, and speed of transport for tea to Shanghai had resulted in a decline in the quality of the tea. He considered that less care was taken with grading and packing the tea for the short haul to Shanghai (where its cost price was of course considerably lower than it had formerly been at Canton), and that it therefore often arrived stale and poorly sorted. This may illustrate in reverse the common association of high unit-value and high-quality goods with high transport costs. He added that before the opening of Shanghai, tea from the northern slopes of the divide frequently spent six months in transit to Canton, but that the average transit from this region to Shanghai after the opening of the Yangtze was approximately six weeks.[27]

However, it was as much the great increase in the volume of the tea trade through Shanghai, in which many more producers were able to enter the export market with the drop in transport costs, which accounted for the decline in quality of the tea. This was no longer a small-scale, specialized, luxury business, but a large commercial enterprise, made possible by uninterrupted water connections. It was clearly these transport advantages of Shanghai as much as its relative nearness to the tea-producing districts which were

* Tea grown along the Hsi-Yangtze divide (the area known as the "Bohea Hills") was necessarily moved to collecting places north or south of the divide by porter.

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responsible for the city's commanding position in the tea trade. Its tea exports rose from one million pounds in 1844 (the year after it was opened to foreign trade) to 80 million pounds in 1855. Smaller amounts continued to be exported direct via Hankow, Kiukiang, Ningpo, Foochow, and Canton, but by 1855 Shanghai accounted for 58 per cent of the total, and in 1864 (two years after the effective opening of the Yangtze) for 64 per cent.[28]

For the silk trade, Shanghai was even more favorably located. From the opening of the treaty ports through the 1930's, there were four principal silk-producing areas in China (map 9): the Canton region, producing so-called "soft" silk; central Szechuan, producing "yellow" silk; northeastern Shantung, producing "tussah" silk; and southern Kiangsu-northern Chekiang.* This last was by far the largest producer, and its silk (known generically to the foreign merchants as "China" silk) was considered by both Chinese and foreign traders to be the finest in the world.† Kiangsu and Chekiang together accounted for about half of the total production of raw silk in China through the nineteenth century and into the 1930's, while the Canton region accounted for about 20 per cent, Szechuan for 15 per cent, Shantung for 5 per cent, and Hunan and Hupeh together for 5 per cent.[29]

The area around Tai Lake was the major center within the Kiangsu-Chekiang silk region. In certain districts there, notably around Wusih, Soochow, and Huchow, mulberry displaced rice as the first crop, and nearly all of the farmers were engaged in silk culture during the six-week worm-rearing season in April and early May. Hangchow was also a leading silk center, and was especially important in silk reeling and weaving. The cocoons were reeled and the silk spun into yarn either in these cities (and lesser centers), or in Shanghai, but nearly all of the silk produced in this

* Silk for export also came in smaller quantities from Honan and Anhwei (notably Wuhu). Hopeh and Liaotung (southern Manchuria) were important "tussah" producers in addition to Shantung.

† The study of the silk industry and trade published in 1881 by the Maritime Customs (Special Series #13) includes an account by the Rev. Mr. Milne, a British missionary who traveled around the delta and a little beyond in the mid-1840's, disguised as a Chinese. He details the nature of silk worms and describes their care and the production of silk according to the traditional Chinese ideas and practices, expressed in picturesque language in the spirit of the Chinese texts.

231 "China" silk area for foreign trade was marketed in Shanghai, through both Chinese and foreign trading firms, who sold it for
288 export. Steam filatures for the reeling and spinning of silk had largely replaced domestic reeling and spinning by 1920, but this did not affect the concentration of silk marketing in Shanghai, since the reeling centers remained tributary to Shanghai and since the silk-reeling industry was also concentrated, in differing degrees at different periods, in the city.

[177] After the introduction of cotton from India in the Yüan dynasty
231 (1260–1368) and the manufacture of cotton cloth in China on a
439 large scale by the end of the Yüan, this much cheaper fabric largely displaced silk, which previously had been produced in almost every region of China and was universally worn. The quality of the silk also declined. By the end of the eighteenth century only the four major areas listed above were important silk producers, but the great increase in China's foreign trade, especially in tea and silk, which followed the opening of the treaty ports stimulated both the quantity and quality of silk production in these areas, most of all in the chief silk region of the Yangtze delta, where foreign traders were closest on the scene.

231 The leading silk areas within the delta coincide closely with the
505 areas where navigable waterways are most numerous. The upland districts south of Nanking and west of Tai Lake, where waterways are relatively sparse, are largely avoided by silk culture. This is mainly due to the fact that silk culture is a painstaking and time-consuming process which requires prodigious amounts of hand labor. It is therefore heaviest in lowland areas with a dense population, as is the case with nearly all of the silk producing regions of China, but such a location facilitates a virtually exclusive dependence on water transport for marketing the silk. This in turn tends to make Shanghai, as the primate commercial center of the delta, the dominant market for silk exports, since it can draw silk from the producing areas by water transport nearly as easily and cheaply as can inland centers.

Every important cocoon and filature center in the delta has multiple water connections and depends on them for the collection of cocoons and for the marketing of silk. Liu Ta-chün in his study of

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the silk industry makes this clear, and uses the case of Huchow as an example. No less than sixteen navigable waterways connect Huchow with the local silk culture districts, and with Shanghai, where the bulk of its cocoons and spun silk was marketed.[30] 231 505

Shanghai was also the primary market for the silk exports of Szechuan, Shantung, and Hupeh-Hunan. Before 1843, and to a lesser extent until 1862, the silk exports of these areas went to Canton via the Cheling and Meiling passes, or from Shantung by coastal junk, but after the opening of the treaty ports, and particularly after the opening of the Yangtze, these exports moved out via the much nearer port of Shanghai. The silk areas of the upper Yangtze basin, notably in Szechuan, are closely related to the Han and Chialing Rivers, or to the Yangtze itself. With free navigation throughout the river system, it was natural that this silk should be marketed through Shanghai.

Before the abolition in 1834 of the East India Company's monopoly of the British trade with China, yearly exports of silk from China averaged under 6,000 bales. By 1840 the figure had risen to 16,000 bales, largely as a result of the new volume of trade by private firms out of Canton.[31] However in 1844 Shanghai, one year after its opening to foreign trade, exported alone 6,433 bales, and by 1855 the figure for Shanghai had risen to 92,000 bales, or over 60 per cent of the total exports of silk from China.[32] By 1864, after the opening of the Yangtze, Shanghai accounted for approximately 64 per cent of China's silk exports, and in 1930 for 62 per cent, as against 29 per cent in 1930 for Canton.[33] Canton was left with only the local silk areas in Kwangtung to draw on, while Shanghai in 1925 drew 30 per cent of its spun silk exports from filatures in the city (whose cocoon supply came almost entirely from the delta), 10 per cent from other delta filature centers, 11 per cent from Szechuan filatures, 15 per cent from Shantung filatures, 9 per cent from Hupeh-Hunan filatures, and 25 per cent from domestic reeling, primarily in the delta.[34] Cheap transportation made it possible for Shanghai to add to its monopoly of local silk marketing for export the silk of all the other leading areas except for Kwangtung itself. 437

Other Trade Goods

439 Shanghai was fortunate in that as China's monopolies of the tea and silk trade disappeared by about the turn of the century, the Yangtze continued to concentrate there for export a large proportion of the goods which now became the staples in China's more diversified foreign trade (table I). These goods: vegetable oils, hides, skins and bristles, eggs, and fibers, were staple products of the Yangtze basin, and their marketing in Shanghai was as logical as that of tea and silk. In this new trade, Hankow was the principal inland collection and distribution center, but as with tea, its direct exports overseas remained slight, and actually decreased after 1880 when steam navigation on the Yangtze had become firmly established.[35] Hankow sent the bulk of goods destined for export to Shanghai for transshipment.

438 Hankow's water connections enabled it to draw these goods not only from Szechuan, Hupeh, and Hunan along the Yangtze itself but also from Shensi, Honan, Kweichow, and Kwangsi via Yangtze tributaries. Szechuan led all the other provinces in the production of wood oil (t'ung oil), wax and tallow, and bristles, and was a leading producer of hides and skins, fibers, and other vegetable oils. Production of vegetable oils, raw cotton and other fibers, and eggs was also important in the lower Yangtze basin in Anhwei, Chekiang, and Kiangsu. While their production was less localized than was the case with tea and silk, and also because of this scattering, Shanghai had easier, cheaper, and quicker transport connections than any other leading port with these or other producing areas. The Yangtze also enabled Shanghai to exchange its foreign imports (and after 1920 increasingly its own industrial production) for export goods over a wider market and with greater ease and cheapness than rival commercial centers.

669 175 The disruptions of the Taiping Rebellion and attendant local uprisings (1850–1864) were heavy in the Yangtze delta, and the largest military campaigns were fought there. Shanghai itself acted as an invaluable base for the efforts of the Ch'ing government to suppress the rebellion, since with the support of foreign troops and volunteers, the city was able to hold out against a rebel tide which

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firms continued to operate, but under difficulties, and they could not handle more than a small fraction of the normal volume of trade on the river. As a result, sales of piece textile goods in Shanghai had fallen by January 1927, to one quarter of their August levels. The kerosene trade out of the city was badly hit, and large stocks accumulated in warehouses. Imports of Chinese tobacco leaf to Shanghai virtually ceased by January, and forced the closure of several of the large cigarette factories. Egg imports to the city in January were less than 30 per cent of normal. By the end of 1927, with order restored in the Yangtze basin and navigation no longer interfered with, Shanghai's trade with its hinterland returned to normal levels. Both railway lines serving the city remained in regular operation for all but a few days during this period.[37]

In November 1937, in order to hamper Japanese naval movements on the Yangtze, the Chinese Government placed booms across the river at Kiangyin and Chinkiang, and fighting in the delta area and upstream from Nanking further disrupted traffic. The value of Shanghai's foreign trade fell by 76 per cent between July (hostilities began at Shanghai on August 13, 1937) and December 1937, as much because of the interruptions in transport as because of the local fighting, which ended at Shanghai itself in October. During the same period, the total value of the foreign trade of China as a whole decreased by only 2 per cent. Shanghai's relative decline continued through 1938, with a 49 per cent decrease in imports and a 63 per cent decrease in exports over the 1937 figures, while for the same period the total foreign trade of China increased by 8 per cent.[38] With its water connections disrupted, Shanghai could no longer compete commercially with rival centers, which despite the progress of hostilities over nearly the whole of east China by the end of 1938 increased the total of their trade at the expense of Shanghai.

But the disruptions of war should not obscure the fact that the Yangtze basin is the economic heart of China, nor that its river system will continue to be a basic element in China's transport pattern. The city at the mouth of the river will remain a metropolis under whatever conditions the future or the Communist Government of China may impose.

EIGHT

The Trade of the Port

439 Statistics make dull reading, but they may often tell an important and otherwise untold story, or illumine facts or ideas already grasped but imperfectly understood. With this latter end in view, graphs 4–8 and tables I–IV combine a great many statistics which would make dull reading indeed but which in this form may be less unpleasant and more expressive. In any case they are essential to an understanding of the history and nature of Shanghai's trade, and as charts they do a more effective job than they could as figures in the text, which they would very nearly bury, but which would mean little without them. The graphs and tables are the body of this chapter, and the text serves merely as the narrator of the events and patterns which they portray.

Foreign Trade Since 1850 [1]

The primacy of Shanghai in both the foreign and domestic trade of China was well established by at least 1865, and table III shows that this primacy was never thereafter seriously threatened before the Japanese attack on China in 1937. Shanghai's share of China's overseas commerce consistently totaled about one half from the opening of the Yangtze to foreign trade until the outbreak of full-scale hostilities with Japan. "The heart of foreign trade is Shanghai, and the other ports mere blood vessels." [2]

The export of tea and silk and the import of opium and cotton textiles dominate the greater half of the period since 1850 in Shanghai's, as in China's foreign trade. Despite Shanghai's key location for the trade in both tea and silk, however, the city's overseas imports exceeded its overseas exports in value in every year save two from 1864 (when the complete records of the Maritime Customs begin) to 1936. Until 1925, the excess averaged about 10

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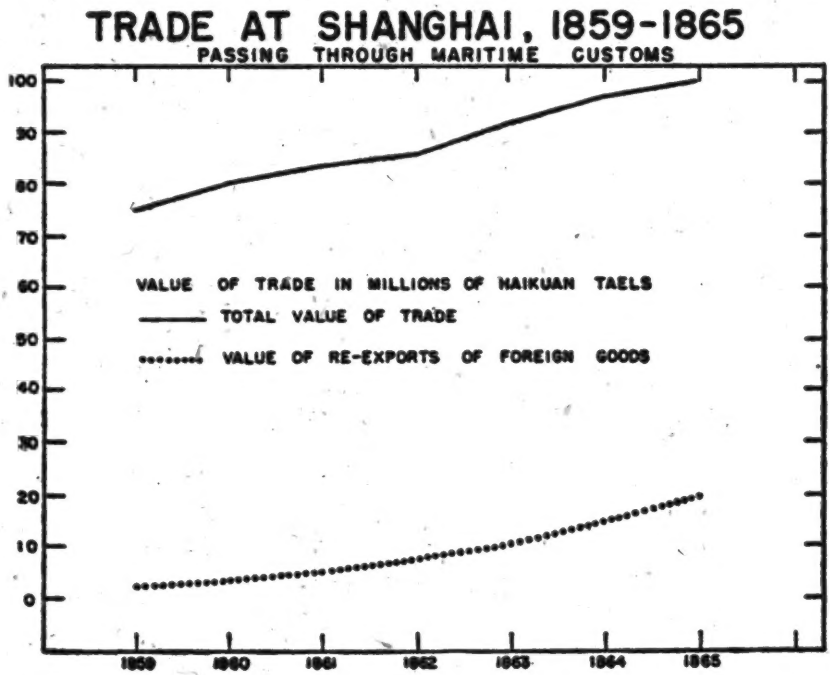
per cent annually, but between 1926 and 1936, when the growth of manufacturing in Shanghai required increased imports of expensive machinery and raw materials, the annual excess averaged about 15 per cent. This is characteristic of the trade of a transshipment point, which has an advantage in the distribution of imports (especially if they require repacking as well as reloading onto a different carrier) not equaled in the handling of exports, which can



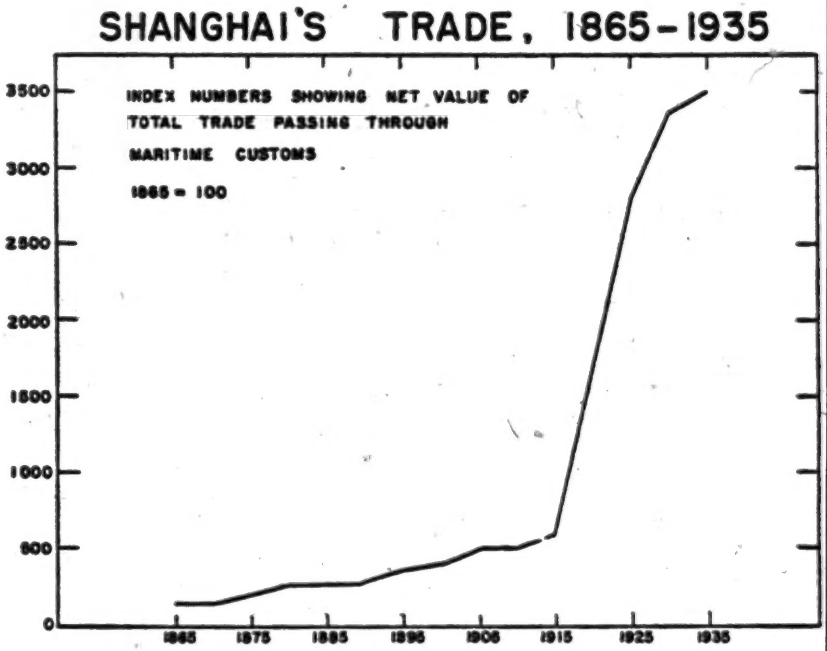
Graph 3

often move out in small lots directly from each production area to other regional or foreign markets as finished goods.

The most notable feature of the eighty years between 1850 and 1930 as shown in table I is of course the decline in the export of tea and silk from their commanding positions before 1890 to relatively minor importance after 1900.* While ample reasons can

* In 1868, the United Kingdom, consistently China's best tea customer, took 97 per cent of its tea from China, in 1888 40 per cent, in 1898 20 per cent, and by 1902 only 3 per cent.

439 be found for China's loss of her one-time monopoly of the trade in these two goods,[3] it needs to be emphasized that nearly all such monopolies of essentially agricultural or handicraft production are eventually broken. The cases of rubber, coffee, and sugar are examples of this rule which are familiar to all students of economic history. China held her monopolies of tea and silk probably longer than any other such monopolies have ever lasted. The monopolies



Graph 4

were retained long enough to give Shanghai an early start toward trade leadership in China by virtue of the city's favorable location for the tea and silk trade, and by the time that India, Ceylon, Java, and Japan among them had acquired the command of the world market for tea and silk (by about 1900), Shanghai's primacy was secure enough for the city to profit to the full from its equally favorable location for the newly diversified foreign trade of China.

The primary purpose of Robert Fortune's later visits to China in 1848 and 1853–56 (see above, Chapter Four) was the collection, on

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TABLE I

Exports From Shanghai Through Maritime Customs to Foreign Ports 439

(Decenially, 1850–1930, by approximate percentages of the total value of such trade in each year indicated.)

	1850	1860	1870	1880	1890	1900	1910	1920	1930
Raw silk	52	66	62	38	34	30	26	20	14
Tea	46	28	32	48	30	16	10	4	4
Miscellaneous	2	6	6	—	—	—	—	—	—
Miscellaneous raw materials	—	—	—	10	14	20	16	18	10
Vegetable oils	—	—	—	—	6	10	12	16	18
Miscellaneous manufactures	—	—	—	4	4	8	8	14	16
Textiles	—	—	—	—	—	—	4	8	16
Hides, skins, and bristles	—	—	—	—	8	10	10	12	14
Eggs and egg products	—	—	—	—	—	—	6	8	8
Raw cotton	—	—	—	—	4	6	8	—	—
TOTALS	100	100	100	100	100	100	100	100	100

SOURCES: Figures for 1850 and 1860 are estimates, based on Lanning (1923), p. 401, and Bannister (1932), p. 126. (Trade in 1850 did not of course move through Maritime Customs — see Chapter 8.) Data for 1870–1930 compiled from China: Maritime Customs, *Annual Reports and Returns of Trade.*

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TABLE II

439 *Imports Into Shanghai Through Maritime Customs From Foreign Ports*

(Decenially, 1850–1930, by approximate percentages of the total value of such trade in each year indicated.)

	1850	1860	1870	1880	1890	1900	1910	1920	1930
Opium	54	48	34	34	22	12	12	—	—
Cotton textiles	34	44	50	42	44	50	32	36	8
Miscellaneous	6	4	10	12	16	12	16	6	10
Cotton yarn	6	4	6	—	—	—	—	—	—
Coal	—	—	—	6	4	4	4	4	4
Metals and minerals	—	—	—	6	6	6	6	10	20
Machinery	—	—	—	—	—	6	8	16	28
Petroleum products	—	—	—	—	4	6	6	8	6
Raw cotton	—	—	—	—	—	—	4	8	14
Lumber	—	—	—	—	4	4	4	—	—
Tobacco	—	—	—	—	—	—	4	4	4
Sugar	—	—	—	—	—	—	4	4	—
Wheat (and flour)	—	—	—	—	—	—	—	4	6
TOTALS	100	100	100	100	100	100	100	100	100

SOURCES: Figures for 1850 and 1860 are estimates, based on Lanning (1923), p. 400, and Bannister (1932), p. 120. (Trade in 1850 did not of course move through Maritime Customs — see Chapter 8.) Data for 1870–1930 compiled from China: Maritime Customs, *Annual Reports and Returns of Trade*.

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TABLE III

Foreign and Domestic Trade of Leading Chinese Ports, 1870–1920*

(Gross values of trade, in millions of hai-kuan taels, landed at or shipped from the leading treaty-ports in China in each year listed.)

	1870		1880		1890	
	Foreign	*Domestic*	*Foreign*	*Domestic*	*Foreign*	*Domestic*
Shanghai	90	96	88	112	101	136
Canton	28	24	30	26	28	24
Hankow	18	16	21	25	14	42
Tientsin	15	9	16	14	18	25

	1900		1910		1920	
	Foreign	*Domestic*	*Foreign*	*Domestic*	*Foreign*	*Domestic*
Shanghai	160	181	316	382	504	532
Canton	34	26	47	38	59	46
Hankow	15	52	13	58	13	73
Tientsin	32	38	64	68	108	117
Tsingtao	5	4	15	9	14	12

SOURCES: Figures compiled from China Maritime Customs, *Annual Reports and Returns of Trade.*

* i.e., the domestic trade which was recorded by the Maritime Customs, only a part of the total volume of domestic trade at each port, or of China as a whole.

TABLE IV

Foreign and Domestic Trade of Leading Chinese Ports, 1925–1935*

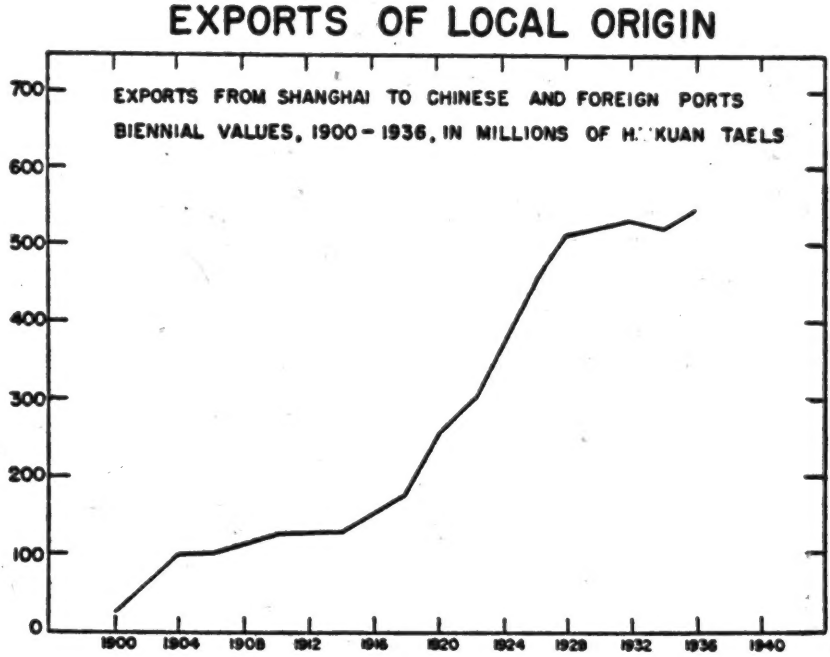
(Average percentages of foreign and domestic trade by value passing through leading Chinese ports (exclusive of Manchuria) over the period 1925–1935).

Port	*Foreign*	*Domestic*
Shanghai	55	38
Tientsin	11	8
Canton	6	4
Hankow	4	6
Tsingtao	4	2

SOURCES: Recorded by the Maritime Customs. Data from Jones, 1940, pp. 58–9.

* i.e., the domestic trade which was recorded by the Maritime Customs, only a part of the total volume of domestic trade at each port, or of China as a whole.

439 behalf of the British East India Company, of information concerning tea cultivation in China, and the procurement of cuttings of tea plants. Fortune was able to transport tea cuttings from China to London by growing them in tubs on shipboard en route, and cuttings were subsequently sent from London to India.[4] From India, tea cultivation spread to Ceylon, and by the end of the nine-



Graph 5

teenth century Java and Japan (plus the Japanese colony of Formosa) had joined India and Ceylon ahead of China in total exports of tea.*[5] It should however be pointed out that the total gross exports of both tea and silk from China, and from Shanghai, continued to increase in volume by weight (although not by value, due to overseas competition), from 1865 to 1929, with the exception

* Curiously enough, the Indian tea of commerce was ultimately derived from shrubs found growing wild in Assam rather than from the plants introduced from China by Fortune, a fact which helps to account for the difference between Indian and Chinese teas. (See the account in Sir J. T. Pratt, *China and Britain* (c.1944), pp. 36–37.)

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of three scattered years in which either the tea or silk crop failed.[6] 439 ● The merchants in foreign trade at Shanghai deplored the success at their expense of tea cultivation in India, Ceylon, Japan, Java and Formosa, and of silk production in Japan. But they were nevertheless able to maintain the volume of tea and silk exports from Shanghai until 1930 at the same time that they were adding to the list of exports a variety of new goods which in the aggregate after 1890 were increasingly more important than tea and silk combined (table I).

Among the new exports were two new virtual monopolies: pig bristles and wood oil (t'ung oil), both produced predominantly in Szechuan and both marketed predominantly through Shanghai.*[7] [237 314] But together with the increasing commercial exploitation of the entire Yangtze basin after 1860, in which wood oil and bristles played a prominent part, the end of the century also saw the rising importance of manufacturing in Shanghai. Agricultural and animal products (or raw materials in general) remained the majority of Shanghai's exports through 1930, but their prominence continued to decrease after 1890 as textiles and other manufactured goods increased in importance. Raw cotton disappeared from the list of major exports after 1910 as it was increasingly in demand in Shanghai textile mills, and exports of miscellaneous manufactures finally exceeded exports of miscellaneous raw materials in 1930 (table I).

Table II showing imports demonstrates that the relative decline in opium was not due to the prohibition of its import as much as to the spread of opium cultivation in China and the ease with which Szechuan opium could compete in Shanghai with foreign opium (see above, Chapter Seven). The table shows that by 1890 opium accounted for only 22 per cent of Shanghai's imports by value (as against an estimated 54 per cent in 1850), but the import of opium was not legally abolished until 1917 (an international convention in 1911 increased the duty on opium imports and fixed

* China's trade in pig bristles has recently been severely cut into by the use of nylon bristles, and the trade in wood oil has also been badly damaged by the increase in domestic production in the United States (China's chief market for wood oil) during and since the war, and by the use of substitutes and synthetics.

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439 1917 as the last year in which opium could legally be imported). By 1910, opium and cotton textiles combined totaled only 44 per cent of Shanghai's imports, as against 88 per cent in 1850, and a variety of goods was coming in to feed not only the increasingly commercialized and Westernized market of the Yangtze basin for which Shanghai served as the transshipment point, but also Shanghai's growing industry.

In the trade of 1910 as shown in table II, imports of cotton textiles suffered their first notable relative decline, and imports of raw cotton appeared for the first time as a major item, destined for Shanghai's developing textile industry, for which domestic supplies of raw cotton were still inadequate. The disappearance of cotton yarn imports after 1880 indicates the disastrous effects of foreign textile goods imports on the traditional handicraft textile industry. By 1930, the two largest import categories were machinery, and metals and minerals, followed by raw cotton, with cotton textiles reduced to only 8 per cent. Shanghai manufacturing had become the most important determinant of the city's imports.

An even clearer picture of the growth of manufacturing in Shanghai is given by graphs 4 and 5. The first shows dramatically the coincidence between the boom in Shanghai manufacturing attendant on the removal of overseas competition during the first world war (and continued through the 1920's), and the meteoric increase in the trade of the port as a whole from 1915 to 1930. The second shows an equal correlation between the growth of manufacturing in Shanghai and the quintupling of the value of exports of local origin between 1914 and 1932.

Between 1860 and 1930, in sum, Shanghai, as the primary focus, first of the commercialization of the Chinese economy, and later of its industrialization, changed in its import trade from a position primarily as distributor of foreign consumption goods to its tributary area of the Yangtze basin to one primarily as consumer and distributor of foreign capital goods and industrial raw materials, while in its export trade it changed from the market for overseas shipments of the "noble articles" of tea and silk to the market for overseas shipments of the more mundane products of the Yangtze basin as a whole and of the goods produced by the city's own industry.

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shipment passes" to or from other Chinese ports, even though goods 438
traveling on such passes may be stored, repacked, and reloaded at Shanghai. For all of these reasons, it must be assumed that the trade between Shanghai and the rest of China was considerably greater than recorded, and that the city's role as a transshipment point was thus more important than the combined customs figures would indicate.

With this major limitation, the customs figures nevertheless 438
show that nearly half of the trade of Shanghai was transit trade. 439
Graph 8 shows that re-exports (by value) to Chinese and foreign ports between 1885 and 1935 were consistently more than half of the total value of Chinese and foreign imports combined, and until after 1915 were greater in value than foreign imports alone. Until after 1920, the value of re-exports was more than half of the value of the gross trade, less exports of local origin. The break which comes between 1915 and 1925 is a reflection of the growth of manufacturing in Shanghai, which took increasing proportions of the city's foreign and Chinese imports and produced a sharp rise particularly in the value of exports of local origin, as well as in the value of all other trade categories except re-exports.

Graph 7 gives a similar picture of the city's trade, in terms of volume by weight. Discrepancies with graph 8 are due primarily to the greater weight per unit of value of imported industrial raw materials consumed in the city than of the imported finished goods subsequently re-exported. Nevertheless, re-exports in 1910 totaled about one half of combined Chinese and foreign imports by weight, and it was not until 1920 that manufacturing in the city claimed a majority of all imports by weight. In that year also, original exports equalled re-exports of Chinese goods and exceeded re-exports of foreign goods by weight. Slightly larger proportions by weight of Chinese than of foreign goods were re-exported in all of the three years represented in graph 7, indicating their greater weight per unit of value (predominantly food and unfinished goods) than foreign imports (predominantly finished goods). According to the Customs figures, Chinese imports into Shanghai in 1920 and in 1930 were, in rough order of value: coal, raw cotton, foodstuffs, raw

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438 silk, tobacco, tea, vegetable oils, hides, skins, and bristles, vegetable
439 fibers other than cotton, and wool.

Graph 6 gives further details on what Shanghai did with its imports from the rest of China, and where it sent the growing volume of original exports produced by manufacturing after 1900. Through the entire period 1870–1930 as shown on the graph, Shanghai re-exported a total of well over half of the value of its imports of Chinese goods, and until after 1920 the proportion averaged about 90 per cent. (The value of foreign imports during most of this period is given in graph 8.) In every year shown on the graph, re-exports abroad were considerably greater by value than re-exports to the rest of China, a reflection of Shanghai's function in collecting from the Chinese hinterland and exporting to industrial economies overseas the assortment of raw materials shown in table I. However, Shanghai's original exports went about half and half to Chinese and foreign ports until 1910, and after 1920 went predominantly to the former, an indication of Shanghai industry's dependence on the domestic market. The sharp rise in Chinese imports and the fall in total re-exports between 1920 and 1930 indicate the increased proportion of the city's imports which were absorbed by manufacturing.

In 1893, the Commissioner of Customs at Shanghai described the trade of Shanghai as follows: "Excepting the small amount used locally, the bulk of the produce which comes here from Chinese ports or from foreign countries goes away again in some channel—the ocean, the river or the creeks—in a vessel which may be a large steamer or may be a little more than a sampan."[10] While the proportion of re-exports increasingly declined as manufacturing developed in Shanghai after 1895, the city's function as a transshipment point continued to depend in large degree on its water transport connections as they are described in the Commissioner's statement.* It is in measuring this domestic trade that accurate figures are unfortunately lacking, since so much of it was carried in

* At the risk of stating the obvious, it should be pointed out that this function of Shanghai as a break-in-bulk (or transshipment) point was an important factor in the rise of manufacturing in the city. This is of course an illustration of Cooley's classic theory (C. H. Cooley, "The Theory of Transportation," Publications of the American Economic Association, IX: 1–148 [1894]).

[p. 129]

TRADE MOVEMENT AT SHANGHAI, 1870-1930

THROUGH MARITIME CUSTOMS IN MILLIONS OF HAIKUAN TAELS

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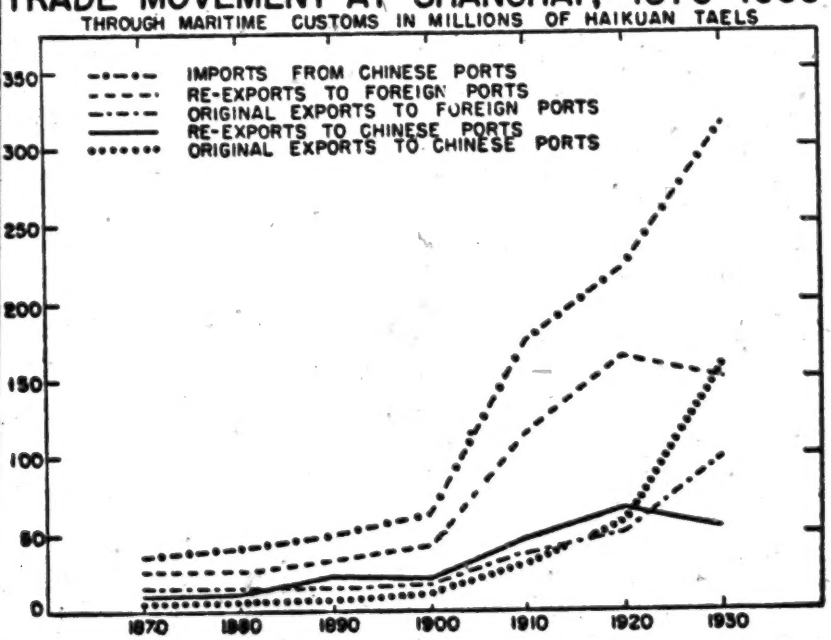
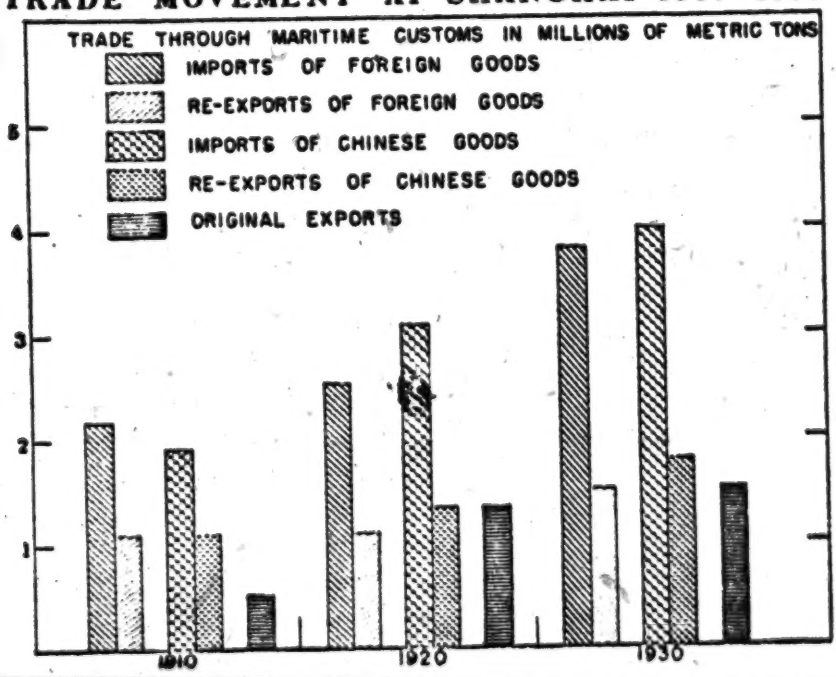


Graph 6

TRADE MOVEMENT AT SHANGHAI 1910-1930



438 Chinese vessels beyond the purview of the Maritime Customs. We
439 are obliged to rely on reasoned estimates by customs officials and other observers, and on the partial evidence contained in customs records.

505 Shipping from foreign ports entering Shanghai averaged about 650,000 tons monthly from 1933 to 1936 inclusive, according to the records of the Maritime Customs. During the same period, coastal

TRADE PASSING THROUGH SHANGHAI

438
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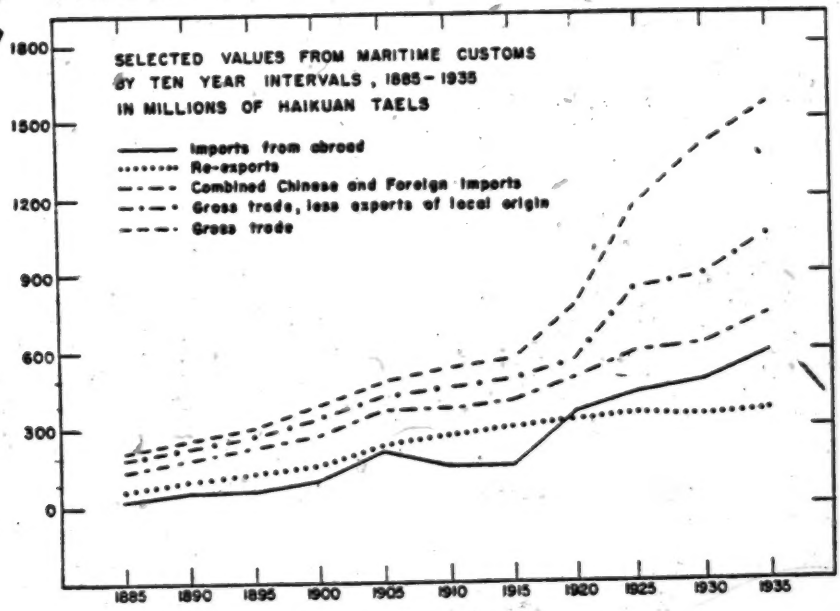

Graph 8

505 shipping entering Shanghai through Maritime Customs averaged about 640,000 tons monthly, while shipping entering from inland (i.e., Yangtze River) ports averaged about 250,000 tons monthly. These figures are exclusive of Native Customs, which recorded at Shanghai during 1930 a total of 54,410 junks entered and cleared (no tonnage given).[11] Combining the Maritime Customs tonnage figures, and adding a conservative 20 per cent for the recorded and unrecorded shipments by junk and sampan, gives a total for coastal and inland shipping (640,000 tons plus 250,000 tons plus 20 per cent,

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or 1,068,000 net tons monthly) 40 per cent greater in volume than 505
shipping from foreign ports (650,000 net tons monthly). Among
the domestic imports, food and industrial raw materials for the city, 438
and among the exports, products of Shanghai manufacturing (or 439
original exports) probably accounted (as we have seen in the above
analysis of graphs 6, 7, and 8) for 50 to 60 per cent of these shipments to and from Chinese ports, but the remainder, or 40 to 50 per cent, was transit trade.*

Other published estimates corroborate the estimates of the relative importance of Shanghai's transit trade given above. The *Journal of The British Chamber of Commerce* at Shanghai in its issue for February 1920 estimates that about 65 per cent of the shipping of all types entering and clearing Shanghai was destined to or from coastal or Yangtze River ports, and only 35 per cent was engaged in overseas trade. Bowman estimates that about 50 per cent of Shanghai's imports of foreign goods were re-exported to ports on the Yangtze—20 per cent to ports below Hankow, 15 per cent to Hankow itself, and 15 per cent to ports above Hankow.† In the cotton trade, Fong Hsien-ting estimates that between 1920 and 1930 Shanghai accounted for an average of 80 per cent of China's total exports of cotton piece goods, although less than 60 per cent of this 80 per cent was produced in Shanghai.[12]

Finally, published citations of the records of the Native Customs 438
at Shanghai add a not inconsiderable figure to the total values of domestic trade as shown in graphs 6 and 8. The Native Customs in 1928 recorded total imports from Chinese ports to Shanghai to the value of approximately 65,000,000 Hai-kuan taels, and total exports from Shanghai to Chinese ports to the value of approximately 46,000,000 Hai-kuan taels, or a grand total of 110,000,000.[13] In 1930, this grand total had risen to over 114,000,000 Hai-kuan

* During the same period (1931–1936 inclusive), the railway line to Nanking carried into and out of Shanghai a monthly average of about 80,000 total tons of freight, and the line to Hangchow a monthly average of about 40,000 tons, according to Ministry of Communications, 1931–1936. These two figures combined are less than 12 per cent of the total domestic waterborne trade as estimated in the preceding paragraph (1,068,000 net tons).

† Bowman's estimates take into consideration the unrecorded trade carried in junks and sampans. Of the major Yangtze ports, only Chinkiang, Nanking, and Wuhu have direct rail connections with Shanghai.

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438 that for the most part beyond approximately 75 miles from Shanghai,
505 the time-distance-transport costs make water shipment of rice uneconomic under present conditions. It is correspondingly a logical conclusion that the heavy dependence of Shanghai on this small local rice-supply area is implemented by the Venetian network of canals and natural waterways in the immediate hinterland of the
[435] city. Discussions of rice production and marketing in the delta area state that rice moves to both local and distant markets almost entirely by junk or sampan, and that in hilly areas with little or no water transport (such as the country southeast of Nanking, or west and south of Hangchow) the local market price of rice is double the price in the delta lowlands.[16]

The crucial importance of water transport in the pre-industrial economy of China as a whole is heightened in the Yangtze delta area, where water routes are so highly developed. Shanghai lies at the focus of these routes, and of the level terrain of the delta over which transport by water can operate at optimum efficiency. This has been a vital factor in making possible the development of a city of four million people.

438 The Shanghai rice merchants divide their main supply areas into
439 three categories: a. local rice (roughly from within a 75-mile radius); b. out-province rice (from Anhwei, Kiangsi, Chekiang, Kiangsu north of the Yangtze, and at scattered intervals from Hunan); c. foreign rice (from the Indo-Chinese peninsula, mainly ex-Saigon, but including small amounts from Bankok and Rangoon).*

435 The factors influencing the rice market in Shanghai and its general
439 behavior through the year throw considerable light on how the city is fed. These factors (in addition to the amount and quality of the rice harvest in the main supply areas) may be summarized as follows:

1. The price of foreign and out-province rice. Average monthly prices for the three area categories of rice for the period 1920–1936 were approximately as follows: a. (local rice), CNC$12.00† per

* The export trade in rice from Indo-China, and to a lesser degree from Siam and Burma, is in the hands of overseas Chinese.

† Chinese National Currency — the Chinese dollar.

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picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CNC$12.40 per picul; c. (foreign 439
rice) CNC$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262
the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

438 The general impression from the foregoing summary of factors, and from the market reports themselves, is twofold: firstly, that there is an ample margin of rice supply for Shanghai, from various sources, at all times at least until 1936; and secondly, that by far the largest part of that supply comes from within a radius of approximately 75 miles and moves to the city largely by water transport. There is some statistical evidence which bears on the problem, and the following figures compiled from the records of the Maritime Customs provide as close a check as can be obtained at present.

Local, Out-Province, and Foreign Rice

438 439 The Food Commission of the Bureau of Social Affairs of the City Government (Chinese) of Greater Shanghai published in 1931 a statistical study of the sources of Shanghai's food supply, using figures taken from the records of the Maritime and Native Customs.[19] The study shows a yearly average during the period 1925–1930 of 780,000,000 pounds of rice brought into the city from all sources. This is stated as a rough estimate because there are no means of recording all of the small shipments arriving from the delta by junk and sampan via the many small creeks and canals which converge on Shanghai.

The total figure is broken down in the table below, according to means of entry into the city.

from inland areas via the Whangpoo, Yangtze, or Soochow Creek:		560,000,000 pounds
from the sea via the Yangtze:		160,000,000 pounds
domestic origin	30,000,000	
foreign origin	130,000,000	
via overland routes (means of transport not specified)		60,000,000 pounds
TOTAL		780,000,000 pounds

438 497 Railway haulage figures[20] indicate that nearly all of the 60,000,000 pounds arriving by overland routes came in by rail from cities and towns along the Yangtze toward Nanking, Tanyang, and Changchow in particular. Although these places are on or near the Yangtze, they are farther from Shanghai than its main rice supply areas so

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that rail transport to Shanghai can compete with water transport. 438
Given the lines, one might assume that they would carry the most 497
important product of the delta. The surprising fact is that they carry such insignificant amounts. Total figures given by the railway for rice haulage leave little or no margin for highway transport of rice, and we may assume that it is negligible.

The relatively small figure of 30,000,000 pounds given for arrivals 438
by sea from domestic sources is probably accounted for by small-lot 505
junk cargoes from the northern and southern shores of Hangchow Bay, and from the seaward-extending tip of Kiangsu just north of the Yangtze. South of Hangchow Bay all of the coastal areas import rice to balance their local rice deficits, and north China has no rice surplus for export.

Most of the foreign rice imports to Shanghai, according to the 438
market reports referred to above, are ordered by rice brokers from 439
Nanking, Tientsin, Hankow, and Ningpo operating at Shanghai as China's leading rice market, and this rice is then shipped from Shanghai to their respective cities. At certain periods when the Ningpo rice brokers ordered directly from Ningpo for Saigon rice, Shanghai's stores of foreign rice became superabundant and its price fell sharply, even producing a fall in the price of local rice during the planting season, as in May 1929. All of these cities are relatively more dependent on foreign rice imports than is Shanghai. The focusing of delta waterways on Shanghai, and the relatively less easy transport in the hilly or semi-arid hinterlands of the other cities mentioned, are certainly as important as the concentration of rice production in the delta in accounting for this difference.

The greatest period of foreign rice invasion on the Shanghai market for consumption in the city coincides roughly with the planting season, showing a natural lag of about one month during which Shanghai stores of local rice are drawn on. As soon as new supplies of local rice enter the Shanghai market in July, the situation returns to normal and prices are stabilized. Foreign rice is also ordered by Shanghai merchants when other natural or threatened hiatuses occur in the local supply due to weather, civil unrest, short supply in storage, or price stoppages. As a rule, these breaks in the local supply are short-lived or do not materialize.

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438 With the exception of the planting season, the general price and
439 supply situation is dominated by local rice.

Although considerable amounts (unfortunately there is no record
432 of their size) of both domestic and foreign rice entering Shanghai
511 are resold to or originally ordered by other cities, relatively more of the foreign imports fall into this category. The table on page 146 above should therefore be interpreted in the light of the ultimate destination of the several categories of rice shipments arriving in the city. Total sales of rice in Shanghai, for which relatively more accurate figures are kept, provide a different indication of the city's rice consumption. Sales are estimated by the Food Commission's study as averaging annually 860,000,000 pounds during the period 1925–1930.* Their report assumes that the difference of nearly 100,000,000 pounds between this figure and the total recorded entries of 780,000,000 pounds is accounted for by unrecorded shipments arriving by creek and canal from nearby sources. Shipment of much or most of the foreign rice from Shanghai to other cities would leave an even greater gap between the two figures as measures of Shanghai's consumption, and it is logical to assume that this also is filled from local sources.

The figure for total sales, however, may not be an accurate indication of total consumption if we attempt to estimate the average annual rice consumption of a Chinese adult and multiply it by the population of Shanghai in 1930. A Chinese economist [21] suggests four piculs per year (532 pounds), which, using 3,250,000 as Shanghai's 1930 population (graph I) gives a total city consumption of 1,730,000,000 pounds. Or if we use a lower estimate of 400 pounds,[22] which agrees more closely with the writer's experience, and scale down this figure to 380 to allow for children, for other cereals and foods in the Shanghai diet (see above, p. 139), and for the non-rice-eating foreign population of the city (38,000 in 1930), we still arrive
[146] at a figure of 1,235,000 pounds. This is equivalent to about 1,750 calories per day per capita from rice alone, certainly a minimum diet for a Chinese.

* This figure presumably includes spot sales of foreign rice by Shanghai brokers to dealers in other cities, but probably does not include foreign rice delivered in Shanghai on order from other cities.

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We can be sure that the figures for foreign imports recorded by the Maritime Customs are reasonably complete and accurate, since smuggling of rice imports is hardly a profitable venture. If a discrepancy exists (and it is not considered that the calculations of the preceding paragraph do more than suggest the possibility of a discrepancy), it must therefore be attributed to unrecorded entries of rice by water transport from the delta area.

The Customs figures show great yearly fluctuations in the import of foreign rice to Shanghai, with a low in 1924 of 200,000 pounds and a high in 1926 of 300,000,000 pounds. 1926 was marked by prolonged and widespread civil war in the delta, culminating in the capture of Shanghai by the northern expeditionary forces of the Kuomintang in January 1927. The market reports referred to above mention interruptions in water transport to Shanghai from the local rice-producing areas more frequently in that year than in any other. They also describe it as an unusually rainy year, with floods over large areas of the delta during the spring and autumn. The reports make it clear that the rice crop in Shanghai's local supply area was not drastically affected by these conditions and totaled approximately 80 per cent of normal. The interruptions in water transport, however, caused by civil disturbances and weather, made it difficult to get the crop to market in Shanghai. They increased the price of what did come in so markedly that foreign rice was imported in unusually large amounts.

Foreign rice imports returned in 1928 to a more nearly normal level. Subsequently they rose and fell almost as radically in certain other years to give an average for the period 1920–1936 of 70,000,000 pounds yearly (as compared with the 1925–1930 yearly average of 130,000,000 pounds cited above from the Food Commission's Report). The following table lists annually foreign rice imports to Shanghai and notes after years of unusually large imports any exceptional conditions mentioned for those years by the market reports.[28]

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Year	*Foreign Rice Imports (lbs.)*	*Market Report Comments*
1920	2,000,000	
1921	15,000,000	
1922	40,000,000	
1923	3,000,000	
1924	200,000	
1925	210,000,000	civil war in the delta
1926	300,000,000	civil war and floods in the delta
1927	120,000,000	civil war and floods in the delta
1928	80,000,000	
1929	40,000,000	
1930	40,000,000	
1931	200,000,000	floods in the lower Yangtze basin
1932	120,000,000	Japanese attack on Shanghai
1933	2,000,000	
1934	600,000	
1935	600,000	
1936	300,000	

The market reports imply (without giving any figures) that the drop in rice imports after 1932 was related to the fact that Ningpo, Tientsin, Hankow, and Nanking rice brokers decided in these years to order foreign rice directly for delivery to their respective cities without transshipment via Shanghai. But whatever the reason for the fluctuations in rice imports shown in the above table, it is clear that under normal conditions Shanghai could not and did not depend on foreign rice to any important extent. Given free movement of water transport in the delta, it was able to support itself almost entirely on what it drew from its local supply areas. Shanghai's population doubled between 1920 and 1936, yet imports of foreign rice to the city all but disappeared in one third of the years listed in the above table.

There is some evidence that even during the early years of modern Shanghai, before it reached a population of half a million, the city relied primarily on local sources of rice and depended on foreign imports only under unusual conditions. Trade reports of the British consul at Shanghai show large imports of rice in 1862, 1863, and 1864 while the city was for considerable periods besieged by rebel forces of the Taiping army. The consular reports specifically mention elsewhere that water transport in the delta to and from the city

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came to a standstill at frequent intervals during these years.[24] They also mention the Shanghai prejudice against eating foreign rice and state that it is consumed only when local supplies are unobtainable.[25] The Taiping Rebellion was suppressed and Nanking recaptured by the Ch'ing forces in June 1864. By 1865 the Shanghai consular report shows the virtual disappearance of foreign rice imports.[26] Apparently Shanghai was not at that period acting as an entrepôt for rice imports to other cities. 439

It has been a widespread opinion in China and outside it that the large cities of east Asia, including Shanghai, have depended for their growth on the import by sea of foreign rice from the surplus rice areas of Indo-China, Burma, and Siam. Various students of the problem have gone far enough to examine the rice import figures recorded by the Maritime Customs and to compare them with population growth, finding that in the case of at least the south China treaty ports overseas rice imports have increased faster than the population, and concluding that these cities would starve if overseas imports were cut off.[27] Aside from the fact that much of the foreign rice entering Shanghai is destined for other places, what statistics are available, when added to the evidence of the market reports, demonstrate that the part played by foreign rice is minor in the case of Shanghai.

If Shanghai is indeed an exception in this respect, an explanation may logically be found in the combination in its immediate hinterland of heavy rice production and highly developed water routes. There is no significant correlation between the size of the delta rice crop in different years and imports of foreign rice. The years of large import did however coincide with unusual conditions in the delta which affected primarily the movement of goods by water rather than the actual rice crop. Transportation rather than production would appear to be the key.

While the quantitative importance of foreign rice is minor within the general supply picture, it is certainly true that for recurrent short periods foreign rice has filled large gaps in the Shanghai market. Even in normal years, foreign rice came in during the local planting season, and in years marked by civil disorder or natural calamities in the delta it accounted for a quarter third 439 435

439 of Shanghai's rice consumption of something like one billion
435 pounds over the year as a whole. The supply situation was determined by price, and foreign rice was imported not necessarily because local rice was unobtainable but because its Shanghai price at certain periods rose considerably above the Shanghai price of foreign rice.

The price problem posed by the hiatus in local supply during the planting season might have been overcome without bringing in foreign rice, by carefully planned advance buying and by distributing price fluctuations for local rice more widely over the year as a whole. This solution was theoretically in the power of the Shanghai rice merchants, and it has since been applied at least to a degree by the Communist Government (see Chapter Eleven). But it is doubtful whether Shanghai could have existed without foreign rice imports during the periods of civil war and floods which disrupted its water connections with the producing areas. At such times, a high enough price in Shanghai could presumably have attracted to the city from the local areas adequate rice to feed its population despite the difficulties and dangers of water transport, but workers' families and other low-income groups, which constituted the great majority of the population, would have been priced out of the market.

722 The situation after 1936 was complicated by the Japanese invasion
439 and conquest of the delta in 1937. Japanese military requisitions drained off increasing amounts of the delta's rice crop, and fighting over the area reduced total production and hampered the movement of rice to Shanghai. The city became increasingly dependent on foreign imports of rice, and by 1940 relied almost entirely on what it was able to import from Saigon. The unsettled political situation, in which the foreign settlements remained until Pearl Harbor in theory outside Japanese control but increasingly subject to Japanese influence and threatened with total absorption, en-
435 couraged hoarding and speculation. Curtailment of local supplies created an actual shortage, and these factors together resulted in a tripling of the Shanghai price of rice between 1936 and 1941.

[579] Rice riots in the city became frequent, and Shanghai's normal dependence on its local rice supply areas was increasingly borne in upon all of the cities population.

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upon all of the city's population. A leading commercial journal in the city remarked in 1940 that "Shanghai is an island cut off from the normal sources of supply of its staple food," and went on to point out that rice selling at that time in Wusih for CNC$15 per picul of 172 pounds sold for CNC$90 per picul in Shanghai, a price difference which certainly reflects transport difficulties as well as the abnormal situation in Shanghai. The Shanghai price of imported rice quite naturally rose to meet this level.[28] At scattered intervals during this period from 1937 to the end of 1941 when conditions permitted relatively safe water shipment to Shanghai from the delta, local rice appeared on the Shanghai market in large quantities and the price of rice from all sources dropped to nearly its pre-war levels.[29]

The part played by out-province rice is difficult to evaluate. The market reports already referred to indicate that except during the planting season out-province rice is unimportant on the Shanghai market, and at all periods under normal conditions is less important than foreign imports.[30] However, complete figures for out-province shipments of rice to Shanghai do not exist, doubtless due, at least in part, to the fact that much of it moves to the city in small boats, a flow difficult to measure. The market reports give the impression that most of Shanghai's out-province supply comes (in order of importance) from Wuhu (the chief rice center of Anhwei), the lowland areas of Kiangsi connected by lakes and rivers with the Yangtze, the lowland areas of northeastern Chekiang, and the western and southern shores of Tung Ting Lake in Hunan. All of these sources have direct water connections with Shanghai.

If the earlier opinion that Shanghai, among the other treaty ports, depended for its growth on overseas imports of rice is no longer tenable, it is perhaps reasonable to question whether at least Canton may not have profited from its similar location. The Hsi delta is the closest parallel in China to the Yangtze delta, although on a smaller scale. Like the Yangtze delta, it is a heavy rice-producing area which also contains a highly developed network of natural and artificial waterways. Kwangtung as a whole is a rice-deficiency area, and foreign imports of rice to Canton may not be destined entirely for

consumption in the city. As in the case of Shanghai, Canton may act as an entrepôt for rice imports to other cities.

This may suggest that China as a whole produces enough to feed itself, even by traditional farming methods, if only the food could be transported cheaply enough. As it is, foreign rice moves only to the large coastal cities, because transport costs once it leaves the sea prevent further penetration. The rice comes in because at certain periods it is cheap, and it is cheap relative to Chinese rice primarily because of the difference in transport costs between sea and land. It may be found when full facts are available that the flow of rice to large Chinese cities, which depends on price, is governed predominantly by transport costs, as it is in the case of Shanghai, and that where cheap transport is possible, local sources form the major part of the supply.

Other Food Commodities

The Yangtze delta, and more especially the fertile triangle, is a specialized agricultural area, more so than most agricultural regions of China because of its greater degree of commercialization. Its special crop is rice, with cotton, mulberry, and vegetables the only other significant items. Some wheat is grown, but it is of relatively minor importance in the fertile triangle and is raised mainly as a dry-field winter crop between rice plantings. Shanghai's dependence on local sources for rice is thus not matched by the rest of its food supply. The significance of the city's water connections with other agricultural regions is apparent in the fact that in a largely pre-railroad and pre-commercial economy, Shanghai is able to depend on distant sources for many food items in a way, if not to a degree, which is in certain respects comparable to the food supply pattern developed for large cities in the United States and Western Europe.

Shanghai has its own truck- and market-garden area, much as large Western cities have, with the difference that vegetables in particular have always been grown there and that environmental conditions in the fertile triangle are virtually ideal for market-garden-type production. Near most Western cities, soil, climate, and relief must often be fitted with difficulty into the needs of the city for fresh local food. Vegetable production in the fertile triangle

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256 438 481 market. The semi-arid north, where most of China's wheat is grown, has almost no water transportation. Water in the delta has made it possible for wheat production there to become highly commercialized as Shanghai developed into a huge industrial market which water routes made accessible in terms of transport costs for bulk shipments.* This helps to explain the anomaly of Shanghai (rather than Tientsin — a close second) as the largest wheat-milling center in China despite its great distance from China's major wheat-producing areas where other industrial centers, notably Tientsin, also mill flour.

439 505 Domestic sources of wheat, however, accounted for slightly less than half of the city's supply during most of the 1920's and 1930's. Although Kiangsu sources held the commanding position domestically, wheat also came to the city especially from the major wheat area of Shantung, by sea from Tsingtao, where it was collected largely by rail. Shanghai's connections by sea thus implemented its water connections in the delta in ensuring a steady flow of low-cost cereals. Dependence on overseas sources for more than half of its wheat was more workable economically for Shanghai, with its location and harbor facilities, than for any other China port. It was cheaper for Shanghai to bring in wheat from Canada, the United States, and Australia (the three major overseas sources in order of importance) than for Tientsin, without inland water transport, to bring in wheat from the producing areas of north China beyond its immediate Hopeh region of the north China plain.

These imports of wheat from overseas fluctuated considerably from year to year according to price conditions. As in the case of rice, wheat imports were unusually high in years of civil disorder and (or) rain and floods in the delta area, notably in 1926, and decreased markedly in intervening years of political and climatic stability.[33] Again the inference is that stoppages of water transport in the delta were the key factor. As an ocean port near major world shipping lanes, Shanghai could import at a practicable cost whatever goods normally obtained from the delta which temporary cir-

* Water as rainfall, or as irrigation, also keeps wheat yields higher in the delta than the north China average.

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cumstances interfering with inland transport made inaccessible locally.[34]

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor.

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of

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241 from large Chinese and Japanese cities than in the remainder of the rural districts, into which the green fades off beyond 30 or 40 miles. This is particularly true at Shanghai, and is most clearly seen from the air, but it also strikes the eye on the trip by train from Shanghai to Nanking, or in walking through the country.

Night-soil distribution could have provided an automatic increase in crop yields in the immediate vicinity of Shanghai as the city's population grew. In a country where even near the large coastal cities and under a system of relatively commercialized agriculture, chemical fertilizers are beyond the means of the farmers, the heavy use of night soil in the neighborhoods of large cities where it can be purchased at a price even the poorest farmer can afford can be assumed an important factor for agriculture. In the case of Shanghai, it may help to explain the apparent local surplus of rice from the delta which goes to feed the city.

722 433 439 The second problem concerns the future. Shanghai up to 1936 had managed to feed itself largely from its local supply areas. During the disturbed war years, virtually unbroken from 1937 to 1949, it was for long periods forced to depend on imported rice, although the inference is still that under normal conditions the local supply areas remain adequate. But can the city continue to grow on this basis, or will the population not eventually outrun the food supply as it has done repeatedly in the past throughout China? Obviously this is a possibility. It would lead to greater dependence on rice imports, and greater use of railways and highways as these expand and become cheaper carriers, to bring rice and other food into the city from longer distances. In the absence of figures and information for the period since the war with Japan comparable even to the inadequate data for the pre-1937 period, we have no reliable basis for judging whether Shanghai has already entered a new phase in this vital aspect of its economic life. As we can measure it, this huge city is a world anomaly in the pattern and mechanics of its food supply, but as China is increasingly drawn into the world economic pattern, with Shanghai leading and accelerating the change as before, this anomaly, like most of its others, will disappear.

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ings slightly altered to house machinery which is tended by the residents of the house, often members of one family. These small industries are engaged in a bewildering variety of production, and despite their universal under-capitalization, most of them use electrically-driven machinery. "Factories" of this kind produce, for instance, machine tools, cast iron, electric appliances, soap, acids, textile machinery, power presses, boilers, and telephone parts, as well as a long list of light consumer goods, such as flashlights, light bulbs, thermos flasks, clothing, lamps, electric fans, and food products.[9] Despite crowding and poor working conditions, the quality of production in these plants was apparently high. American orders for telephone parts were placed in Shanghai from 1932 to 1935 for export to South America, and the contracts went predominantly to these small household operators.[10] There was a very high rate of turnover among these "factories"; their small scale and small capitalization enabled them to react with great sensitivity to market changes and to crowd or evacuate lines of production alternately as profits varied.*

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Market and Raw Materials

Market considerations are the leading factor in the concentration of manufacturing as a whole in Shanghai. As the primate commercial and industrial center of China, not only were capital, relatively trained industrial labor, and electric power available there more abundantly and in most cases more cheaply than anywhere else in China, but Shanghai includes in its trade hinterland half of the country. With the notable exception of the textile industries, most of the raw materials necessary to maintain Shanghai's manufacturing were not available locally in its immediate hinterland. It was the market which attracted and held most manufacturing.

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We may logically begin with the exception, the textile industries. Shanghai is located near the center of China's chief cotton-producing

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* The *Chinese Economic Bulletin*, published in Shanghai, records many of these changes. For example, there were 11 industrial establishments in Shanghai in November 1930, producing "gourmet powder" (made mainly from wheat flour), 9 in October 1931, and none in June 1932, according to the *Bulletin's* weekly industrial news columns.

248 area. Kiangsu alone produced before the war about 30 per cent of
439 China's total annual cotton crop. Shanghai's textile mills at this period consumed an annual average of about 3,800,000 piculs of raw cotton (one picul equals 133 pounds), of which it is estimated that 2,000,000 came from Kiangsu, 500,000 from Hankow, 500,000 from Tientsin by sea, and 800,000 from foreign ports, principally from the United States.[11] The foreign cotton imports were predominantly of long-staple varieties for the weaving of finer-count cloth for which the native short-staple Chinese cotton was not suitable. During the 1930's considerable progress was made in growing long-staple cotton in China from American seeds, including that grown in the Kiangsu area, so that by 1936 foreign cotton imports to Shanghai were only half of what they had been in 1920.[12] The ground thus gained was largely lost during the war years, but reports from China since 1946 indicate that self-sufficiency in all types of cotton is now again within reach, with Kiangsu still the leading producer.[13]

231 The major silk-producing regions of China are also near at hand.
288 The delta areas of Kiangsu and Chekiang accounted for about half of the total Chinese production of raw silk in the 1920's and 1930's, as they had during most of the nineteenth century, and Shanghai remained the primary silk market of China. When silk-reeling, spinning, and weaving in the delta area became largely concentrated in factories after about 1910, rather than being done as before on a domestic basis, it was logical that the industry should center in Shanghai, as well as in the nearby cities of Soochow, Wusih, and Hangchow.

236 The rest of the textile industry is less closely related to the sources
248 of its raw materials. About three-quarters of the raw wool used in Shanghai factories before the war came from the grazing areas of
288 northwest China via Tientsin, by sea and rail. Less than one-tenth came from Kiangsu, and it was mainly "dead" wool of poor quality shorn from dead sheep and goats. The remainder was supplied largely from central China, via Hankow, by Yangtze steamer.[14] Ramie and hemp for Shanghai manufacturing came primarily from Hankow, in the center of the chief producing areas
[439] for both crops. Most of the jute consumed in Shanghai was imported from India.

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Among the food industries, Shanghai's flour mills, as we have 439
een above in Chapter Nine, depended more heavily on foreign 258
vheat imports than on what they drew from China. The six plants
n Shanghai in the 1930's producing dried, powdered, or frozen
ggs were all foreign-owned and all large-scale, employing an
verage of about 350 workers per plant.[15] The area from which
hey drew their eggs has already been outlined in Chapter Nine.
While local sources were important in this industry, they did not
ill the entire demand, and it was necessary to bring eggs from as
ar as Hankow. Shantung was also a large egg-producing center,
ut the factory production of preserved eggs in Tsinan and Tsingtao
ombined was less than a third of Shanghai's.[16] It is reasonable to
uppose that a measure of this difference was accounted for by the
vater transport network feeding Shanghai and the lack of it in
Shantung.

Of all the food industries in Shanghai, tobacco manufacturing was 277
nost notably divorced from major sources of supply. The cigarette [471]
ndustry in China had been started on a large scale by the American
Tobacco Company in the late 1890's (it merged with British 249
nterests in 1902 to form the British-American Tobacco Company,
he largest producer of tobacco products in China). During the
irst decade of the twentieth century, its foreign tobacco experts
urveyed soil and climatic conditions in China and fixed on three
nain areas where American tobacco seed would grow best so that
ts leaf could be blended with the native Chinese leaf (which was
produced in small quantities in most parts of central and north
China but with the best quality leaf coming from the three areas
selected by the foreign experts) to produce an inexpensive but good
quality smoke. The three areas were located in south central
Shantung, northwestern Anhwei, and central Honan. Large Chinese
igarette producers entered the field after 1905, drawing on the
ncreasing domestic production of foreign-type leaf and blending
it with Chinese leaf.[17]

In spite of the presence of large industrial centers (by Chinese 277
standards) in or near these main producing areas (Kaifeng and 439
Hankow for Honan, Kiukiang, Wuhu, and Nanking for Anhwei,
Tsingtao and Tsinan for Shantung), approximately 60 per cent of

277 all the factory-made cigarettes in China were produced in Shanghai
439 from 1925 to 1935.[18] The Shanghai cigarette factories drew about half of their tobacco from Shantung, 20 per cent from Anhwei, and 20 per cent from Honan.[19] The remaining 10 per cent was imported, mainly from the United States, but the amount imported continued to decline as domestic production of foreign-style leaf increased, and by 1935 it was about half what it had been in 1925, the overall average for the period 1925–1935 being 10 per cent. The magnetism of the Shanghai market gave it a commanding position in spite of its distance from the leaf-producing areas.

327 Shanghai industries using large amounts of metal, and the
1139 rubber goods industry, were the farthest removed from their sources of raw materials. Virtually all of the steel, ferro-alloys, and non-ferrous metals (with the exceptions of antimony and tungsten) were imported. Until the recent subsidized development program of the Communist Government, large-scale modern production had not been profitable in China proper for either iron or steel, with the exception of three plants which produced mainly from local scrap and which served a local market.[20] These three plants were in Shanghai, and were therefore by definition market-oriented. Two plants in Pootung were established in 1918. One produced steel from local scrap in two open-hearth furnaces of 30 and 70 tons capacity respectively, and the other probably produced no steel (since its "blast furnaces" were of only 12 and 33 tons capacity respectively), but poured iron castings.[21] Both plants worked only sporadically until 1934, when they were shut down. They were reopened by the Japanese in 1938, presumably on a military, and therefore a non-paying basis.[22] (Iron and steel were made for a few years during the war in Chungking, but on a small and uneconomic basis.)

The third plant was the steel-casting unit of the Kiangnan Arsenal, which operated two 15-ton electric furnaces to produce regular plate, high-speed, and armour steel for its shipyards and munitions works, using entirely local scrap. It was dismantled in 1932.[23] Other engineering and metal-working plants in Shanghai had small iron- and steel-casting furnaces of a few tons' capacity, but such small furnaces are necessary in any modern industrial complex for re-working scrap. They do not add to existing stocks.

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The reason for the absence of a steel industry in China, or in Shanghai, was the inability of the industry to meet the price of foreign imports. China's total iron ore resources are not inconsiderable, but in the Yangtze basin, where most of the production attempts have been centered, the ore deposits are small and scattered so that their exploitation imposes high costs. Small deposits of coal are also found in scattered localities along the lower Yangtze, but the combined costs of mining and of transport to production centers were too high to permit economic iron or steel making.[24] In the case of Shanghai, not only did these factors operate despite its water connections with the ore and coal deposits along the Yangtze, but as a seaport it could not produce iron or steel from domestic or foreign ore at anything like the price of seaborne imports of foreign iron and steel. Fortunately its maritime connections enabled it to draw on foreign sources for iron and steel and to produce finished metal goods at a cost which still allowed them to compete in the China market with foreign imports of finished metal goods. 327 435 135

Among the large metal-using industries, the vehicle plants (aside from the shipyards of the Kiangnan Arsenal before 1932) imported almost all of their finished steel plates, wire, rods, tubing, and other semi-finished steel products, and most of their cast iron, directly, or indirectly as recastings from iron and steel scrap. The same was true of the plants producing machinery, with their large use of more highly-finished steel products and special steels.[25] The nine large-scale modern shipyards produced primarily river and small coastal craft, the largest ship built up to 1932 being of 11,000 net tons. The steel, production machinery, and most of the engines installed in these ships were imported, and yet it was still apparently possible for the yards to compete in the China market with European, Japanese, or American yards. In 1930 the nine yards turned out a total of 71 ships with a gross tonnage of 17,839, and an average tonnage of 240.[26] There were also about 30 smaller shipyards building Chinese-style wooden craft, from canal sampans to large coastal junks.[27] 439 396

Among the other metal-using industries, the food canning and can-producing plants in Shanghai imported all of their tin plate, primarily from the United States.[28] China has significant deposits [255] 439

[135] China has significant deposits
of tin and produced in the 1930's between 3 and 4 per cent of the
● 439 world's tin ore. It is mined in the southwest tableland of Yünnan
316 and Kwangsi, and in the hills which form the divide between the
[325] Hsi and Hsiang River basins (in Kwangsi and Hunan), but no tin was smelted anywhere in China until 1932, when a small plant was established at the largest Chinese mine in Yünnan. The ore, and the small amount of smelted tin were almost entirely exported. China before 1937 was the leading world producer of both tungsten and antimony, and Shanghai was able to fill its own small needs for these alloys entirely from domestic sources. Both ores were mined predominantly in the basins of the Hsiang and Yüan Rivers in Hunan, and over 90 per cent of the total production of both ores was exported, nearly all of it through Shanghai.

282 Hides for the leather industry in Shanghai, and for export, came
438 to the city, in order of importance, from Manchuria by sea, Tientsin (which acted as the main collecting center for hides from the grazing lands of northwest China) by sea, Shantung (Tsingtao and Tsinan) by both sea and rail, and from Hankow (collecting center for the hides of central China) and Szechuan via the Yangtze. Hides from Kiangsu and Chekiang were considered greatly inferior as well as being very limited in quantity in this animal-poor area of intensive hand agriculture, and accounted for less than 3 per cent of Shanghai's total supply.[29] Rubber was of course entirely imported.

[289 Shanghai's wood-working, furniture, and paper industries were
322] almost entirely dependent on imported wood from Canada, the
439 United States, and Scandinavia. The delta area produces no wood
438 at all, and the nearest commercially usable stands are in the hills along the Chientang River south and west of Hangchow, but they are small and of poor quality. About one-tenth of the quantity of foreign imports came in by junk from south China, particularly from Foochow, the lumber center of the China coast by virtue of the heavily wooded slopes of the Wu Yi and Ta Yü ranges, too steep for agriculture and not crossed by any important transport routes.[30]

388 The two leading chemical industries, soap and matches, provide
438 in the sources of their raw materials an illustration of Shanghai's position as a manufacturing center in an otherwise pre-industrial economy. There were about fifty soap factories in Shanghai in the

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1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

The average Shanghai price before the war was nevertheless substantially below that of foreign vegetable oil imports (despite the production of coconut oil in southeast Asia). Vegetable wax from central China also largely replaced foreign imports of paraffin wax after 1930, when the *likin* (internal customs tax) was abolished by the Kuomintang government. The cheapness of domestic tallow, oils, and wax in Shanghai relative to seaborne foreign imports was clearly related to the use of inland water transport in bringing these products to the city. The fact that 80 per cent of Shanghai's soap production in the early 1930's was marketed outside Kiangsu also suggests that the city's water connections with its hinterland were basic in locating the industry there. Only 10 per cent of the Shanghai soap industry's raw materials were imported, largely coconut and olive oils for making especially high-quality soap for the domestic market.[33]

By contrast, the Shanghai match industry was almost entirely dependent on overseas sources for its raw materials. It imported all of its sulphur (largely from Japan), all of its paper and cardboard (from Sweden), and all of its match-making machinery (from Japan). Most of its phosphorous was also imported, but some was produced locally from animal bones. Ample sulphuric acid was produced in Shanghai. For this product of such high unit-value by weight, raw materials to which so much value was added by manufacture could economically be imported, and the finished matches were marketed in every province of China.[34] Shanghai was never-

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381 theless industrially out of gear with the rest of China to such an
439 extent that the match industry imported even its paper and cardboard.*

Chinese sources could maintain Shanghai's soap manufacturing, using relatively bulky agricultural raw materials, but the match industry, dependent on relatively finished and specialized materials, was obliged to rely predominantly on overseas sources. The city's market was able to hold both of these greatly dissimilar enterprises, each typical of much of its manufacturing complex.

306 The jade-cutting industry may be cited as a final illustration of
439 the market-oriented character of Shanghai manufacturing as a whole. While jade-cutting would presumably be less likely than diamond-cutting to gravitate to primate financial and banking centers, it is equally dependent on specially skilled labor, which is most often found in the largest cities, and on the commercial services and connections of a primate market. Most of the world's jade is mined in northern Burma, but Shanghai, rather than Rangoon or Calcutta, was the world's leading jade center for cutting, polishing, and marketing. It imported its rough jade from Burma by sea, paying a 50 per cent export duty *ad valorem*, and sold the finished product not only in China but all over the world. Japanese attempts at competition in this industry during the 1920's failed to dislodge Shanghai from its leading position.[35] An early start and accumulated skill have been more important in this industry than in almost any other, but it was the Shanghai market which attracted and continued to hold it.

The Cost of Raw Materials

435 It will be useful to estimate the percentage of total costs which is represented in different Shanghai industries by the cost of delivered raw materials in order to throw light on the competitive position of the city as a location for manufacturing. The published estimates of costs are contradictory, and the implication is that accurate information is not available, an understandable condition in view of the

* The relative importance in Shanghai manufacturing of the industries discussed above (pp. 171–178) is indicated by the tables above on pages 168, 169, and 170. Consumption figures are unfortunately not available.

439 316 Consular and Customs reports from Shanghai during the early decades of the modern city show that it depended almost entirely on overseas imports of coal. There was a large movement in ballast from England to Shanghai from the opening of the port to foreign trade in 1843 through the period of the 1860's, when foreign merchants had difficulty finding a market for foreign goods in return for China's tea and silk.[43] It was consumed largely by the coastal, river, and ocean vessels fueling at Shanghai.[44] This relatively cheap ballast coal from England was however gradually replaced after 1870 by even cheaper coal from Nagasaki in Japan and from the large Chinese government-operated Keelung mines (subsequently taken over by the Japanese in their conquest of Formosa in 1895) at the northern tip of Formosa, opened in 1875. Both of these new sources were on tidewater and coal from both could move to Shanghai as part of the growing volume of east Asian maritime trade.

316 438 The first large-scale coal mine in China was opened at Kaiping, Hopeh, in 1878,* (map 9), and the first shipment from Kaiping to Shanghai arrived in 1881, but this coal was unable to compete with Japanese imports at Shanghai until after the turn of the century. By 1930, the Kaiping mine accounted for 23 per cent of China's annual coal production.[45] Kaiping was connected by rail to Tangku and Tientsin in 1888 (the first permanent railway in China), and to Shanhaikuan, via Chingwantao, in 1894. At Chingwantao, 79 miles by rail north of Kaiping, a seawall and wharves were built between 1899 and 1902 to permit shipment of Kaiping coal from this port, where there was no bar as at Tangku.[46] [503]

438 439 This facilitation of transport, and the relatively short rail-haul from the mines to Chingwantao, were undoubtedly factors in the increased ability of Kaiping coal to compete in the Shanghai market after 1902. In the 1890's, with the assistance of French capital, another new supply of coal appeared on the east Asia market, from Indo-China. The mines, located on tidewater near Haiphong (map

* This was the Kaiping Mining Bureau, organized at the instigation of Li Hung-chang in 1878, and later (1912), after a period of British control (1901–1912), reorganized as the Kailan Mining Administration, a joint Sino-British undertaking and one of the pioneer modern industrial enterprises in China. For a valuable account of its development, see Ellsworth Carlson, *The Kailan Mines* (1949).

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9), could compete in Shanghai with Japanese, Formosan, or north China coal. 439 438

The table below estimates the relative rank of major sources for Shanghai's coal in the 1930's, by percentages of total tonnage of coal delivered in Shanghai in each year from all the sources listed.[47]

Source	*1931*	*1932*	*1933*	*1934*	*1935*	*1936*	*Average 1931–36*
Kaiping (Hopeh)	37	46	37	36	37	36	37.5
Tzuchuan-Poshan (Shantung)	7	6	11	17	19	22	14.0
Japan (ex-Nagasaki)	18	16	15	8	5	3	10.8
Fushun (Manchuria)	19	13	13	6	3	1	9.5
Anhwei (mines on Yangtze)	—	—	9	10	14	23	9.2
Chunghsing (Shantung)	8	8	6	12	12	8	9.1
Haiphong (Indo-China)	4	6	6	5	5	5	5.3
Shansi (mine(s) unspecified)	7	5	3	6	5	2	4.6
	100	100	100	100	100	100	100.0

Mainland places mentioned in the foregoing table will be found in map 9. The Poshan and Tzuchuan mines were located in the major coal field of Shantung. Both mines began to produce coal on a large scale in the late 1920's, after they were connected by rail to Tsingtao, approximately 175 miles away. Tzuchuan and Poshan coal moved to Shanghai largely by rail to Tsingtao and thence by sea, although there was some rail shipment via Nanking and thence to Shanghai via the Yangtze. Fushun was linked by rail with the port of Yingkow (Newchwang), 120 miles to the south at the mouth of the Liao River, as well as by limited water transport on the river, and by rail with Dairen, Manchuria's leading port, 210 miles to the south. The mines in Anhwei were located along the Yangtze, but production was not begun on a large scale until after 1932. The Anhwei coal deposits are relatively small and their exploitation is more expensive than in the larger Chinese mines, such as at Kaiping. Only their location along the Yangtze made their exploitation profitable as a source for Shanghai's coal supply. Coal from Chunghsing in Shantung moved 120 miles by rail to Haichow, and thence to Shanghai by sea. Shansi coal entering Shanghai came principally from the mines at Tzu- 438 316

438 chou, and moved to both Tientsin and Haichow by rail, whence it
316 traveled to Shanghai by sea.

The figures for coal imports from Japan and Manchuria in 1931,
● 439 1932, and 1933 listed in the foregoing table owe their size primarily
438 to Japanese dumping of coal on the Shanghai market in these years at a price which was often less than two-thirds of the domestic price of coal in Japan. The table shows that while this dumping did not greatly affect sales of Kaiping coal in Shanghai, it did cut into the Shanghai market for Shantung coal in particular (Tzuchuan, Poshan, and Chunghsing). This may suggest, in the absence of complete available price figures, that Kaiping coal was relatively cheap in Shanghai and that Shantung coal was relatively expensive. A reason for this difference may be found in the long rail-haul necessary for coal moving from Shantung mines to Shanghai (120 miles from Chunghsing and 175 miles from Tzuchuan-Poshan), compared with the shorter rail haul of 79 miles for Kaiping coal to Chingwantao.

[497] Railway figures show that coal shipments arriving in Shanghai by rail in the years 1931, 1932, and 1933 averaged less than one-quarter of the railway coal shipments recorded for 1930, 1934, 1935, and 1936.[48] Apparently direct rail haulage of coal from Shantung (or from other sources) to Shanghai was not profitable in the face of Japanese dumping in Shanghai. Figures of the Maritime Customs for these years show no significant falling off in seaborne cargoes of coal arriving in Shanghai between 1931 and 1933, and in fact record a slightly higher average for these three years than for the years immediately preceding and following them, readily explainable in terms of larger imports of the unnaturally cheap Japanese coal for inland distribution as well as for consumption in Shanghai. In any case, Kaiping coal apparently had no difficulty in maintaining its position on the Shanghai market despite Japanese dumping.

438 Shanghai drew most of its coal from sources closely oriented to
316 water transport. Coal deposits are widely distributed over large areas of north and central China. While Shanghai received its largest supply from Kaiping mines near the coast, and a relatively constant supply from the mines on tidewater at Haiphong, it drew

2: Murphy G-4 (no date) 1953 AF15 East China AF15

inland coal only from Fushun (on a navigable tributary of the Liao, and normally the cheapest pit-head coal in East Asia due to easy extraction from huge open-pit mines), Anhwei (deposits along the Yangtze), Shansi (China's major coal reserve), and Shantung (the nearest large coal deposits to Shanghai). The Chinghsing mines in Hopeh could not depend for transport on their largely unnavigable river connections with Tientsin, 190 miles away by rail. 438 316

The accompanying table lists the average annual production (in millions of tons) of the major coal-producing provinces of China in the early 1930's.[40]

Province	*Production*
Hopeh	7.7
Shantung	3.5
Shansi	2.7
Honan	2.1
Szechuan	.9
Hunan	.6
Anhwei	.6

Hopeh, with its Kaiping mines 79 miles by rail from the port of Chingwantao, supplied the largest share of Shanghai's coal for the period 1931–1936 (37.6 per cent). Shantung, immediately north of Kiangsu and the nearest large coal producer to Shanghai, but with limited water transport, supplied an average of only 23.1 per cent of Shanghai's coal during the same period. Inland Honan, Szechuan, and Hunan do not figure as sources of Shanghai coal. Anhwei, also without a seacoast, but with mines along the Yangtze, accounted for 23 per cent of Shanghai's coal supply by 1936. Landlocked Shansi, China's third producer of coal accounted for less than five per cent of Shanghai's coal supply for the same period. Overseas coal imports (Japan, Manchuria, and Indo-China) accounted for 25.6 per cent of Shanghai's coal supply for the period 1931–1936, or more than any Chinese province except Hopeh (see table above on p. 185). 439

Ting estimates that for China as a whole in the period of the 1930's domestic coal was moved 70 per cent (by weight) by rail, and 438 481

727 done with dispatch soon after Shanghai had been taken. By the
[496] end of 1949, railways destroyed in the delta area during the civil war had been restored to operation, and by the end of 1950, most of the lines in China as of 1936 had been rebuilt, plus considerable new mileage. Great stress has also been put on maintaining a high level of commodity flow by water transport from the Yangtze and
[503] the delta to Shanghai. Numerous hydraulic improvements were undertaken in 1949, 1950, and 1951, including the widening, deepening, and regulating of existing waterways, the building of additional carriers of all types,* and in November 1950 the commencement of a very large five-year project for the regulation of the Huai River, designed primarily to prevent its disastrous floods, but also to facilitate navigation.[2]

439 But the sea routes, equally vital to the city's economic life, remain largely closed. Political capital has been made of this unfortunate situation, since it has in effect called the Communists' bluff in their repeated assertions that Shanghai was a foreign sore on the Chinese body politic and should be integrated with China rather than with its kindred economies overseas.

> The new Shanghai . . . is closely linked by commerce and the interflow of goods with the rest of the country. Facing inland instead of across the sea, it is integrated politically, economically, and culturally with the nation whose needs it serves. From being a source of infection in China's economic life, Shanghai has today become a source of strength to the new China.[3]

365 This is cold comfort. Shanghai can be a source of strength to
439 China only if it produces, and it cannot reach more than a part of its industrial potential while the sea routes which feed it are closed. The shortage of coal in the city remains, if one may read between the lines of official statements and news releases. Electric power is rationed; new users are discouraged, and one gathers that current users are unable to get enough to increase their production. Remembering the crucial importance of cheap and abundant electric power for all of the city's industry, as we have discussed it above

* 192 inland water craft were built in Shanghai alone in 1950, totalling 28,000 tons displacement, according to Ching-Chi Chou-Pao for January 4, 1951, p. 9.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

in Chapter Ten (it constituted probably Shanghai's outstanding advantage for manufacturing), the present situation is discouraging. We may assume that the newly rebuilt railways are now carrying much larger amounts of coal from north China to Shanghai than they did before the war, but this greatly increases its price as against sea shipment, and is unlikely to have the necessary capacity. Industrial machinery, liquid fuels, rubber, chemicals, and the other goods which were imported from overseas and which are vital to Shanghai's industrial recovery are also short under the combined Nationalist blockade and United Nations embargo. 365 439

Ocean shipping using the port virtually disappeared during 1949 and most of 1950. Toward the end of 1950 it reappeared on a very small scale, and now averages perhaps two or three ships a month, all in the coasting trade. The entrances to the Yangtze have been mined by the Nationalists, and the main ship channel in the estuary has not been dredged since 1937. Sunken ships, to which floating mines still occasionally add, further block the river. Until early 1951 there was a small trade with Hong Kong, but this has now nearly disappeared with the adoption of the United Nations embargo in December 1950, and the few ships which call at Shanghai are restricted almost entirely to the trade with Tientsin, Tsingtao, and Dairen. Rates are prohibitively high, and all imports and exports through the port of Shanghai are rigidly controlled by the government. Luxury goods and most consumers' goods are excluded from the list of admissable imports. The city's busses and most of its other gasoline vehicles have been converted to run on charcoal gas. Export and import licenses can be obtained only where it is considered in the national interest, but buyers to whom exports might be sent are in many cases unreachable, as witness the consistent import surplus for Shanghai itself of 100 to 120 per cent over exports during 1951.* [4] Such conditions are crippling for a city which 505 439

* The Soviet bloc however seems now to be filling the gap in China's foreign trade left by the shrinking of commercial relations with the West, judging from current reports. (See Ch'en Han-seng, "The Future of China's Foreign Trade" (1952), *New China News Agency Bulletin*, September 29, 1951, *Hsin-Hua Yüeh-Pao*, October 1951, *Ching-Chi Chou-Pao*, September 27, 1951 and April 24, 1952, *Peoples' China*, August 1, 1952.) But for trade with the Soviet bloc, though it is still a new development whose permanent outlines are uncertain, Shanghai is in a relatively

505 not only depended heavily on seaborne supplies, but which had a
439 large and important transit trade.

As if in a commentary on the nature of the city's food supply,
433 food, in particular rice, has remained cheap and plentiful throughout the period of Communist control. Order was quickly restored in the delta in 1949, and the flow of low-cost food to the city was maintained despite a nearly universal food shortage or famine in the rest of China during the winter of 1949–50, and despite the Nationalist blockade, which prevented any substantial amounts of food from arriving in the city by sea. The Communist Government has apparently been able to solve, at least to a degree, the problem of local rice supply during the planting season and at festival periods, by controlling prices and arranging for large government purchases which are released on the market at stable prices whenever the situation requires. There is no suggestion that local food supplies are not entirely adequate to meet the city's demands under such a
[162] system of management. While no official figures have been released, it is unlikely that Shanghai's population is substantially less than the four millions it had reached in 1936; it may have risen closer to the five million mark, since the great influx of people after the Japanese war has not apparently been balanced by the still limited exodus.*

288 Nationalist bombings during the winter of 1949–50 did only minor industrial damage, and came to an end by late 1950 with the arrival of jet defense planes from the Soviet Union and the Nationalist loss of the Chusan Islands, which had been the major base for the bombings of the city. A continuing deterrent to industrial recovery however has been the still inadequate domestic production of raw cotton. Several cotton textile factories in the city were obliged to shut down entirely during 1949 and 1950 for lack of raw cotton, and while all or most of these have subsequently reopened, not enough cotton is coming in to maintain peak production.†

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poor position, and its economy has in the past been closely geared with that of the West.

* See above, p. 21. Foreign and Chinese press reports still consistently refer to Shanghai as the fourth largest city in the world, with a population given variously as 5 or 6 million.

† *Hsin-Hua Yüeh-Pao* for November 1951, 130–131, reports that while production

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection.

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

WHEN PACIFIC HOSTILITIES developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to

[11] In subsequent pages frequently referred to simply as the "Division."

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

471 [439] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

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465 powers, such services of advice, consultation, presentation of facts
633 and voluntary mediation are important functions of the administrative authorities. With the full powers that the Chinese authorities will exercise in future in re-occupied Shanghai it is hoped they will be able to build upon the foundations already laid.

439 Shanghai was a city of large trading interests before it attained
463 significance as a manufacturing centre. It was still, at the outbreak
465 of Pacific hostilities, an important commercial city with a large export trade despite the severance of the Yangtse Valley trade after 1937. It was, prior to December 1941, the banking centre of China. After 1937 it was an important educational centre to which universities and middle schools from provincial cities had come when Sino-Japanese hostilities caused their withdrawal. There was therefore a large professional class in the community—professors, teachers, doctors, lawyers. The question of what happened to their livelihood is as significant as is the fate of the workers' economy.

A study of the standard of living of Chinese salaried employees was made in October-December 1941. So excellent a response to the request for the keeping of detailed information was made that, out of 1038 families responding, 441 perfect records were available. Originally it was intended to limit records to families with incomes below CNC$1000, but those with incomes beyond this amount so readily supplied information that the limit was waived. The majority of incomes were between CNC$500 and $1500. A Provisional Cost of Living Index was developed by May 1942 from the records of 100 families to meet the immediate need for a criterion to judge the situation in which Chinese salaried employees found themselves.

162 The average salaried family was found to be larger than the worker's family—6.60 persons, 4.72 consumption units, as against 5.02 persons, 4.41 consumption units in a worker's family as studied in December 1941-January 1942.

434 The total income of the Chinese salaried family studied averaged
465 $688.38 per month. Earnings of the husband accounted for 84.96 per cent, those of other family members only 3.95 per cent. The
511 salaried family, as did the workers family, had to obtain other income; 11.09 per cent came from sub-letting rooms, interest and dividends, gifts and assistance, profits on speculation and gambling.

3; Hinder G-5 (1933-1942) 1944 AF15 East China AF15

438 chiefly in the form of the city's cotton textiles, soap, cigarettes,
262 matches, and rubber shoes. In addition, through importing firms,
722 a certain amount of foreign rice arrived, usually from Indo-China; but Saigon rice was considered inferior, and Chinese rice was preferred when it was available.

It was obvious that when the city was surrounded by Japanese troops, its waterways could no longer be used for the transportation of rice. Immediately after the outbreak of hostilities the Shanghai Municipal Council placed orders in Saigon for 7,000 tons of rice, and chartered ships to bring it to the city. But because fighting was taking place across the Whangpoo River, the ships would not enter it, and it was necessary to send steel lighters by tug out into the Yangtse mouth to off-load the rice. This rice, stored in godowns all over the area south of Soochow Creek, was available when in November 1937, the expected severance of supplies from the interior occurred.

It was then hoped, as time went on and hostilities were removed further from the neighbouring provinces, that normal trade relations with the hinterland might be restored. For a time rice did come into the city in fair quantities. But increasing controls exercised by the Japanese military, who gave Japanese firms the privilege of collecting rice with reservation for military use, and increasing difficulties of obtaining rice in the growing districts due to various factors, by 1940 compelled Shanghai to rely almost en-
511 tirely on rice imported from Saigon. The steep rise in cost of living
● 439 in Shanghai dates from the commencement of dependence on for-
722 eign sources. It was tragic that Shanghai should be tied to foreign exchange in order to feed its population at a time when the exchange value of the Chinese national currency was falling.

Other factors soon intruded. Freight rates and insurance charges rose month by month following the outbreak of the European war and added their share to the increasing cost of imported rice. But the situation was to become even worse. During the autumn of 1940 Japan was engaged in gaining control of northern Indo-China, with the result that after early February 1941, no orders for rice would be accepted in Saigon until the Japanese demand for 700,000 tons had been met.

722
262 WHERE, THEN, WAS Shanghai to get rice? Renewed efforts to obtain
438 rice from Chinese provinces near Shanghai failed. Prior to the sign-

3: Hinder G-5 (1938-1942) 1944 AF15 East China AF15

435 members of the Chinese community, purchased broken rice and
262 sold it through rice shops to the needy through eight periods of
633 several weeks each. A total of 223,200 bags was distributed, the organisation making a contribution of more than two million dollars, the difference between the cost of the rice and the returns through sales at lower prices. In a similar effort to supply food to the poor, from February 1940 onward, the larger Chinese flour mills made available several thousand bags of flour daily at considerably less than the market price, to be sold in small quantities, also through shops regularly selling flour. More than two and a half million bags of flour were thus provided. Several importing firms also played their part in handing over ten per cent of all incoming flour consignments, totalling 185,000 bags, to reliable dealers for sale to actual consumers. Important as these efforts were they could not ease to any great extent the difficult situation.

741 The very substantial arrivals of rice and wheat from the Amer-
262 ican Red Cross for relief purposes also played their part. This
146 grain was distributed to organisations caring for numbers of needy people. Many refugee camps, hospitals, and institutions caring for children were the recipients of this food. The form in which the wheat came proved to be particularly suitable. It was "cracked wheat," wheat submitted to the first processes of milling only, consisting of the whole grain merely cracked. In consequence the precious germ of the wheat was still present, containing within it the important vitamin B complex which is significant in nutrition and in the prevention of such recognised dietary deficiency diseases as beriberi. The nutritional results for those fortunate enough to receive it were dramatic. Instead of gross signs of deficiency and the less dangerous but serious malnutrition which were everywhere prevalent, by comparison a glowing health appeared in institutions using the cracked wheat, though it could not provide all the needed protective foods.

435 In August 1941, the Chinese Government ruled that foreign
633 exchange would be obtainable only through its Stabilisation Board.
439 It then appeared that an instrument might become available which
262 would give the Council actual power to control prices of imported staple products other than rice which was already controlled through the agreement with the Hongkong authorities. The Board was sympathetic to the view that exchange for essential commodities

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

should be granted only through the Council; and the Council in turn would allot it only to those merchants who would sell to retailers at a price fixed from time to time by the Council. As a means to control the final sale to the people, the Council sought and obtained from the Consular Body approval of a Byelaw empowering it to control prices at retail. On November 9, 1941, a Proclamation fixed the retail price of all imported rice at $130 per *shih*. The registration of all stocks of rice and flour was called for, and all movement of these commodities without a permit was forbidden as a means to keep them under control.

435 633 439 262

THIS WAS THE FOOD situation when Pacific hostilities supervened on December 8, 1941. It was fortunate that controls over essential commodities had begun, for there was thus in being the nucleus of what was, within six months, to become an extensive organisation controlling the issue and price of rice, flour, and other commodities. The Council had even, before December 8, examined in some detail what would be involved in rationing.

633 262 435 439 434 722

Soon after the opening of 1942, the Council issued a notification requiring holders of stocks of imported rice and of flour to deliver them against delivery orders issued by the Council, thus requisitioning at a fixed and fair price the stocks which the city held. It proved fortunate that in the early months of 1941 the hope of gain had induced many merchants to import large stocks of rice, for these proved sufficient to meet the needs of the Settlement and Concession at the reduced consumption rate required by the Japanese authorities during the first five months of the year. Indeed, in this outcome lay some justification for the lack of earlier rigid price controls which might have acted as a deterrent to importers. Stocks of native rice were not taken into consideration since, as has been shown above, the Japanese military had controlled the collection of native rice for the previous two years, using it for their own purposes and allowing virtually none to reach Shanghai.

The methods used in the spring of 1942 for the husbanding of precious stocks of imported rice were: reduction in the number of shops licensed to sell rice, fixing the number of days on which rice could be bought at three each week, limiting the selling hours on these days and reducing the amount of each sale to one *shun* (1.72 pounds) to any one person. There were in consequence long rice

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the efforts of the police to control the lines. Because of this situation,
● 439 "rice rustlers" stood in the queues, securing the amount permitted
434 to be bought, which they then sold at more than the official price.
722 It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures undertaken to secure essential commodities. Before Pacific hostili-
511 ties developed, through an Association of Importers and Manu-
722 facturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

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IV. BUSINESSMEN AND INDUSTRIALISTS

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441 Few industrialists are left in Communist China today, but small-businessmen and manufacturers, who have made up the larger part of China's urban population, continue to exist, although in reduced number. Commerce has always occupied an inferior position in traditional Chinese social strata, while industry is something relatively new and its position in Chinese society has yet to be clearly defined. In general, merchants and manufacturers, who had operated under government restrictions even in pre-Communist days, are cool-headed realists. They are not easily swayed by high-sounding phrases. There have been few occasions when symbols of the state could evoke intimate sentiment among the merchants and small manufacturers except, perhaps, at a time when foreign goods flooded the Chinese market and caused dislocation in the Chinese economy.

Under the Peking regime, businessmen and industrialists as a group fare badly (possibly not much better than rich landowners), and the general mood in industrial and commercial circles is most probably unfavorable toward the government. The Communists have made it clear that small businessmen and manufacturers are only tolerated in the transitional stage of the "New Democracy," and that there will be no room for private enterprise in the socialist society which is the ultimate goal of the Communist

184 regime. Meanwhile, these people have to carry
441 a large share of the tax burden and face the stiff competition of state enterprises. There is evidence that the businessmen and manufacturers, accustomed as they are to government interference, are finding the controls imposed by the Communist government much more strict, making it increasingly difficult to manipulate or elude restrictive measures. This general mood of discontent is particularly observable in cities like Shanghai and Ningpo where business and industry had been the backbone of urban prosperity.

If profit has been the most common motive among businessmen and manufacturers, under the present circumstances they have been forced to abandon or at least restrain their ambitions. Some of those who were allowed to do so have made a second choice--that of changing their careers. The most sturdily rooted have escaped the wave of purges by co-operating with the Communist regime. In this connection the Communists have appointed a number of erstwhile influential financiers and industrialists to serve in the government; it may be merely a conciliatory gesture of the Communists to win the support of small business, but it does provide this class of people with one temporary alternative to their lost hope.

184 An additional factor to provoke dissatis-
441 faction among the merchants is the control on foreign trade. Merchants in East China seaports, who have had the advantage of monopolizing a large portion of the nation's foreign trade, have been deprived of this opportunity because virtually all foreign trade is now handled by the government. Their role has been reduced to that of conducting limited export transactions supervised by the government, and there is no hope that they may be allowed to import Western manufactured goods.

V. WOMEN

562 The customary position of women in China
184 is subordinate to that of men. This tradition was so deep-rooted that it took superhuman courage for the first women to claim their "right"; and the pain of "emancipation" continues under the Communists.

To the "emancipated" belongs responsibility; this is at least theoretically true, and the Chinese women who have exchanged one form of drudgery for another are generally expected to have a degree of political consciousness similar to that of men of equal education and comparable environment. In many cases women prove to be even more "patriotic" than men as a result of the unprecedented government effort to show the women that they, too, can achieve enviable social recognition by a show of "patriotism."

INTRODUCTORY

369 177 Shanghai is the centre of our higher civilization and Christian influence for all of China. We are here in the midst of a people proud and prejudiced in favour of their ancient line of things, and what have we introduced amongst them, for their benefit as well as our own? We might well point to the English homes we have formed here. . . How different is this from what we know to be characteristic of Chinese homes? In front also we have these beautiful *hongs* (trading firms) for the transaction of business, and we may especially remark the Supreme Court, distinguished by the just and equitable conduct of legal matters, in striking contrast to what is represented to us as existing in other places. In short, look at the *tout ensemble* of the Settlement — houses and streets lit with gas and electricity, streams of pellucid water flowing in all directions, and sanitary arrangements according to the best medical advice. We have steamers, telegraphs, and telephones in communication with all the world; there are cotton and paper mills and silk filatures of Foreign invention, and last but not least, railways in the north as pioneers of what will yet be found all over China. Law and order are admirably preserved in the midst of 200,000 people at the instance of our own judicial and municipal authorities. . .[2]

369 441 454 177 In the same year, the (British) Commissioner of Customs at Shanghai wrote a trade report for a jubilee volume published by the *Shanghai Mercury* in which he also emphasized the prominence of Shanghai, but in which he expressed rather different views on other matters. The two sets of remarks are interesting to compare when viewed from sixty years later:

Chinese merchants are inclined more and more each year to make Shanghai an emporium for the trade of north China and to use the northern coast and river ports simply as landing places for such goods as may be necessary to supply the immediate needs of their districts. The largest native mercantile houses in China are all represented here. . . Chinese capital is being largely invested, not only in . . . purely native establishments . . . but also in companies established by foreigners and under foreign directorate . . . at least 40 per cent of the shares of some foreign companies are held by Chinese . . . (as well as) a considerable portion of deposits in local banks. . . Chinese capital is invested in foreign-flagged steamers, and of course a large amount is sunk in the shares of the China Merchants Steam Navigation Company. . . Having said so much, it should not surprise anyone if I express the opinion that probably in future Shanghai will furnish no such favourable opportunities

2: Murphy G-4 (no date) 1953 AF15 East China AF15

for the investment of foreign capital as it has done in the past. . . To sum up, I think the future of Shanghai depends on China and the Chinese and their interests and that foreigners would be wise to run with them.[3]

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The Commissioner and the missionary were in effect saying the same thing, although in different ways—that the most important thing about Shanghai was its relation to China; and that the city contained the seeds of great change for the entire country.

While it lasted, foreign Shanghai was an exciting and colorful place which travel folders could not exaggerate. It was for instance justly famous as one of the wickedest cities in the world, and we have the testimony of a duke for that as early as 1869. Following his visit to Shanghai, the Duke of Somerset referred to it in the House of Lords in that year as "a sink of iniquity."[4] His words pained especially the missionary residents of the city, and the Chamber of Commerce considered a formal reply through the foreign secretary, but matters never proceeded beyond the local press. The difficulty was that His Grace was right, and the city's own archives proved it. At the Landrenters' meeting in 1864, Sir Harry Parkes, then British consul at Shanghai, stated that of a total of 10,000 Chinese houses in the International and French Settlements, 668 were brothels, "while opium and gambling houses were beyond counting."[5] Seventy years later in 1934, a local Chinese newspaper estimated that Shanghai led the world's cities in prostitution as a specialty: in London, one person in 960 was a prostitute, in Berlin one in 580, in Paris one in 481, in Chicago one in 430, in Tokyo one in 250, and in Shanghai, one in 130.[6] It was indeed a major commercial enterprise in the city, and the fact that so many people earned their livings thereby stymied all attempts to eradicate or mitigate it. A special commission appointed in 1919 to investigate vice in the city recommended that all brothels be removed in five years, hoping that during that time other means of livelihood might be found. Licenses were issued in 1920 with the understanding that all licenses were to be withdrawn in 1925. But the plan was abandoned before the end of the five-year period as a complete failure. An earlier reform attempt also ended in failure when the first American judge of the United States Court for China arrived in

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439 restrictions on the trade at Canton or the opening of further ports
648 to foreign trade. These changes finally came about only as a result of
175 the Anglo-Chinese war of 1841–42. Under the old system at Canton, foreign traders were virtually confined to their trading factories, were forbidden to bring in women or arms, and were allowed in Canton at all only during the trading season, which largely as a result of monsoon winds essential to overseas trade movements by sailing vessels, and particularly favorable to shipping in and out of Canton, lasted from September to April. However, the foreigners thus avoided the uncomfortably tropical summer in Canton. They spent the hot months for the most part in Macao, a remnant of the once extensive Portuguese empire in the East, at a distance of some 75 miles southeast of Canton and on the tip of a hilly and narrow peninsula jutting into the sea, where the breeze seldom failed.

439 Most cramping of the restrictions was that requiring all foreigners
648 to trade only through the Canton merchants' guild, or Cohong, es-
175 tablished with official support in 1720 as the principal instrument for controlling the foreigners, armed with full governmental powers of
441 enforcement of the factory regulations, as well as the monopoly of trade with the foreigners under conditions which yielded them enormous profits. Disputes between Chinese and foreigners arising out of the trade were settled by the Cohong, and protests against abuses could be made by foreigners to the Chinese government only through the Cohong.[2]

439 One of several attempts to break out from this system independently of the Government at Peking was made in 1832, when the British East India Company (shortly before its monopoly of the British trade with China was removed by Parliament in 1834) sent the ship *Lord Amherst* with a commercial mission under Hugh Lindsay (with the Rev. Karl Gutzlaff as interpreter) to request trade privileges from the local officials at other ports on the China coast. Lindsay was refused entry at Amoy, Foochow, and Ningpo, but he obtained an interview with the taotai (Intendant of Circuit, or chief local official) at Shanghai. The taotai informed Lindsay that Canton would remain the only port where foreigners could trade, but Lindsay was enthusiastic about the possibilities of Shang-

Settlement and Trade

341 The foreign population of the city, swollen to 100 in 1843 by the
347 presence of British troops, fell to 50 in 1844, but by 1849 had risen to 175 traders, missionaries, and consular staff, who built the first Settlement roads, following the small winding creeks. The first foreign buildings were mainly godowns (warehouses) and residences combined in one large establishment within two-or-three-acre compounds along the landward side of the Whangpoo Bund. No foreign architects were available, and the plans were drawn by the merchants and modified by Chinese builders to fit local materials and Chinese techniques, so that the resulting structures were of the simplest design.

On the river side of these compounds was a perfectly square bungalow-type building which contained bedrooms, mess hall, and offices. In order to shut out the summer sun and keep the inside as cool as possible, the stamped earth or native sun-dried brick walls were at least three feet thick and plastered or stuccoed in white on the outside, while an open verandah with wide arches ran around the outside of the first two stories. Overhanging roofs shielded the two or three upper stories. In the rear of the compound were usually four or five godowns (for the different trade goods), dwellings for the Chinese assistants, the residence and office of the compradore* (the chief Chinese assistant or agent), and the

• 441 *The compradore was a treaty port institution which epitomized the hybrid economy and business order produced where China and the West met. It originated with the Portuguese in the East Indies in the sixteenth century, who supplied the term. In the China treaty ports, the compradore was usually a banker or merchant who was acquainted not only with the China market and with indigenous business methods and conditions, but had also learned enough from and about the foreigners to be an invaluable aid. He usually had his own Chinese staff, and guaranteed their honesty by his personal and verbal bond, in the Chinese tradition, but in keeping with Western usage also deposited a cash security with his employing firm. He was paid a fixed salary, plus a commission, and was seldom in want of funds. More than once a foreign firm was saved from bankruptcy by the generosity of its compradore. Such men were highly respected by the foreign community as shrewd and scrupulously honest business men, and as friends. Their standing in the Chinese community depended on the prevailing attitude toward the foreigners (see pp. 25–7 above). As a group they were quick and apt students of Western civilization in all of its practical aspects, and from their number was recruited a majority of modern China's political and economic leaders (among them, T. V. Soong and H. H. K'ung) until the final success of the Communist revolution. By about 1930 most

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stables.[20] Within a few years bricks began to arrive in ballast from 341
England, and the brick work prominently displayed in verandah 347
arches facing the Bund provided an indication of the search for Chinese markets for foreign goods in return for China's wealth of tea and silk. This architectural style, common to all the nineteenth-century treaty ports in central and south China, was wittily and fittingly christened the "Compradoric," for it was a necessary blend of Chinese with foreign methods.

The larger foreign firms had two or three partners and eight 441
or ten foreign clerks, plus fifty or sixty Chinese staff (with families), all living in the compound. Among the foreigners there was a notable preponderance of Scots, including the partners of Jardine, Matheson, Ltd., the largest trading firm in Shanghai and known universally as "the muckle house." Apparently the enterprise of these perennial pioneers had conquered Shanghai as it had conquered London. William Jardine, the firm's founder, had been a surgeon on one of the East India Company's ships trading to Canton. He found trading more profitable than healing, and in 1828 persuaded his compatriot James Matheson to join him in his new company at Canton. A Jardine ship carried the first cargo of "free" tea from Canton after the old Company's monopoly was removed by Act of Parliament in 1834. William Jardine was said to keep only one chair (his own) in his office, to encourage his clients to state their business and leave.*

All the large foreign trading firms were divided into six depart- 442
ments: 1. tea; 2. silk; 3. "Manchester goods" (predominantly cotton 439
piece goods); 4. shipping and insurance (understandably a profitable enterprise); 5. land and house agency; 6. "muck and truck" (all the other trade goods, which seldom amounted together to more than 5 per cent of any firm's total goods transactions).† Each

foreign firms in Shanghai found compradores no longer necessary as employed 441
agents. By that time the compradores had taught them almost as much as they had unwittingly taught the compradores.

* See Greenberg, British Trade, for a detailed account of the history and operations of this and other private firms in the Canton trade, based on contemporary letters and business records.

† Until 1890, overseas exports in this category were primarily hides, leather, bristles, horsehair, China grass, and art objects; imports, aside from opium and textiles, were largely limited to hardware, cotton yarn (for Chinese household and small-scale industry), and machinery.

SIX

The Political Factor

The opening to foreign trade of ports in China outside Canton required for the first time purely commercial cities of metropolitan size. Within the treaty ports, a blend of Western and Chinese business methods developed under the dominance of foreign commerce and the protection of foreign order which provided entrepreneurs with security of investments and freedom from bureaucratic control for the first time in the history of China. This new economic activity was largely created out of the traditional economy of China, still pre-industrial but highly developed, and it was natural that in each treaty port the presence of foreign traders and their capital attracted Chinese middlemen and merchants to the foreign settlements, where commerce under Western rules and legal protection was more profitable than under traditional conditions elsewhere. 441

Provided with a merchandizing outlet, the trade of the Yangtze basin flowed in increasing volume through Shanghai and created there a rising structure of Western-style commerce. Risk capital for commercial investment, earned both in the new market of Shanghai and in traditional enterprises in the hinterland, notably in land, became concentrated in the city, where opportunity and security were uniquely combined. For the first time, safe and productive investments were available to capital which under the traditional system was almost exclusively, and unproductively, invested in land. Capital and trade were mutual catalysts in this situation, and when foreign capital was permitted to invest in industry in the treaty ports after 1895, Chinese capital was soon attracted to this further profitable outlet. The marked concentration of China's trade through Shanghai after 1860 had also tended to foster the accumulation of both Chinese and foreign capital in the city, which after 1895 was available for 454

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454 investment in industry. The political independence of the foreign settlements was a key factor in all of this, as well as in the development in the city of banking, exchange, and an international money market, all profiting from financial enterprises by no means limited to the city's trade and industry but conducted under the advantages of foreign law and of free circulation of foreign and Chinese currencies.

633 441 Trade, industry, and finance thus were given an original impetus and were helped to maintain their mutual and cumulative effect of attraction by Shanghai's political status. Location has, however, been the predominant factor in the growth of the city at every period, and distinguished Shanghai from other treaty ports which, with the same economic opportunity derived from their political status, were rapidly outdistanced by Shanghai. Hong Kong's location was equally favorable at the start (before north China and the Yangtze valley were opened to foreign trade) and the city had the further early advantage of insularity, where full British sovereignty gave to trade the security an entrepôt requires. If political status were the primary factor, Hong Kong would have displaced all its rivals. Hong Kong's trade is still second only to Shanghai's, but following the usual pattern, as commercial development proceeded in the wake of treaties opening new ports and granting new rights to foreigners, a mainland site became increasingly advantageous. At the same time, the center of trade shifted inevitably to its natural focus in the Yangtze basin after the collapse of the artificial Canton system.

A vigorous controversy among foreign and Chinese businessmen in Shanghai over the economic importance of the city's political status was touched off in 1931. The Shanghai Municipal Council (at that time composed of five British, two American, two Japanese, and five Chinese members), had for a decade received increasingly explicit requests from the Shanghai Chinese and from the national government to consider means of returning to China full sovereign rights over the entire city, including the abandonment of extraterritoriality. In 1930 the Council invited the Hon. Mr. Richard Feetham, a judge of the supreme court of the Union of South Africa, to appraise the situation as an impartial investigator and to make detailed recom-

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mendations "with a view to assisting them in formulating some constructive plan for the future of the Foreign Settlement which, while giving full consideration to the aspirations of the Chinese people will at the same time afford reasonably adequate protection to the great commercial and business interests which have been developed in Shanghai."[1]

In the course of his investigations, Justice Feetham consulted virtually every prominent foreign businessman and business organization, including those which had been demanding the rendition of foreigners' special rights, legal and territorial. Justice Feetham asked these individuals and organizations to give their several opinions on "the nature and extent of the business interests concentrated in Shanghai, particularly in the foreign Settlement, and the main causes which have led to such concentration."[2] Whether or not Feetham intended this as a leading question, the replies from foreigners were almost unanimous in stressing that the political status of the foreign settlements had been the only factor of importance in the growth of the city.

Their argument, as far as it went, was convincing. They pointed out that trade and investment could prosper only under orderly conditions, and that the security offered to business by the foreign settlements was not only physical but legal, embodied in courts of law free from political interference and upholding the sacredness of contract. They neglected to point out that the law, originally administered to each national group by its own consular officials who were often themselves members of the business community as well, and later for the larger national groups by specially appointed judges from the home country, was frequently read to the particular advantage of each national group, at the expense of other foreigners and of their Chinese competitors or customers. There was nevertheless protection, by the due process which obtained, against seizure of property, extortion, excessive taxation, illegal practices, and other phenomena common in contemporary China, where military requisitions, arbitrary government regulations, dues and fines, official and unofficial "squeeze," and wholesale expropriation were the daily risks of the businessman.

Even the Chinese enterprises outside the settlements profited

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from the special rights of foreigners by sharing the protection of foreign ships and troops against threatened occupation of these areas by Chinese forces in times of civil disorder or rebellion. Under Chinese control, the foreigners argued, public utilities would quickly deteriorate, and illegal and disastrous business operations would disrupt commerce and industry. The enormous investment in land within the settlements, legally protected by deeds and free from expropriation, was a prominent source of new capital for investment in the city's expanding economy. Title deeds to real estate in the settlements, registered with the foreign consuls, were important as security for loans to both foreign and Chinese entrepreneurs. Foreigners cited the gradual drop in interest rates in the Settlements since 1843, a healthy condition for business, and attributed it to the security attendant on foreign political control, comparing it with interest rates elsewhere in China often exceeding 50 per cent per annum. Some of the statements from foreigners cited "the superior geographic location of Nanking" (an assertion which they did not substantiate and which hardly can be upheld), arguing that it was nevertheless "backward" solely because it lacked the advantages of security on which Shanghai had grown.

There were two dissenting voices among the foreigners. Germany had lost her special rights in China, including extraterritoriality, in 1915, and the statement of the German Chamber of Commerce[3] gave first importance to geographic location in the rise of Shanghai, taking the view that its political status had been a minor factor. "In our opinion, the geographical situation is the vital point . . . The position of Shanghai as a commercial centre greatly depends on the situation in the interior." Most of the city's imports are transshipped to the interior, and most of its exports originate there. This trade is "not protected by Shanghai's special administration, still there is an ever-increasing total of trade figures, a phenomenon which evidently is not entirely due to the status of Shanghai."[4] It was natural that the German businessmen should prefer to see the special treaty advantages of the other foreign merchants removed, but the recovery of German trade at Shanghai after 1919, despite the handicap of dealing on equal terms with the Chinese,

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was quick, and by 1930 it amounted to a larger percentage of the business of Western nationals than it had in 1913.[5]

Professor C. F. Remer, a noted student of Chinese economic problems then on the faculty of St. John's University in Shanghai, contributed the only impartial and certainly the best informed opinion on the questions raised by Justice Feetham.[6] He allowed the early importance of political (and thus economic) security in favouring the concentration of capital and commerce in Shanghai, "but it does not follow that the abolition of extraterritoriality would destroy Shanghai as a financial center. China's trade would still be financed. The degree of difficulty would depend on the Chinese government regime, and here the Chinese bankers, merchants, and industrialists would exert great influence." Emphasizing that China appreciated the geographic advantages and importance of Shanghai and would not let them lapse, he pointed out that "what would go primarily would be the present free opportunities for foreign investment and foreign financial operations, and possibly the concentration of silver and specie in the Settlement, which would limit speculation and general financial operations, but not necessarily seriously. Financial dislocation could easily be avoided by intelligent Sino-Foreign cooperation, and China's financial center would remain at Shanghai."

Statements from Chinese civic and business organizations ranged from polite Chinese phrases claiming that "the problem is too intricate for an immediate or complete answer" to outright demands for the immediate rendition by the foreigners of all special rights. Most of them played down the importance of political and economic security in the growth of the city, or maintained that it could adequately be provided under full Chinese sovereignty, and all of them stressed the natural advantages of Shanghai as the key factor. Justice Feetham's final recommendations were that immediate rendition would be fatal to the economic life of the city, and that although it must come eventually in order to satisfy Chinese national aspirations, it should be delayed until the rule of law and constitutional government was accepted in China.[7] This was of course a conveniently ambiguous phrase, and no provisions were made for determining when the conditions had been met. It remains to be

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633 441 seen how the surrender of special privileges in China by all of the nations having treaty relations with China (completed by 1944), and the full sovereignty of the national government of China over the whole of Shanghai will affect the economic development of the city.

Jealous of their threatened treaty rights, which undoubtedly gave them as foreigners an advantage in business and investments over the Chinese, the foreign business community of Shanghai overstated the importance of the political factor in the rise of the city, especially by implying that the special status of the Settlements and their foreign residents worked equally to the interests of Chinese and foreigners. Primarily, they failed to evaluate correctly the locational factors which, once the Yangtze basin was opened to foreign trade by treaty agreements, played the predominant role in the growth of modern Shanghai. A city of this order of magnitude and volume of trade could not have and did not develop anywhere else in China, and this condition was in large part responsible for the mushroom growth of Shanghai as the one dominant commercial center for most of the country.

The security provided by foreign control was an important stimulus to economic development at a critical time, during the early years of the foreign settlements when capital began to concentrate there. In this respect it had the effect of a protective tariff for the infant Western-type economy born into a strange land. Once this economy had matured and acquired its own momentum (based increasingly on Chinese participation according to Western economic methods), the tariff was characteristically retained although it was no longer necessary to the healthy functioning of the economy and now operated merely to protect special sectors (in this case the foreign businessmen), which could continue to operate on a non-competitive basis. It is not necessary to deny that removal of the tariff would cripple "special interests" to maintain that the net effect of removal on the overall functioning and prosperity of the economy would be slight.

633 441 177 A new group of Chinese businessmen had learned Western commercial methods from their intercourse with foreigners in the treaty ports. Shanghai was the leading school, and by the turn of

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the century, foreigners in business there were in general limited to the heads of firms and their executive assistants. Chinese were responsible in the foreign firms for the bulk of buying and selling and for the essential groundwork of financing in addition to maintaining their own trading firms. Private Chinese entrepreneurs took a prominent part in the growth of industry in the city after 1895, and modern Chinese banks modeled on Western methods rivaled the foreign banks after 1920 as the leading Shanghai financial institutions. Strong foreign, especially Japanese, competition, profiting from treaty advantages, was more responsible than Chinese lack of experience or ability for the fact that the Chinese did not dominate the originally foreign economic life of the city more completely than they did. Chinese capital for investment was a problem, but it was increasingly being produced by Shanghai's own economy, and capital could be borrowed abroad without requiring foreign control over its investment.

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It could be argued that while Chinese methods in business and industry were in many cases different from those of the West, they were better adjusted to the particular conditions of the Chinese economy and society and if given free competitive opportunity would be at least equally successful.* In any case, it could not be assumed that if left in sole control of the complex economy of Shanghai which they had helped to build, the Chinese would allow it to run down to any significant extent. Conscious planning to relocate industry is another matter.

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The prolonged controversy leading up to Justice Feetham's investigations included a special number of the *China Weekly Review* in 1926 devoted to "Greater Shanghai" in which the following argument for rendition appeared: "Shanghai would have been a great city had there never been a foreigner in the place. It would continue to be a great city even if the foreigners should vacate their modern buildings and go home."[8] While the first sentence is an overstatement of the case, the second sentence is undoubtedly accurate.

* Carl Crow, *Four Hundred Million Customers* (1937), and *Foreign Devils in the Flowery Kingdom* (1940), an American businessman of nearly thirty years' experience in Shanghai, tends to take this view.

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arches facing the Bund provided an indication of the search for Chinese markets for foreign goods in return for China's wealth of tea and silk. This architectural style, common to all the nineteenth-century treaty ports in central and south China, was wittily and fittingly christened the "Compradoric," for it was a necessary blend of Chinese with foreign methods.

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442 foreign firm employed a tea expert, usually a foreigner, who went
439 every year in the tea season of late April and early May to the local collecting centers in the hinterland at Kiukiang, Hukow, Hankow, Siangtan, and Hangchow (map 9), where he made his own selection and bought according to the anticipated state of the London market. By the time of the Treaty of Tientsin in 1858, the original provision that foreigners must not be away from the treaty ports for more than one day had yielded to foreign assertiveness and the demands of trade. Under the new treaty, foreigners were permitted free movement to all parts of the empire, and required a passport only beyond 100 *li* (approximately 33 miles) from the treaty ports.

For the silk trade at Shanghai, there was also an expert attached to each foreign trading firm, again usually a foreigner, but since the main silk-producing areas were in the delta it was not necessary for him to travel so extensively, and he did most of his appraising and buying of silk in Shanghai. Kiangsu and Chekiang silk was considered by these men to be the finest in the world, a quality which they ascribed to the favorable effects of the climate and soil on the growth of the silk worm and on the excellence of its diet of mulberry leaves. The silk was brought to Shanghai by Chinese silk merchants in the city, who bought it at hinterland collection centers, notably Soochow, Wusih, Huchow, and Hangchow.

Much depended on the accuracy of predictions about the London market. In the early days of the Settlement, letters from London arrived via Bombay or Calcutta by the opium clippers, forerunners of the tea clippers, which carried a cargo of such high unit-value that they could sacrifice size and weight to speed. By 1840 they had supplanted the slow-moving and cumbersome East Indiamen of the old Company, and at Woosung they discharged their cargo into hulks anchored in the Yangtze, since the importation of opium had been made illegal for American, French, and Russian nationals by their treaties with China after 1842, and declared illegal for British
[548] subjects by Sir Henry Pottinger in 1843. The opium was illegally distributed from Shanghai by the Chinese dealers to whom it was sold there. Mail was at the same time dropped off at Woosung, and rushed to Shanghai by pony express, whose riders galloped up the

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Bund and slung off at each firm's compound the mail bags addressed to it. After 1860 when a British mail service was begun by steamship to Singapore and Hong Kong, Jardine's managed to get its mail two days before its competitors by arranging for its own line of faster ships to take its own mail from the mail boat at Hong Kong or Singapore while the mail boat was coaling and bring it at full speed to Shanghai, where it was put ashore farther up the Yangtze above Woosung and brought secretly to the firm's offices, thus giving them a valuable jump on buying and price transactions.

This advantage was, however, shortlived, since a telegraph line was completed into Siberia by 1871, and messages could be sent from London to Kiachta on the Mongolian frontier of Siberia, relayed from there by courier to Tientsin, and thence by coastal steamship to Shanghai in three weeks total, while the regular sea mail from London, even with Jardine's short cut, took seven weeks. In at least one case these dramatic but often uncertain improvements in communication proved disastrous. Early in 1876, a telegraph and marine cable line was completed to Shanghai via Singapore and Hong Kong, and in June came the news that half of the French and Italian silk-worm crop had been destroyed by violent thunderstorms. This stimulated frenzied buying of silk by the foreign firms, but the cable broke early in July a few days before the London market (which supplied the continent with Chinese silk) collapsed, and two foreign firms at Shanghai were ruined by their continuance of buying in the expectation that the cable would soon bring more good news.[21]

It was an alternately lazy and frenzied life for the foreign merchants during the days when tea, silk, and opium were the only important trade goods and before the advent of cables and steamships. During the "season" of about two and a half months (the silk-buying season lasted from mid-May to late June), foreign merchants worked twelve or fifteen hours a day seven days a week arranging for the buying, transport, packing, and shipping of tea and silk. For the rest of the year they kept leisurely hours, seldom opening their offices before ten or closing them after four, and taking two hours or more for a heavy lunch in the mess. They placed great emphasis on violent exercise as the only way for a Westerner

442 439 to keep healthy in China, and nearly every foreigner in Shanghai rode, hiked, or took part in team sports.

The Chinese were amazed at this waste of calories. "'Belong foreign man custom' they would say as they turned to their diet of rice and cabbages," according to the memoirs of an early foreign resident.[22] Certainly the foreigners ate well, but while they brought spirits and special foods from home at great expense, the bulk of their food came from the delta area, according to the records of the same early resident, who was for a time during the 1870's in charge of the mess at one of the foreign firms and lists the sources and prices of the most important items which supplied it.[23] Foreign merchants and assistants would often be gone for weeks at a time on shooting excursions in the hinterland. Wherever they wanted to go in the delta area they found they could travel by houseboat, to the smallest village or the most remote bird-feeding grounds. And wherever they went they found these waterways clogged with Chinese craft carrying both domestic and foreign goods to and from Shanghai.[24]

509 W. H. Medhurst, an early British missionary (and later consul) at Shanghai, took a trip into the tea and silk districts of Kiangsu, Chekiang, Anhwei, and Kiangsi in 1845, disguised as a Chinese. His account of the trip laid emphasis on the waterways of this region, and since his journey never took him far from the waterways of the delta or of the Yangtze system, he attributed what he saw over this large area to the whole of China:

> Canals have been dug in all directions, and spread like veins and arteries to almost every part of the empire. As far as the experience of this writer goes, the Chinese have no walled cities or large towns except in places which are accessible by water.[25]

[491] He noted that the major canals, used by grain junks, averaged about 40 feet wide and 6 to 8 feet deep, and that bridges over them were at least 20 feet above the surface of the water at the center of the arch so that the grain junks could pass under them with their masts lowered.

361 By 1863, the original foreign leasehold at Shanghai of 43 acres had been expanded through agreements with the taotai to a total of

EC 505 cargoes between Wanhsien and Ichang are damaged in transit, and about 10 per cent of west-bound boats.[6] Rates of course vary C EC according to the season and to whether the cargo is to be moved up or downstream.

502 More than a few villages along the Yangtze between Ichang and Chungking depended for their livelihood largely on salvage from boats wrecked on the rocks or in the rapids. Many of these villages were engaged in neither agriculture nor fishing. Hsin Tan (the characters mean "new rapids"), some eighty miles upstream from Ichang, was described by the delegates of the Shanghai Chamber of Commerce in 1869 as a large and prosperous town whose wealth derived mainly from its location at one of the most dangerous rapids along the upper Yangtze. The original channel there was blocked by a landslide in the fourth century B.C., and shortly thereafter Hsin Tan was founded a few hundred yards from the new channel, which contained a series of rapids. The new town presumably acted as a lay-over point for boat trackers, but the rapids also yielded another form of income. Navigation on this stretch was originally forbidden by the provincial authorities between November and April, but the inhabitants of Hsin Tan cleared a channel adequate for the passage of boats during the low-water period but not adequate enough to prevent frequent wrecks, EC from which they realized most of their livelihood.[7]

505 442 Trade within the Yangtze basin has to adjust itself to the seasonal limitations on navigation. Merchants in each trading place, including Shanghai, are obliged to keep large reserves of goods on hand to tide over the periods of flood and low water, and to be ready to ship in large quantities when navigation is possible. Water transport is also liable to interruption by civil disorder (peasant risings, troop movements, bandits), since boatmen fear expropriation of their craft and cargoes at such times. Foreign traders in Shanghai found that most of the Chinese dealers in the hinterland had insufficient capital to buy goods adequate to ensure a uniform supply, and that it was therefore necessary for local branches of the Shanghai firms in inland trade centers such as Hankow or Kiukiang to keep on hand at all times a minimum of 18 months' supply of goods. Under such conditions, only the largest foreign firms could afford to operate,

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since only they could make such large investments, and could 505
spread the risk of loss over many distribution centers in the interior. 442
Only the largest firms could also keep prices reasonably uniform throughout the year by balancing seasonal and regional losses against seasonal and regional gains.

These operations could not be conducted by foreign firms from 505
a non-Chinese port (such as Hong Kong, or such as was at one time envisaged on Chusan Island), where customs dues and handling charges would be added costs, and because much of the Yangtze trade can best be conducted by junks which are usable over most of the basin's waterways but are not suitable for coastal navigation. Junks drawing between five and eight feet can navigate both the upper and lower Yangtze (i.e., above and below Hankow) as well as most of the major tributaries and the larger waterways of the delta. Their shallow draft and unseaworthiness eliminate them from coastal navigation; a dual-purpose junk would be an overly expensive carrier. Cargo packed at the Shanghai headquarters of foreign firms for shipment to inland centers can be packaged more cheaply for river transport than would be possible for non-Chinese entrepôts dependent on coastal shipping for their connection with the transport routes of the mainland.*

All of these factors, in particular the advantages accruing to the largest firms from the seasonal variations in water transport facilities, redounded to the benefit of Shanghai, since the great majority of the largest foreign and Chinese firms engaged in the import and export trade had their headquarters there. Hankow was handicapped in its direct foreign trade by the low-water period of winter, during which most ocean ships could not reach the city. Shippers preferred to operate out of Shanghai as the only year-round ocean port for the Yangtze basin.

The advantages of unfettered access to this trade artery were 648
apparent to the early foreign traders at Shanghai before the Yangtze 439
was opened to foreign steam navigation by the commercial section

* A statement from a "businessman of wide experience in China," cited in R. C. Feetham, *Report to the Shanghai Municipal Council* (1931), I, 289–90, makes many of these points. What is discussed here is of course the "break-in-bulk" theory. The statement goes on to say that "fully 80 per cent of cargo delivered to ultimate consumers in China moves via waterways."

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ings slightly altered to house machinery which is tended by the residents of the house, often members of one family. These small industries are engaged in a bewildering variety of production, and despite their universal under-capitalization, most of them use electrically-driven machinery. "Factories" of this kind produce, for instance, machine tools, cast iron, electric appliances, soap, acids, textile machinery, power presses, boilers, and telephone parts, as well as a long list of light consumer goods, such as flashlights, light bulbs, thermos flasks, clothing, lamps, electric fans, and food products.[9] Despite crowding and poor working conditions, the quality of production in these plants was apparently high. American orders for telephone parts were placed in Shanghai from 1932 to 1935 for export to South America, and the contracts went predominantly to these small household operators.[10] There was a very high rate of turnover among these "factories"; their small scale and small capitalization enabled them to react with great sensitivity to market changes and to crowd or evacuate lines of production alternately as profits varied.*

Market and Raw Materials

Market considerations are the leading factor in the concentration of manufacturing as a whole in Shanghai. As the primate commercial and industrial center of China, not only were capital, relatively trained industrial labor, and electric power available there more abundantly and in most cases more cheaply than anywhere else in China, but Shanghai includes in its trade hinterland half of the country. With the notable exception of the textile industries, most of the raw materials necessary to maintain Shanghai's manufacturing were not available locally in its immediate hinterland. It was the market which attracted and held most manufacturing.

We may logically begin with the exception, the textile industries. Shanghai is located near the center of China's chief cotton-producing

* The *Chinese Economic Bulletin*, published in Shanghai, records many of these changes. For example, there were 11 industrial establishments in Shanghai in November 1930, producing "gourmet powder" (made mainly from wheat flour), 9 in October 1931, and none in June 1932, according to the *Bulletin's* weekly industrial news columns.

1:Stanford U. S-4, 5 1956 AF15 East China
AF15

438 Native Products Company have established
655 branches in the rural areas. The trade volume of state-owned concerns has grown very rapidly. If we take the trade volume of 1950 as 100, the index for 1952 was 397 for the country as a whole. The regional trade of East China was proportionally higher during the same period.[30] According to the first Five Year Plan, as reported by Li Fu-ch'un,[31] the Communists estimate that by 1957 the total volume of trade will be 133.2 per cent over 1952.

State trade is expanding day by day while private trade diminishes. Eight large trading companies in Shanghai have signed contracts with 116 different fields of industry (over 8,000 factories) to purchase commodities for domestic supply and for foreign trade. According to a report in the Ta-kung Daily, Tientsin, at least forty-six industries in great financial difficulty were benefitted by advanced contracts with the eight state trading companies in Shanghai.[32]

B. Co-operative Companies

474 The supply and marketing co-operative in
438 Communist China is a co-operative organization
443 formed under government directives. Its

30. People's China, Peking, Jan. 16, 1954, p. 5.
31. Kung-shang-chieh [Industry and Commerce] Peking, Aug. 10, 1955, No. 8.
32. Ta-kung Pao [Ta-kung Daily], Tientsin, June , 1955.

474 capital is made up of shares contributed by
438 members. It supplies members with farm
443 implements, fertilizer, and other daily necessities and markets their agricultural produce and the products of rural industries. The state trading companies and the branches often make advance contracts with the co-operatives by supplying them their products at fixed low prices. The exact number of the supply and marketing co-operatives in the East China area is not known, but a rapid development was certainly carried out during the period 1953-55. Up to the end of the third quarter of 1955, all of the cities of East China had established supply and marketing co-operatives and each hsiang of the region had at least one such co-operative. According to the latest information available, these co-operatives did one quarter of the total national retail trade in 1953, or 18 per cent of the retail trade in cities and 30 per cent in the rural areas; and about 75 per cent of all the purchases made by the co-operatives were on behalf of the state.[33] The percentage of the total retail trade done by these co-operatives must have at least doubled by 1955.

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33. Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol. XVIII, No. 19, p. 597.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Table 8.

The Native Products Fairs of East China-1952*
(unit: million ¥-Chinese yuan
million $-US dollars)

Name	Locality	Native Products (per cent)	Manufactured Products (per cent)	Total Trade Volume
Hua-tang Fair	Shanghai	64	36	¥1,743,100 ($72.6)
Su-pei Fair	Yang-chow	—	—	¥10,700 ($0.4)
Su-nan Fair (1st)	Wu-hsi	—	—	¥12,000 ($0.5)
Su-nan Fair (2nd)	Wu-hsi	54	46	¥223,000 ($9.3)
Su-nan Fair (3rd)	Wu-hsi	34	66	¥121,500 ($5.1)
Nanking Fair	Nanking	48	52	¥113,800 ($4.7)
Shantung Provincial Fair	Tsinan	—	—	¥187,400 ($7.8)
Shantung Provincial Fair (2nd)	Tsinan	—	—	¥211,000 ($8.8)
Tsingtao Fair	Tsingtao	51	49	¥322,700 ($13.4)
Chekiang Provincial Fair	Hangchow	40	60	¥71,300 ($2.9)
Chekiang Autumn Fair	Hangchow	—	—	¥315,000 ($13.1)
Wan-nan & Wan-pei Fair	Hofei	—	—	¥86,900 ($3.6)
Wu-hu Fair	Wu-hu	—	—	¥55,800 ($2.3)
Fukien Provincial Fair	Foochow	58	42	¥146,100 ($6.1)
Fukien Autumn Fair	Foochow	42	58	¥45,300 ($1.4)
				Total ¥3,666,800 ($ 152.8)

*Ching-chi Chou-pao /Economic Weekly/, Shanghai, May 28, 1953, No. 21, pp. 8-9.

(Table 8 faces p. 873)

434 It is evident that the amounts of rice
146 rationed to various classes of workers are far below normal requirements as measured in terms of calories. With rice in short-supply, the people are often unable to buy their minimum ration.

438 Since 1951, in order to stimulate trade
443 and to facilitate the interflow of commodities between city and country, the Chinese Communists have held a number of "Native Products Fairs" in most of the principal cities throughout East China.

[See table next page -- Analyst]

438 The total trade volume of these fairs
443 during 1952 amounted to 3,666 billion yuan in old currency (US$152,800,000) of which the trade fairs in Shanghai accounted for almost half. Shanghai is the main source of supply for most of the daily necessities of the country.

VIII. CONCLUSION

To sum up, commodity movements between the regions of East, North and Central-South China are by railway, coastal shipping, and, to a lesser degree, by inland waterway transportation. The transportation facilities between East and Southwest China are inadequate; only the Yangtze River serves as a means of transportation between the principal East China river port and those of Szechwan Province. Highway and air transportation, as a whole, play only a minor role in the East China Region.

The Ying-t'an--Amoy Railway, which is now under construction, will aid in the development of the lumber and agricultural resources of Fukien Province. The construction of the Ying-t'an--Amoy Railway in East China, like that of the Li-t'ang--Chan-chiang Railway, was not announced until its completion. As late as November 1955 the exact route of the Ying-t'an--Amoy Railway had not yet been made public. Its primary value is military. The timely building of this railway will facilitate transportati

1;Stanford U, S-4, 5 1956 AF15 East China
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453 The Joint State-Private Bank has
652 branches in Shanghai, Nanking, Hangchow Tsingtao, and Amoy. Under the Shanghai branch there are twenty-seven agencies within the city. The functions of the Joint State-Private Bank are (a) the handling of accounts of private enterprises; (b) the extension of short-term credits to private enterprises, subject to approval by the People's Bank; (c) the handling of overseas Chinese remittances and inland remittances for the account of the Bank of China through the branches of component banks still operating in Hong Kong; (d) the acceptance of savings deposits for the account of the People's Bank.[7]

G. Credit Co-operatives

452 The credit co-operatives, the basic level
474 of the People's Bank in rural areas, are of three types -- credit co-operatives, credit departments, and mutual-aid teams.

The credit co-operative is a high-level organization with members and a board of directors; capital shares are subscribed by the members, and these deposits become the co-operatives's main financial source.

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7. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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474 The credit departments of supply and marketing co-operatives have neither separate membership nor independent capital. Their operating funds are derived from deposits and some special funds appropriated by the co-operatives concerned.

Credit mutual-aid teams are small, simple organizations. Developed from the traditional loan medium in rural areas, they consist of twenty to thirty farmers, each of whom subscribes an equal amount of capital to be used to help any member who may be in need of assistance. Credit is granted by the agreement of subscribers and is redeemed in installments.

In East China there were about 15,000 credit co-operatives (about 19 per cent of the total in the country) at the beginning of the fourth quarter of 1954. Of these, 6,083 co-operatives were in Shantung Province, 4,355 in Chekiang Province, 1,578 in Fukien Province, 1,566 in Kiangsu Province, and 1,481 in Anhwei Province. At the same time there were 41 credit departments in Kiangsu and 101 in Anhwei, and 7,689 mutual-aid teams in Anhwei, 5,179 in Fukien, 2,987 in Kiangsu, and 1,397 in Chekiang.[8]

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8. Ta-kung Pao [Ta-kung Daily], Tientsin, Dec. 14, 1954.

454 savings in the country at PB$11,348 billion (about US$ 453 million); the amount in East China at the end of February 1954, was PB$1,310 billion (about US$ 52 million), 8.6 per cent of the total. Rural savings were 38 per cent as against 62 per cent in urban areas, suggesting that there is a lack of surplus purchasing power in rural areas.[11]

When the state grain monopoly was established in 1953, and the cotton monopoly in 1954, peasants were encouraged to deposit their sales proceeds with the People's Bank or with credit co-operatives. Interest rates of 18 per cent per annum for deposits under three months and 24 per cent for those over three months were offered, but these were reduced to 14.4 per cent for the former and 18 per cent for the latter.[12] Few savings were attracted by this policy, particularly in East China; of the proceeds of the 1954 harvest, only 5 per cent was deposited by the farmers of Kiangsu Province, which had been considered the richest province in the region.

B. Credit Control

452 After all private and foreign banks were, in effect, eliminated and all bank credit had been

11. Jen-min Jih-pao [People's Daily], Peking, Jan. 25, 1954, March 3, 1955; Ta-kung Daily, Feb 12, 1954.

12. People's Daily, Nov. 20, 1953.

1:Stanford U. S-4, 5 1956 AF15 East China
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452 centralized under the control of the People's Bank, the bank extended its credit monopoly by eliminating commercial credit and supervising the use of credit. Credit purchases between public enterprises and between public and private enterprises were prohibited. Bank credit is granted only when the use to which the funds will be put is specified and no diversion of funds is allowed. The task of supervising credit is shared between the People's Bank and its affiliated banks, depending upon the nature of the enterprise concerned.

Interest rates favor public enterprises over private ones, and industrial enterprises over commercial ones. Interest charges to private industry are graduated according to the degree of government control of that industry (the more control, the lower the rate), and in the case of commercial enterprises the interest rate is lower for essential goods. Interest rates have been reduced since 1950, but in line with the Communist policy of eliminating private enterprise little reduction was granted to credits for private industry and commerce. The annual rates[13] effective March 1955 are:

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13. Ta-kung Daily, Feb. 24, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
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Public industry.....	5.58 per cent
Public commerce.....	8.28 per cent
Private industry.. ...	10.80 - 19.80 per cent
Private commerce ...	16.20 - 23.40 per cent

Rural credit is insufficient. Landlords and pawnshops, former credit sources, have been eliminated; over 200,000 villages need credit agencies, but a network of this sort has not been completed. During 1953, rural credit amounted to PB$ 11,721 billion (less 10 per cent for state enterprises). Only 28 per cent of all villages had credit co-operatives, and the average credit granted was not over PB$ 210,000,000 (about US$ 8,400) per village; most of the funds were granted to producers' co-operatives and less than 30 per cent to individual peasants.[14]

There are three types of rural credit: (1) one- to three-year production loans for machinery, plowing animals, irrigation works, small tools, and fertilizer; (2) short-term loans for public trading organizations and co-operatives to cover purchasing, transportaton, and marketing expenses; and (3) relief loans with short maturity, mostly for immediate living expenses, extension of which is rare.

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14. Ibid., Jan 6, 1954.

1:Stanford U. S-4, 5 1956 AF15 East China
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Annex "A," Subparagraph 3d,
Economic Background

BANKING AND CURRENCY

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652 The banking system in East China mirrors the banking system of Communist China as a whole. It consists of branches of the following institutions: (A) People's Bank of China; (B) Bank of China; (C) Bank of Communications; (D) Chinese People's Construction Bank; (E) Agricultural Bank of China; (F) Joint State-Private Bank; (G) Credit Co-operatives (the basic banking structure in rural areas); and (H) the Chinese People's Insurance Company, which is also a depositary of long-term funds and may be considered as a part of the Communist banking system in China.

I. THE COMMUNIST BANKING SYSTEM IN CHINA

A. People's Bank of China

The head office of the People's Bank of China is in Peking. A regional branch office in Shanghai, functioning as a regional head office for East China, was reduced in rank after the promulgation of the new Constitution in September 1954 and the abolition of the Greater Administrative Area of East China;

453 652 the Shanghai office is now simply a branch office subject to direct control by the head office.

There are, besides the Shanghai branch, five branch offices in East China, one in each provincial capital:

Nanking	-	Kiangsu Province
Hangchow	-	Chekiang Province
Hofei	-	Anhwei Province
Foochow	-	Fukien Province
Tsinan	-	Shantung Province

Sub-branch offices are established under each of these branches in counties (hsien), cities, and major towns. Temporary organizations, called central sub-branch offices, are set up at such places as political centers or communications centers to oversee a certain number of sub-branch offices, but may be abolished as soon as the need for such offices ceases.

In addition, and below these three kinds of branch offices, there is a layer of subordinate offices, called agencies, sub-agencies, and stations, handling deposits and payments. These are generally located on main thoroughfares in large cities, in villages, and within schools, factories, and on military posts, and

offer ordinary banking services. A great number of such "low-hierarchy" banking offices are found in every part of Shanghai; traveling bank agents visit villages to collect deposits and extend rural credit.

According to incomplete statistics there are about 600 sub-branch offices and about 40 central sub-branch offices to be found in 438 counties, 45 cities, and 34 major towns in the five provinces of East China, besides several thousand agencies and stations.

The branch offices of the People's Bank of China in the provincial capitals are the highest monetary organ of each province, except that the Shanghai branch office reports directly to the bank's head office. The branch offices[1] are empowered to: (a) to adjust the circulation of the currency; (b) act as agent for the state treasury; (c) accept current accounts and promote savings accounts; (d) extend credits to industry and commerce, both public and private, either directly or through affiliated banks; (e) handle the clearings of

1. Kuo-min Ching-chi Shih-yung Tz'u-tien [Popular Dictionary of Practical Economics], Shanghai, Ch'un-min Press, 1953, p. 8,013.

453 bills, transfer accounts, and facilitate re-
652 mittances; (f) extend rural credits either through its own agencies or through co-operatives; (g) look after the receipts and disbursements of foreign exchange handled by affiliated banks; and (h) handle any other monetary matters arising within their jurisdiction.

B. Bank of China

The Bank of China, a "semi-governmental" concern handling foreign exchange, is fully controlled by the Communist government. In view of its tradition and reputation, well-trained personnel, and overseas branches, the government allowed it to carry on business in its old status. The nine directors representing government interests were replaced with new government appointees, the twelve directors representing private interests were recognized, and new directors were elected from among the private shareholders at a recent shareholders' meeting. In fact, the Bank of China became a subsidiary of the People's Bank of China. Its head office was moved from Shanghai to Peking; the director-general of the People's Bank serves concurrently as the Chairman of the Board of the Bank of China, and the general manager of the Bank of China is appointed by the government.

1:Stanford U. S-4, 5 1956 AF15 East China
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652 The Bank of China has 23 branches in China proper, wherever there is thriving foreign trade or a concentration of overseas remittances; a total of 11 overseas branches are maintained, at Hong Kong, London, Singapore, Penang, Kuala Lumpur, Calcutta, Bombay, Karachi, Chittagong, Rangoon, and Djakarta. These branches, established by the previous management, were transferred to control of the present management when Great Britian, India, Burma, and Indonesia recognized Communist China. Eight branches -- Saigon, Phnom Penh, Bangkok, Osaka, Tokyo, Havana, New York, Sydney -- are located in countries which did not recognize Communist China, and these branches are still controlled by the head office of the Bank of China in Formosa.

The Bank of China has six branches in East China: Shanghai in Kiangsu Province, Tsingtao and Chefoo in Shantung Province, and Foochow, Amoy, and Ch'üan-chou in Fukien Province. Under the three branches in Fukien Province there are a number of overseas Chinese "service" stations.

The Bank of China is entrusted by the People's Bank with the task of: (a) attending

1:Stanford U. S-4, 5 1956 AF15 East China
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453 652 to matters connected with the control of foreign exchange; (b) handling foreign exchange, foreign securities, bills of exchange, and other commercial documents payable in foreign currency; (c) extending credits, and accepting deposits in connection with foreign trade; (d) looking after the accounts and clearings of foreign trade conducted by and through government organizations; and (e) controlling overseas remittances.[2]

Branches of the Bank of China, as agencies of the People's Bank, can engage in banking transactions other than foreign exchange if so directed by the People's Bank.

C. Bank of Communications

The Bank of Communications, a "semi-governmental" concern for handling industrial credits, was also allowed to continue in its old status because of its fine reputation as traditional as that of the Bank of China. The twelve directors representing government interests were replaced by new government appointees, and nine directors representing private interests were recognized. New

2. Ching-chi Chou-pao [Economic Weekly], Shanghai, No. 31, 1952, pp. 616-617.

453 directors were elected from among the share-
652 holders at a recent shareholders' meeting.

The Bank of Communications has its head office in Peking and maintains nearly 160 branches throughout the country, wherever modern industries exist. Of its three overseas branches, Hong Kong, Calcutta, and Rangoon are under the control of the Peking head office; because France and the Philippines have not recognized Communist China, the Saigon branch and the Philippine Bank of Communications (a subsidiary) are run by the head office of the Bank of Communications in Formosa.

Among the more important of the branches functioning in East China are: Shanghai, Nanking, Soochow, Wu-hsi, Ch'ang-chou, Chen-chiang, Nan-t'ung, Hsü-chou, Hai-men, and Ch'ung-ming in Kiangsu Province; Hangchow, Chia-hsing, Hu-chou and Ningpo in Chekiang Province; Wu-hu and Pang-pu in Anhwei Province; Foochow and Amoy in Fukien Province; and Tsinan, Tsingtao, Chefoo, Wei-hsien and Po-shan in Shantung Province

The Bank of Communications is authorized by the People's Bank to (a) handle government appropriations set aside for government construction and screen and approve applications for appropriations for such construction; (b) organize long-term investment markets; (c) control ownership rights for public shares of enterprises

1:Stanford U. S-4, 5 1956 AF15 East China
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453 operated by joint state-private interests; and
652(d) handle long-term credits.[3]

Upon the establishment of the Chinese People's Construction Bank in 1954, the handling of appropriations for construction was transferred to the new bank; the Bank of Communications is now limited to looking after long-term credits to joint state-private industry. It is expected that the two banks may be merged as soon as the joint state-private industry becomes a state enterprise.

D. Chinese People's Construction Bank

The Chinese People's Construction Bank was established in October 1954 to handle the increasing number of government appropriations for construction projects and to meet the need for tighter supervision of expenditures for this purpose. Although the bank is nominally under the control of the Ministry of Finance, it is in effect another subsidiary of the People's Bank of China: it receives the appropriations from the People's Bank, credits them to the account of projects, and supplies to the projects the necessary short-term credits which are provided by the People's Bank according to the

3. Cheng Chu-yüan, Monetary Affairs of Communist China, Hong Kong, The Union Research Institute, 1954, p. 25.

1:Stanford U. S-4, 5 1956 AF15 East China
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652 government's credit plans. The Chinese People's Construction Bank has, therefore, only a negligible area of fiscal discretion.

Within a few months after its establishment, the Chinese People's Construction Bank set up branches near all government industries and stationed its agents at less important points. The branch offices are located in buildings occupied by the People's Bank of China or the Bank of Communications.

The bank's functions are: (a) to look after the funds for construction projects, either as provided by appropriations from the budget or as raised by the projects themselves; (b) to supply short-term credits to the contracting organizations undertaking work for the projects, according to the government's credit plan; (c) to settle accounts and make returns in accordance with the government's appropriations for the projects; and (d) to supervise the use of funds appropriated or raised, the arrangement of payment between the projects and contracting organizations, and matters related to the financing, cost-accounting, and investment in these projects.[4]

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4. New China News Agency, Peking, Sept., 13, 1954.

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E. Agricultural Bank of China

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The Agricultural Bank of China was established on March 25, 1955, and operates under the control of the People's Bank of China. Its functions are (a) the extension of long-term and short-term credits to jointly-operated agricultural, stock-raising, fishery, mutual-aid, and co-operative organizations as well as to individual producers; (b) the handling of capital investments allocated in the state budget for agriculture, forestry, and water conservation; (c) the guidance of credit co-operative organizations; (d) and the provision of savings-deposit services for rural residents, mutual-aid and co-operative organizations, collective farms, state agriculture, and water conservation.[5]

This bank was established to foster the acceleration of the Communist policy of co-operativization of agriculture. Its chief function is to promote and supervise credit co-operatives and to assure that extension of rural credits is soundly conducted.

F. Joint State-Private Bank

The Joint State-Private Bank was created in December 1952 as the result of the merger of

5. New China News Agency, Peking, March 25, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
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652 sixty private banks in Shanghai. It represents the extermination of private-banking enterprise in China. Its board is composed of 27 directors representing the Communist government and 76 directors representing private interests. The assistant managing director of the People's Bank is concurrently the chairman of the board of directors. The director of the East China regional office and the manager of the Shanghai branch of the People's Bank of China are concurrently vice-chairmen of the board of the Joint State-Private Bank with three vice-chairmen appointed from among the private bankers. The joint administration of the bank is headed by the vice-chairman who serves as manager of the Shanghai Branch of the People's Bank. Thus the Joint State-Private Bank is nothing more than a subsidiary of the People's Bank. Its head office is located in Peking; all branches of the component banks were merged and are now limited to branches in thirteen cities.

The merger resulted in unemployment for many bank employees. In Shanghai, for example, of 5,100 former staff members, 2,500 were employed by the new bank, 1,300 by the People's Bank, and the remaining 1,300 were sent to vocational training schools.[6] Failure to provide

6. Confidential report of Shanghai Commercial and Savings Bank, Hong Kong.

453 employment for all created bad feeling among
652 displaced banking employees.

The Hong Kong branches of nine component banks, namely Chin-ch'eng Banking Corporation, Yen Yeh Commercial Bank, China and South Sea Bank, Hsin Hua Savings Bank, the China State Bank, Ho Ch'eng Bank, the Young Brothers Banking Corporation, the National Commercial Bank, and the National Industrial Bank, were allowed to continue operations under a supervisor appointed by the People's Bank and stationed in Hong Kong.

The branch of the Shanghai Commercial and Savings Bank, a component bank which had been separately registered under Hong Kong banking regulations and had a separate board of directors, severed connections with its Shanghai head office and submitted to the control of its head office in Formosa, established in 1954 by permission of the Chinese Nationalist Government. The Chekiang First Bank of Commerce in Hong Kong, the parent of which is also a component bank, was established in 1950 with independent capital under Hong Kong banking regulations; it now operates as a local bank. Thus the Shanghai Commercial Bank and the Chekiang First Bank of Commerce in Hong Kong are the only remnants of Chinese commercial banking.

453 652 The Joint State-Private Bank has branches in Shanghai, Nanking, Hangchow Tsingtao, and Amoy. Under the Shanghai branch there are twenty-seven agencies within the city. The functions of the Joint State-Private Bank are (a) the handling of accounts of private enterprises; (b) the extension of short-term credits to private enterprises, subject to approval by the People's Bank; (c) the handling of overseas Chinese remittances and inland remittances for the account of the Bank of China through the branches of component banks still operating in Hong Kong; (d) the acceptance of savings deposits for the account of the People's Bank.[7]

G. Credit Co-operatives

452 474 The credit co-operatives, the basic level of the People's Bank in rural areas, are of three types -- credit co-operatives, credit departments, and mutual-aid teams.

The credit co-operative is a high-level organization with members and a board of directors; capital shares are subscribed by the members, and these deposits become the co-operatives's main financial source.

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7. Ibid.

1:Stanford U. S-4,5 1956 AF15 East China AF15

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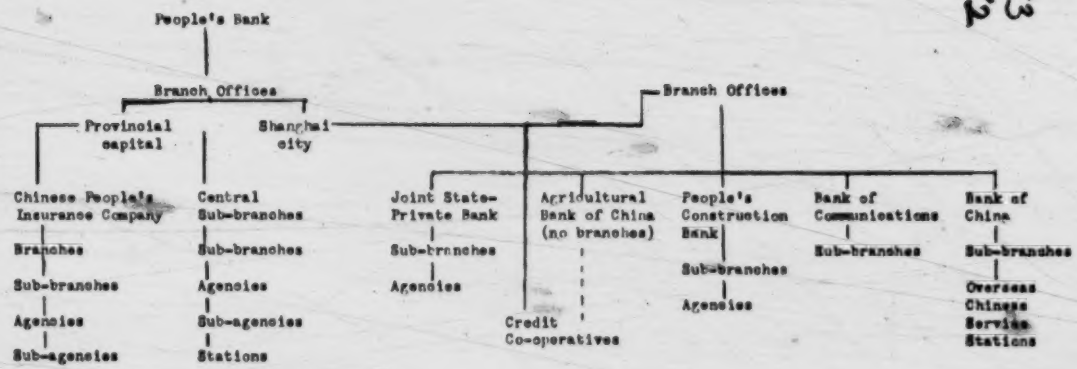

BANKING SYSTEM IN EAST CHINA

[Face p. 825]

1:Stanford U. S-4, 5 1956 AF15 East China
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H. Chinese People's Insurance Company

456 On assuming control of Shanghai, the Communists took steps to eliminate both foreign-operated and Chinese-owned insurance firms and to convert the insurance business into a government monopoly. On October 20, 1949, the Chinese People's Insurance Company, a government concern, was established under the guidance of the Ministry of Finance and the People' Bank; its branches, sub-branches, and agencies now extend throughout China. All offices of the People's Bank in small towns and rural areas act as its agents. Government agencies, state enterprises, and co-operatives, and all persons traveling by train, steamer, and airplane, must obtain insurance from this company. Fire, accident, automobile, agricultural, and life insurance are voluntary, but collective personal insurance and insurance on plowing animals and cotton crops are particularly encouraged.

Concentration of the entire insurance business in the Chinese People's Insurance Company and promotion of all forms of insurance serve as an important means of accumulating
453 scattered funds in the People's Bank. The
652 following chart outlines the banking system in East China:

457 Foreign banks, the pillars of the Shanghai money market for nearly two centuries, withdrew from Shanghai, Tsingtao, and Amoy when the government sought to monopolize foreign trade. The control of overseas remittances was assumed by the Bank of China. Restrictions on the movement of foreign personnel, high taxes on their property, and unreasonable demands on the part of Chinese employees made it impossible for foreign banks to continue.

426 Pawnshops, the oldest credit mechanism for the common people, were unable to obtain credit from banks after the Communists enforced selective credit controls. The working capital of East China pawn shops, particularly in Kiangsu and Chekiang provinces, had come from bank credits and deposits. But under the provisional regulations governing pawnshops, promulgated in September 1950, they were required to increase capital, were forbidden to accept deposits, and were subject to many other restrictions. As a result, most of them "voluntarily" discontinued business. At the end of 1952 those few pawnshops which had remained in business were advised to close.

453 The only remnants of the so-called capitalist banking structure in East China are three overseas Chinese banks in Shanghai, a branch of the Overseas Chinese Banking Corporation of Singapore, a branch of the Bank of East Asia of Hong Kong, and the Chi-yu Banking

453 Corporation of Amoy, organized by the overseas Chinese; two overseas Chinese banks remain in Amoy, a branch of the Overseas Chinese Banking Corporation and the Chi-yu Banking Corporation. They are allowed to continue operation, because the Communists are attempting to build good will among overseas Chinese, but they are allowed to handle only a small number of overseas remittances.

Before the Communists took over, Shanghai had two government banks (the Central Bank of China and the Farmers' Bank), two "semi-government" banks (the Bank of China and the Bank of Communications), one provincial bank, one municipal bank, 15 foreign banks, 74 modern commercial banks, and 76 native banks; all were either head offices or controlling offices. In addition there were 60 branch offices of commercia banks registered elsewhere. The elimination of all of these banks was tantamount to the liquidation of the old banking structure in China and made possible the establishment of a Communist banking structure.

II. BANKING OPERATIONS IN EAST CHINA

The People's Bank of China has become the supreme monetary organization and all other banks are in effect its subsidiaries. Each bank operates as a part of the whole.

1:Stanford U. S-4, 5 1956 AF15 East China
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453 The main objectives of all banking operations are to force all persons and organizations to keep accounts with the banks and to make sure that credits granted are used according to government plan. Fulfillment of these objectives will mean the subjection of all economic activity to Communist control.

A. Cash Control

All cash held by public and private organizations, co-operatives, and individuals, except for nominal amounts, must be deposited with the local office of the People's Bank or its designated agency. All payments, except those for salaries, wages, and purchases of products in rural areas, must be made by check. The net proceeds of each day's operations must be banked that day, and the maximum amount of cash one person can hold is PB$ 2 million[9] (about US$ 80). To avoid currency inflation, checks issued to public organizations are valid only one day, those issued to private enterprises are valid only three days, and none are transferable. To restrict issuance of checks for local transactions, various means of transference have been devised.

Domestic remittances were facilitated

9. Monetary Affairs of Communist China, p. 84.

453 by incorporating post offices into the agency network of the People's Bank of China. The 30,000 agencies throughout the country in early 1953 handled remittances of unrestricted amounts[10] at a negligible fee, from 1/1,000 to 5/10,000 of the value of the remittance transferred within a province, and twice these fees for a remittance transferred between provinces. Payments in the five cities of Peking, Tientsin, Shanghai, Hankow, and Canton are made free of any fee; in many places mobile bank-service teams furnish cash pickup service; in rural areas remittance service is available twenty-four hours a day. At the same time, cash permitted to be carried while traveling is limited to PB$ 1 million (about US$ 40).

454 Savings deposits are also vigorously promoted by the People's Bank for the dual purpose of checking inflation and channeling idle funds to industry and agriculture. In areas of concentrated population, industry, or governmental activity, small offices handle savings; in areas of scattered population, mobile service teams solicit savings from house to house. Current savings draw high interest rates of 5.1 per cent to 5.4 per cent per annum; fixed deposits pay from 9 per cent to 14.4 per cent. Reports in early 1954 place the total amount of deposited

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10. Ibid., pp. 55-56.

1:Stanford U. S-4, 5 1956 AF15 East China
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10. Ibid., pp. 55-56.

454 savings in the country at PB$11,348 billion (about US$ 453 million); the amount in East China at the end of February 1954, was PB$1,310 billion (about US$ 52 million), 8.6 per cent of the total. Rural savings were 38 per cent as against 62 per cent in urban areas, suggesting that there is a lack of surplus purchasing power in rural areas.[11]

When the state grain monopoly was established in 1953, and the cotton monopoly in 1954, peasants were encouraged to deposit their sales proceeds with the People's Bank or with credit co-operatives. Interest rates of 18 per cent per annum for deposits under three months and 24 per cent for those over three months were offered, but these were reduced to 14.4 per cent for the former and 18 per cent for the latter.[12] Few savings were attracted by this policy, particularly in East China; of the proceeds of the 1954 harvest, only 5 per cent was deposited by the farmers of Kiangsu Province, which had been considered the richest province in the region.

B. Credit Control

452 After all private and foreign banks were, in effect, eliminated and all bank credit had been

11. Jen-min Jih-pao [People's Daily], Peking, Jan. 25, 1954, March 3, 1955; Ta-kung Daily, Feb 12, 1954.

12. People's Daily, Nov. 20, 1953.

465 piece rates) per month.[28]

the workers of Communist China were told to increase production, but an increase in earnings lagged far behind the increase in production. In the case of the Huai-nan Coal Mine, gross earnings increased only 30 per cent in 1952 above earnings in the previous year, and this was at a time when the industrial output of local and private enterprises had been doubled. Average labor productivity in the East China Region in the first six months of 1952 was reported to be 169 per cent above that of 1949.[29]

434 The Chinese Communists assert that the
465 increase in earnings is reflected in the increase of purchasing power and the standard of living. In East China, purchasing power in 1952 was reported to be 40 per cent higher than in 1950.[30] In Shanghai, the supply of consumer goods in 1952 was more than twice that of 1951. In Nanking, the volume of retail business in the first months of 1952 was 44 per cent higher than the volume reported for the corresponding period in 1951.[31]

454 It is true that the earnings of Chinese work-
465 ers have increased since 1952, but gross income

28. Basil Davidson, Daybr. 'k in China, London, 1953, pp. 100-106.

29. Ibid., pp. 84-85.

30. Economic Bulletin, Hong Kong, February 24, 1953, p. 10.

31. Ibid., September 8, 1953, p. 6; Oct. 20, 1953, p. 2.

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has been subjected to various deductions -- union fees, "voluntary" contributions, and the compulsory purchase of government bonds. For example, the employees of all publicly owned enterprises in Shanghai and Tsingtao "voluntarily" gave up their New Year's bonuses in January 1950 after the Government Administration Council asked them to help the nation increase its capital for national construction.[32] Trade unions urged workers in private enterprises to do the same. When the Communist government issued Victory Bonds in early 1950, 45,000,000[33] points were allocated to the East China Region. Activists and union cadres initiated the sale among the workers. On December 20, 1949, the workers in the Electric Power Company in Shanghai pledged 1,070 points. Seamen in Shanghai bought 10,000 points within two weeks in January, 1950 and pledged to buy bonds to a total of 100,000 points in that year.[34] During the Resist-America-Aid-Korea Movement, workers in Shanghai, Nanking, Tsinan, and Tsingtao contributed a large amount to the war fund.

In mid-1953, the Chinese Communists forced workers to deposit anywhere from 25 to 30 per cent of their monthly income in the local People's Bank.[35] The People's Bank in Shanghai

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32 Workers' Daily, Feb. 1, 1950, p. 4.

33 One point consists of the total values of 6 catties of rice (one catty equals 1.10 lbs.), one catty of flour, 4 chih of cotton cloth (one chih equals 1.09 feet) and 10 catties of coal. See Workers' Daily, Dec. 31, 1949, p. 4.

34 Ibid., Dec. 26, 1949, p. 4; Jan. 14, 1950, p. 4.

35 China Weekly, Jan. 4, 1954, p. 41.

465 revealed that in 1951 the bank had nearly six
454 times as many depositors as in 1950, and the majority of these depositors were industrial workers.[36] The increase of deposits was not necessarily an indication of an increase in earnings; it represents the system of "compulsory savings" which the Communists used to prevent inflation and to cope with the scarcity of consumer goods in Communist China. After "voluntary" contributions and compulsory savings, there was little money left for the workers to spend. Accordingly, the Communist reports of an increase in the standard of living are somewhat suspect.

VII. LABOR WELFARE

A. Labor Insurance and Health

745 The Chinese Communist promulgated Labor
466 Insurance Regulations in March 1951 and revised them in January 1953. At first, they were applied only to enterprises employing one-hundred or more workers. After revision, the regulations were broadened to provide insurance for small enterprises. By the end of 1954, more than 5,380,000 workers in Mainland China had been insured against losses caused by death, old age, illness, and disability.[37] Workers' hospitals, sanitoriums, rest homes, and creches were established under the labor insurance regulations.

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36. NCNA, Shanghai, October 7, 1954.
37. People's China, May 1, 1955, pp. 3-5.

INTRODUCTORY

369 177 Shanghai is the centre of our higher civilization and Christian influence for all of China. We are here in the midst of a people proud and prejudiced in favour of their ancient line of things, and what have we introduced amongst them, for their benefit as well as our own? We might well point to the English homes we have formed here. . . How different is this from what we know to be characteristic of Chinese homes? In front also we have these beautiful *hongs* (trading firms) for the transaction of business, and we may especially remark the Supreme Court, distinguished by the just and equitable conduct of legal matters, in striking contrast to what is represented to us as existing in other places. In short, look at the *tout ensemble* of the Settlement — houses and streets lit with gas and electricity, streams of pellucid water flowing in all directions, and sanitary arrangements according to the best medical advice. We have steamers, telegraphs, and telephones in communication with all the world; there are cotton and paper mills and silk filatures of Foreign invention, and last but not least, railways in the north as pioneers of what will yet be found all over China. Law and order are admirably preserved in the midst of 200,000 people at the instance of our own judicial and municipal authorities. . .[2]

369 441 454 177 In the same year, the (British) Commissioner of Customs at Shanghai wrote a trade report for a jubilee volume published by the *Shanghai Mercury* in which he also emphasized the prominence of Shanghai, but in which he expressed rather different views on other matters. The two sets of remarks are interesting to compare when viewed from sixty years later:

Chinese merchants are inclined more and more each year to make Shanghai an emporium for the trade of north China and to use the northern coast and river ports simply as landing places for such goods as may be necessary to supply the immediate needs of their districts. The largest native mercantile houses in China are all represented here. . . Chinese capital is being largely invested, not only in . . . purely native establishments . . . but also in companies established by foreigners and under foreign directorate . . . at least 40 per cent of the shares of some foreign companies are held by Chinese . . . (as well as) a considerable portion of deposits in local banks. . . Chinese capital is invested in foreign-flagged steamers, and of course a large amount is sunk in the shares of the China Merchants Steam Navigation Company. . . Having said so much, it should not surprise anyone if I express the opinion that probably in future Shanghai will furnish no such favourable opportunities

2: Murphy G-4 (no date) 1953 AF15 East China AF15

for the investment of foreign capital as it has done in the past. . . To sum up, I think the future of Shanghai depends on China and the Chinese and their interests and that foreigners would be wise to run with them.[3]

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The Commissioner and the missionary were in effect saying the same thing, although in different ways — that the most important thing about Shanghai was its relation to China; and that the city contained the seeds of great change for the entire country.

While it lasted, foreign Shanghai was an exciting and colorful place which travel folders could not exaggerate. It was for instance justly famous as one of the wickedest cities in the world, and we have the testimony of a duke for that as early as 1869. Following his visit to Shanghai, the Duke of Somerset referred to it in the House of Lords in that year as "a sink of iniquity."[4] His words pained especially the missionary residents of the city, and the Chamber of Commerce considered a formal reply through the foreign secretary, but matters never proceeded beyond the local press. The difficulty was that His Grace was right, and the city's own archives proved it. At the Landrenters' meeting in 1864, Sir Harry Parkes, then British consul at Shanghai, stated that of a total of 10,000 Chinese houses in the International and French Settlements, 668 were brothels, "while opium and gambling houses were beyond counting."[5] Seventy years later in 1934, a local Chinese newspaper estimated that Shanghai led the world's cities in prostitution as a specialty: in London, one person in 960 was a prostitute, in Berlin one in 580, in Paris one in 481, in Chicago one in 430, in Tokyo one in 250, and in Shanghai, one in 130.[6] It was indeed a major commercial enterprise in the city, and the fact that so many people earned their livings thereby stymied all attempts to eradicate or mitigate it. A special commission appointed in 1919 to investigate vice in the city recommended that all brothels be removed in five years, hoping that during that time other means of livelihood might be found. Licenses were issued in 1920 with the understanding that all licenses were to be withdrawn in 1925. But the plan was abandoned before the end of the five-year period as a complete failure. An earlier reform attempt also ended in failure when the first American judge of the United States Court for China arrived in

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SIX

The Political Factor

The opening to foreign trade of ports in China outside Canton 441
required for the first time purely commercial cities of metropolitan size. Within the treaty ports, a blend of Western and Chinese business methods developed under the dominance of foreign commerce and the protection of foreign order which provided entrepreneurs with security of investments and freedom from bureaucratic control for the first time in the history of China. This new economic activity was largely created out of the traditional economy of China, still pre-industrial but highly developed, and it was natural that in each treaty port the presence of foreign traders and their capital attracted Chinese middlemen and merchants to the foreign settlements, where commerce under Western rules and legal protection was more profitable than under traditional conditions elsewhere.

Provided with a merchandizing outlet, the trade of the Yangtze 454
basin flowed in increasing volume through Shanghai and created there a rising structure of Western-style commerce. Risk capital for commercial investment, earned both in the new market of Shanghai and in traditional enterprises in the hinterland, notably in land, became concentrated in the city, where opportunity and security were uniquely combined. For the first time, safe and productive investments were available to capital which under the traditional system was almost exclusively, and unproductively, invested in land. Capital and trade were mutual catalysts in this situation, and when foreign capital was permitted to invest in industry in the treaty ports after 1895, Chinese capital was soon attracted to this further profitable outlet. The marked concentration of China's trade through Shanghai after 1860 had also tended to foster the accumulation of both Chinese and foreign capital in the city, which after 1895 was available for

454 investment in industry. The political independence of the foreign settlements was a key factor in all of this, as well as in the development in the city of banking, exchange, and an international money market, all profiting from financial enterprises by no means limited to the city's trade and industry but conducted under the advantages of foreign law and of free circulation of foreign and Chinese currencies.

633 441 Trade, industry, and finance thus were given an original impetus and were helped to maintain their mutual and cumulative effect of attraction by Shanghai's political status. Location has, however, been the predominant factor in the growth of the city at every period, and distinguished Shanghai from other treaty ports which, with the same economic opportunity derived from their political status, were rapidly outdistanced by Shanghai. Hong Kong's location was equally favorable at the start (before north China and the Yangtze valley were opened to foreign trade) and the city had the further early advantage of insularity, where full British sovereignty gave to trade the security an entrepôt requires. If political status were the primary factor, Hong Kong would have displaced all its rivals. Hong Kong's trade is still second only to Shanghai's, but following the usual pattern, as commercial development proceeded in the wake of treaties opening new ports and granting new rights to foreigners, a mainland site became increasingly advantageous. At the same time, the center of trade shifted inevitably to its natural focus in the Yangtze basin after the collapse of the artificial Canton system.

A vigorous controversy among foreign and Chinese businessmen in Shanghai over the economic importance of the city's political status was touched off in 1931. The Shanghai Municipal Council (at that time composed of five British, two American, two Japanese, and five Chinese members), had for a decade received increasingly explicit requests from the Shanghai Chinese and from the national government to consider means of returning to China full sovereign rights over the entire city, including the abandonment of extraterritoriality. In 1930 the Council invited the Hon. Mr. Richard Feetham, a judge of the supreme court of the Union of South Africa, to appraise the situation as an impartial investigator and to make detailed recom-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

369 166 morality for the laxity and easy virtue which some Shanghai residents thought would prove a match even for the Peoples' Government.*

369 166 722 455 Another element which made life in Shanghai exciting, lawless, and profitable for the foreigners was the periodic flooding of the city by refugees from civil disorder in China. Shanghai was a tiny island of relative security at such times, where the presence of foreign consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

Land within the Settlements which sold for an average of £50 an [529] acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

1:Stanford U. S-4, 5 1956 AF15 East China
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H. Chinese People's Insurance Company

456 On assuming control of Shanghai, the Communists took steps to eliminate both foreign-operated and Chinese-owned insurance firms and to convert the insurance business into a government monopoly. On October 20, 1949, the Chinese People's Insurance Company, a government concern, was established under the guidance of the Ministry of Finance and the People's Bank; its branches, sub-branches, and agencies now extend throughout China. All offices of the People's Bank in small towns and rural areas act as its agents. Government agencies, state enterprises, and co-operatives, and all persons traveling by train, steamer, and airplane, must obtain insurance from this company. Fire, accident, automobile, agricultural, and life insurance are voluntary, but collective personal insurance and insurance on plowing animals and cotton crops are particularly encouraged.

Concentration of the entire insurance business in the Chinese People's Insurance Company and promotion of all forms of insurance serve as an important means of accumulating
453 scattered funds in the People's Bank. The
652 following chart outlines the banking system in East China:

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

deprived of its means of livelihood through the loss of its bread-winner, and taking into account the cost of living, it cannot be said that even the most generous payments were satisfactory. The majority of laws in western countries provide for a lump sum payment, though there are instances of compensation in annual payments, assuming thus that a family has continuing needs. When the minimum subsistence cost for a family in Shanghai was CRB $126 in July 1942, even the highest payment of 1941, $6,000, would last only about a year if the capital were to be lived on. It would be insufficient to produce an income even if the knowledge were possessed as to how to invest it. 466

Nevertheless there was developing a more modern viewpoint concerning payments arising out of death or serious injury of an employee. There was less talk of a "compassionate grant," and more recognition of the principle enunciated in a footnote earlier in this chapter, the view of the judge of the United States Court for China, that "social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities."

Low wages precluded the possibility of savings on which Chinese workers in Shanghai could draw in the event of a period of unemployment. In many western countries unemployment insurance is designed to prevent the level of life of those unable to find work from descending to a point which is against the interests of the worker, his family and the state. In Shanghai there is chronic unemployment, but unemployment insurance, a function of an advanced industrialised state, did not exist. Industry itself attempted to temper the incidence of loss of employment with the payment of an allowance on termination of work. 456 466

Amounts paid differed greatly and depended as a rule on the length of the discharged worker's employment. The Factory Act embodies the principle of payment on discharge, but the amounts specified are small.[9] In practice, allowances exceeded those of the 466

[9] *Article 27*: Unless a longer period of notice is provided for in the contract, the period of notice shall be as follows:—

(1) A worker who has worked in the factory consecutively for more than three months but less than one year shall be notified ten days in advance;

(2) A worker who has worked in the factory consecutively for more than one year but less than three years shall be notified twenty days in advance;

(3) A worker who has worked in the factory consecutively for more than three years shall be notified thirty days in advance.

1:Stanford U. S-4, 5 1956 AF15 East China
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454 family income derived from labor or property
596 in the home village. The usual source of income at home was from agriculture.[53]

457 Although the economic status of emigrant
668 families ranged from poor to wealthy, the over-
596 seas communities were on the whole wealthier than non-emigrant neighboring villages. The excess of the wealthier families' dual income was largely invested in land and houses.[54] When the Communist took over the area, they were faced with the problem of what attitude ought to be taken toward these landlord families whose income from abroad was a vital source of foreign exchange for the government.

457 Evidently, no special privilege or status
668 was initially allowed members of these families, and their real property was expropriated on the same basis as that of any other element considered to be exploitive by the regime. On the other hand, the government exerted every effort to influence members of overseas families to write letters to their relatives abroad, setting forth the benefits of land reform and Communist reconstruction in order to woo overseas sympathy and investments in every way possible.[55]

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53. Ibid., pp. 58-85, 106-23.
54. Ibid., p. 110.
55. C.B., 211, p. 40.

1:Stanford U. S-4, 5 1956 AF15 East China
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457 668 The Communists did gain a favorable response from a part of the overseas element, but it was apparently not up to Communist needs and expectations, for various experiments and temporary shifts have marked the regime's subsequent policy toward the overseas Chinese and their dependents in China. New efforts to attract their sympathy were initiated in early 1955. Much publicity was given to the reclassification of overseas landlords as "no longer enemies of the state" before the expiration of the five-year probationary period. Buildings expropriated from overseas Chinese for government use were reportedly being returned to their former owners or paid for. The press reiterated the theme that measures were being taken to assure the right to ownership of overseas remittances and their delivery into the proper hands.[56]

D. The Pace of Reform

185 596 In the pace of family reform, the East China Region is probably not as far behind the North and Northeast regions as in other changes instututed by the Communist regime. Although the North and Northeast regions have been longer under Communist control, industrialization and modern city life with their influences for change in family form and function have a longer history in Shanghai than elsewhere in China. The rural

56. See section entitled "Overseas Chinese," in S.C.M.P. during the first six months of 1955; for instance, 1024, pp. 13-15.

457 Foreign banks, the pillars of the Shanghai money market for nearly two centuries, withdrew from Shanghai, Tsingtao, and Amoy when the government sought to monopolize foreign trade. The control of overseas remittances was assumed by the Bank of China. Restrictions on the movement of foreign personnel, high taxes on their property, and unreasonable demands on the part of Chinese employees made it impossible for foreign banks to continue.

426 Pawnshops, the oldest credit mechanism for the common people, were unable to obtain credit from banks after the Communists enforced selective credit controls. The working capital of East China pawn shops, particularly in Kiangsu and Chekiang provinces, had come from bank credits and deposits. But under the provisional regulations governing pawnshops, promulgated in September 1950, they were required to increase capital, were forbidden to accept deposits, and were subject to many other restrictions. As a result, most of them "voluntarily" discontinued business. At the end of 1952 those few pawnshops which had remained in business were advised to close.

453 The only remnants of the so-called capitalist banking structure in East China are three overseas Chinese banks in Shanghai, a branch of the Overseas Chinese Banking Corporation of Singapore, a branch of the Bank of East Asia of Hong Kong, and the Chi-yu Banking

1:Stanford U. S-4, 5 1956 AF15 East China
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439 the Five-Anti Campaign, government trading
471 already accounted for 67 per cent of Shanghai's exports and 54 per cent of the city's imports. Moreover, only 10 per cent of the private foreign trade business was accounted for by non-Chinese firms.[13] This trend of nationalization and naturalization of foreign trade has by now been carried to its logical conclusion.

In the second place, it may be noted that as early as October 1949, when there was no United Nations embargo against Communist China, a trade agreement was concluded between the USSR and East China, under which 8,000 tons of Russian newsprint and paper pulp were bartered for 1,024 quintals of bristles and 800 bags of raw silk.[14] While no other regional trade pacts have been concluded by East China thereafter, in this case the reorientation of China's foreign trade toward the Soviet orbit can be clearly seen.

Black Market Foreign Exchange

•457 However, one would be mistaken if one
439 were to conclude that such East China ports as Shanghai and Amoy, which were focal points

13. Ibid.
14. Economic Weekly, Shanghai, May 25, 1950, p. 9.

439 of private financial and economic activity, have
457 entirely discarded every trace of business methods common in the pre-Communist period of monetary inflation. A most notable case in this respect is the continued practice of conducting private remittances between Shanghai and Amoy, on the one hand, and the British Crown Colony of Hong Kong, on the other hand, in defiance of the Communists' exchange and trade controls. Quotations for such remittances can be obtained in Hong Kong and business is usually carried on in terms of gold bars or U. S. dollars, albeit on a small scale. Although gold and U. S. dollars are not actually shipped -- i.e., smuggled -- in each transaction, the possibility apparently exists. Moreover, there would appear to be black markets in both gold and U. S. dollars in these former treaty ports. While this state of affairs will undoubtedly change, it nevertheless points to the existence, for the present at any rate, of what to the Communist authorities must be an "insidious influence" born of the days of dominance of Chinese "bureaucratic" capitalism and foreign "exploitation" in East China's economic relations with the outside world.

Control of Foreign Exchange

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The Bank of China, as designated by the People's Bank, handles what few foreign-exchange transactions there are, including the

457 fixing of exchange quotations, transfers, clearings of barter deals, overseas Chinese remittances, and the occasional surrender of privately own foreign currencies. Since the domestic price structure is fully controlled and foreign trade has become a government monopoly, exchange-rate adjustments are unimportant, and there have been almost no changes in the official rates since the end of 1952.

Remittances by overseas Chinese had long been handled through traditional channels, including private firms, the Bank of China, and a few overseas Chinese banks. The volume of remittances in Fukien was second only to Kwangtung; a great number of Fukienese live in Southeast Asia, and most of their remittances came through Amoy. After the Communists assumed control all foreign remittances were converted into People's Bank notes before payment, including those made through Hong Kong banks. Thus the Communists have prevented overseas remittances from reaching the black market, but their actions, as well as restrictions in countries of origin, have reduced the flow of family remittances to about 10 per cent of its former volume.

In the early days of Communist control, recipients of foreign funds were often coerced to open bank accounts and often they found it

457 difficult to make withdrawals. Acting on complaints of overseas Chinese and in an effort to stem the decline of remittances from abroad, a State Council Order was issued on March 2, 1955 (NCNA, Peking) affirming the right of free use of overseas remittances by recipients, who were not to be subject to coercion. But a simultaneous statement "encouraging" investment of money from abroad in production or in state investment companies counteracts the spirit of the Council Order.

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection. 466 633 648 471

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

When pacific hostilities developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to 471 722 439 [457]

[11] In subsequent pages frequently referred to simply as the "Division."

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A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

CHAPTER IV

ECONOMIC AND SOCIAL ASPECTS OF EMPLOYMENT

465 THE WAGE LEVELS IN modern industry in Shanghai during its early decades were influenced by those ruling in small-scale enterprises during the pre-industrial era and by the general level of earnings in the countryside. Since these were low, the earnings of a principal wage earner in large-scale industry have never been sufficient for the needs of his family. This situation can be traced partly to the existence of a superabundance of labour supply. Considering the comparatively small cost of maintaining the low standard of living of workers' families in pre-hostility days, it would seem not to have been essential that modern industry should thus have developed on wages in general too low for the family needs.

458 In view of the severe inflation which by 1942 had so greatly affected the lives of the Chinese people whether in occupied or free China, it is fortunate that a most comprehensive and basic study of the cost and standard of living of Shanghai workers exists which was based upon budgetary enquiries over the twelve months, April 1929 to March 1930, and was conducted by the Bureau of Social Affairs of the City Government of Greater Shanghai. The study made use of the daily recorded incomes and expenditures of 305 families whose heads were manual workers.[1]

162 The average size of the family was found to be 4.62 persons, the equivalent of 3.28 male adults. The average number of gainfully employed persons was 2.06 per family. The significance of this figure will be understood when the family income is analysed.

465 The average annual income of the families studied was $416.51.[2]
434 Of this amount, however, the study showed that the combined
511 earnings of all family members comprised only 87.3 per cent. The

[1] The study necessitated visits by investigators to families every day for a whole year, since many were unable to record expenditures. A sample re-study was undertaken is the last months of 1941 and the beginning of 1942.

[2] All dollar figures, except where otherwise stated, refer to Chinese National Currency. The Japanese-supported Nanking regime instituted Central Reserve Bank notes in 1941 which in 1942 were declared only legal tender in Shanghai, displacing Chinese National currency at the rate of CNC $2.00 to CRB $1.00.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

earnings of the principal wage earner provided only 53.3 per cent, other members contributing 34 per cent. An amount of 12.7 per cent had to come from other sources. It is thus obvious that the earnings of a principal wage earner were but a relatively small part of the family income, and that the earnings of a least a second member of the family were needed. In addition to the earnings of both of these, financial support from relatives and friends had to be sought, or borrowing from moneylenders was necessary; otherwise income had to be obtained from such activities as peddling or sub-letting rooms.

The average family expenditure was $454.38, leaving an average annual deficit of $37.87. If income from wages earned by all family members only is considered, disregarding income from other sources, the average annual deficit was found to rise to $121.23. The excess of the family expenditure over the income of the principal wage earner was greater still. Working-class families, it goes without saying, spend extremely carefully; the majority of their expenditures are for basic needs.

It may be assumed that the 1929-30 standard of living remained virtually unchanged until the end of 1936, the last normal year before Sino-Japanese hostilities. The cost of living index (1926—100) was at 101.98 in 1929, 116.79 in 1930, and 105.04 in 1936. In other words, costs in 1936 were approximately what they had been in 1926, and below the 1930 level.

The outbreak of hostilities in August 1937 affected extensively the livelihood of the workers. The 1926 base period of the index, being remote in time, ceased to be significant, and in 1938 the index was recalculated on a 1936 base. Changes in living costs were somewhat slow to appear since not until August 1939 did the index figures show the cost to be double what it had been in 1936. Thereafter, however, changes were rapid. Certain basic foods disappeared from the markets. By the beginning of 1940, *sien mee*, a popular native rice, was no longer procurable, and second-grade Saigon rice replaced it as the people's food. *Kan mee*, a non-glutinous Chinese rice, reached the Shanghai markets only in small quantities and at high prices. Finally, in February 1941, orders for Saigon rice could not be placed in Indo-China, and Saigon rice in turn was replaced as the workers' food in May 1941 by Rangoon rice imported via Hongkong by the Settlement

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511 435 458 authorities.[3] There were concurrent changes in the types of fuel in common use. Charcoal and firewood were replaced by coal briquettes. Accordingly very careful alterations in the basis of the index figures of the cost of living of Shanghai workers were made, disturbing the index as little as possible, but taking account of the changes in consumption. In July 1941 a Revised Index embodying these changes was first published.

511 458 Since price levels continued to rise, it became apparent that a sample re-study must be made of the consumption habits of the workers which change when money buys less. This re-study was in progress when the Pacific war broke out. Records of the daily expenditures of 101 families were obtained for the months of December 1941 and January 1942. With the facts thus obtained a New Index was calculated, based on the standard of living of the months mentioned with average prices in Chinese National Currency ruling in 1936 as 100. The annual New Index figures for the years since 1936 were: 1936—100, 1937—119.08, 1938—150.62, 1939—197.52, 1940—428.35, 1941—826.24. By May 1942, the figure had reached 2,663.21. In this month Chinese National Currency fell sharply in terms of the new currency introduced by the Nanking Chinese Government with the support of Japan. These new currency notes of the Central Reserve Bank, referred to as CRB notes, were declared the only legal tender in June 1942. In that month the value of the Chinese National Currency in terms of the new currency was further devaluated until two dollars CNC were equivalent to one dollar CRB at official rates. Unofficial rates were more disadvantageous. Despite efforts at price control by the Shanghai Municipal Council, the occasion of the currency changeover was taken by many shopkeepers to raise prices by converting CNC prices unchanged into CRB prices, thereby automatically doubling them. The June index figure derived from prices expressed in old currency reached 3,870.48. Expressed in new currency the figure for that month was 1,935.24 at the official rates ruling. The following table indicates the position in the index figures of cost of living of Chinese workers from March 1942, when Chinese National Currency and Central Reserve Bank Notes, previously circulating at par, began to diverge:

[3] See Chapter VIII, p. 96.

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NEW INDEX OF COST OF LIVING OF CHINESE WORKERS

	CNC	Purchasing Power of Dollar (cents)	CRB	Purchasing Power of Dollar (cents)
March	1781.60	5.61	1768.42	5.65
April	2211.67	4.52	1702.98	5.87
May	2663.21	3.75	1844.54	5.42
June	3870.48	2.58	1935.24	5.17
July	——		2163.51	4.62

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The re-study of the standard of living of Chinese workers indicated that a change had taken place in the distribution of sources of income. The principal wage earner was found to bring in 66.28 per cent of the family income as against 53.3 per cent in 1929-30. Earnings of other members of the family were proportionately less, being only 13.21 as against 34 per cent in 1929-30. The earnings of all family members were still insufficient: 20.51 per cent of the family income had to come from other sources as against 12.7 per cent in 1929-30. It is certain that much of this additional "income" had to be obtained from borrowing at high interest. A typical example of the external borrowing is given on pages 48, 49.

Once again the study showed, as had the original study of 1929-30, that the total family income from all sources, including borrowing, fell short of the total family expenditure. The number of family members was slightly larger than shown in the former study, 5.02 persons, or 4.41 consumption units as against 4.62 persons or 3.28 consumption units in 1929-30.

What in terms of actual cash did the rise in the cost of living mean to workers' families? This can perhaps be shown by costing out certain basic commodities and services whose price movements were followed month by month to produce the index figures quoted above. Into the New Index calculations there enter 54 items, the most important in the budgets of workers' families. These include 27 food items, nine in the housing group which embraces rent, fuel, etc., eleven clothing items, and six in the miscellaneous group. To buy these items in 1936 would have cost $27.71. The average family spent more than this each month. Expenses incurred through sickness, birth, death, marriage and for many other reasons must be met, but cannot be computed regularly to produce index figures.

To meet the $27.71 which the indexed commodities and services

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511 cost in 1936, the principal wage earner would have had to earn 53.3 per cent, or $14.76 per month. A second member would have
458 had to earn 34 per cent, or $9.42. Elsewhere $3.53 or 12.7 per
434 cent would have to be found. These earnings were possible in 1936. Even unskilled male workers in textile plants, a low-paid industry, earned $16 a month. True, even then the gap between earnings and the total family income needed was wide and necessitated borrowing. But when costs rose, when the index figure of July 1942 was 2,163.51 with prices expressed in Central Reserve Bank Notes, income necessary for the maintenance of a family exceeded what most industries which continued to operate could pay. A principal wage earner would have had to earn CRB $325.32. A second wage earner, always assuming that work could be found, had to bring in CRB $65.31, and other income chiefly from borrowing and amounting to CRB $100.79, had to be found. Since few workers could in July 1942 muster this sum, though founded on standard of expenditure as recent as December 1941-January 1942, it was obvious that the standard of living even for those workers who continued to be employed was still declining. A careful calculation of the minimum needs of a family in July 1942 showed that CRB $426.54 was needed, with a principal wage earner producing $282.375. Since few workers would reach even this standard it follows that a considerable proportion of the community was living below subsistence standards.

In the months that have elapsed since the middle of 1942 the situation has, from all available evidence, still further deteriorated. Accurate figures are lacking. The misery was so great that it seemed it could not be worse. Yet an even greater cost has been exacted of a long-suffering people.

458 CONSIDERATION OF THE figures given above shows clearly that the
434 basis of remuneration of workers by which the principal wage
435 earner did not earn enough for the needs of his family so that
511 other income must be obtained through the efforts of other members of the family and from other sources was unsatisfactory.[4]

[4] The question will of course be asked, "How does the family live?" The answer
426 is, to use the words of a Chinese observer, "By moving the debts." Short-term loans at high interest successively added to by others are contracted. The following is the load position of one low-paid employee who borrowed eight times in three years:

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Discrepancies between earnings and costs tend to become aggravated when living costs rise. The difference between what a principal wage earner could earn and what it cost his family to live became so wide that a serious lowering of living standards inevitably resulted. 511 458 434 435

To help to check the inflationary tendencies which from 1938 onward appeared, wage levels should in theory not have been permitted to rise. Instead, price levels should have been fixed and spending sharply reduced. The currency of the Settlement was that of the Chinese government faced with fighting a long war. With the provinces near Shanghai in Japanese military control and there being, for a long time after the withdrawal of the Chungking authorities from Nanking virtually no government in the area, there was no possibility of such organised measures being put into effect. With rising living costs the only alternative, therefore, was to raise earnings standards, though admittedly this contributed to further price rises. Moreover, it is one thing to limit spending in a country where there is a margin which can be eliminated and another to do so at the risk of seriously reducing the standard of living. In Shanghai where workers must spend all of their earnings and more on basic necessities, to limit spending presented, to say the least, a difficulty.

Studies of wages and earnings in 1941 show that industry, both foreign-owned and Chinese-owned, attempted to bridge the gap between rising living costs and what the pay envelope contained. On a 1936 base of 100, the earnings index of Chinese-owned plants in 1941 stood at 457.65, an increase of almost 100 over the earnings index of 242.65 in 1940. In foreign-owned plants the earnings index was 465.54 in 1941. Though slightly below the earnings index of Chinese-owned plants, the money earnings in foreign- 511 458 434 465

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Creditor	*Amount of loan*	*Interest*	*Currency of loan at time of enquiry*
A Sikh	$20	$2 per month	30 months
A friend	50	5 "	24 "
A woman	30	2 "	24 "
A widow	25	1.50 "	12 "
		Principal and Interest	
A liftman	15	$6 per month	6 months
A fellow worker	15	6 "	5 "
A chauffeur	15	6 "	3 "
A chauffeur	20	8 "	2 "

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465 owned enterprises were considerably higher. Calculated upon the
434 July 1941 Revised Index of cost of living of Chinese workers, the
511 real wage index was 53.64 in 1941 and in foreign-owned plants
458 53.39. That the real wage position was not worse was due to the sincere efforts of industry to make as substantial adjustments as possible. The following table shows the real wage indices in Chinese-owned plants since 1930.

INDICES OF ACTUAL EARNINGS, COST OF LIVING (REVISED), AND REAL WAGES 1930-1940[5]

New Base: 1936=100

	1930	*1931*	*1932*	*1933*	*1934*	*1935*
Actual earnings	106.95	107.34	106.08	103.21	98.10	90.49
Cost of living (revised)	108.75	106.63	100.64	92.32	92.52	93.45
Real wages	98.34	100.67	105.41	111.80	106.03	96.83
	1936	*1937*	*1938*	*1939*	*1940*	*1941*
Actual earnings	100.00	84.83	92.38	119.09	242.47	467.65
Cost of living (revised)	100.00	119.09	155.28	202.99	430.61	871.89
Real wages	100.00	71.23	59.49	58.67	56.31	53.64

The index figures of cost of living of Shanghai workers, as earlier stated, were based upon the work of the former Shanghai Chinese City Government, whose continuance the Council assured after that Government's withdrawal following 1937 hostilities. It was not clearly seen, at the end of 1937, that these figures would assume importance in subsequent years when declining dollar values destroyed previous earnings standards. The regular monthly publication in the press and in the *Gazette*, official publication of the Council, of amounts in dollars which must be available to cover the family's living cost proved useful in helping in adjustments of earnings. The Division was consulted on many occasions by both Chinese and foreign employers and asked to make concrete recommendations as to the actual amounts which should be paid.

465 In addition, the work of mediation in industrial disputes which
633 was a regular activity of the Division was important in assisting wage adjustments. While some employers forestalled otherwise inevitable labour disputes, anticipating them through raising earnings when significant rises in living costs appeared, others, perhaps in some cases in less satisfactory financial situations, and unable

[5] Indices derived from the "New" Index based on December 1941-January 1942 studies, were not available in August 1942, the date of last contact with Shanghai.

829 The Communist effort to replace the old
812 attitudes toward time, change, and causation with new ones has tremendous implications. It seeks to destroy any tinge of fatalism, any inclination toward resignation, and to foster in the individual a restless search for the goals set by the Party.

C. Work and Leisure

461 In traditional China, leisure was seen as a time for replenishment of bodily and psychic energy; leisure was necessary if one were not to suffer depletion of vital forces.[48] Abundant leisure was also important evidence of membership in the favored social class. In Communist China, work and vigorous activity are given a high value; hard work and ceaseless struggle are characteristic of all the "models" held up before the people in all the propaganda media. The ceaseless activity of top leaders is meant to set a pattern for those who follow them. Leisure as a contemplative bodily replenishment is devaluated, and active sports which develop competitive spirit are being promoted. Leisure as a mark of high status has disappeared.

D. Authority and the Individual

829 The father's relation to his sons was the model for the exercise of authority in traditional China. Ideally, the father was to be firm and aloof, seeing to it rather impersonally that his children were well cared for and given proper

48. Ibid., pp. 37-40.

V. LABOR EMULATION AND PRODUCTION

466 461 "Labor emulation" was copied from Soviet Russia and practiced by the Chinese Communists in the early 1940's in the Communist-controlled Shensi-Kansu-Ninghsi Border Region. It spread throughout Mainland China in 1950.

In a speech delivered by Lai Jo-yü, then general secretary and later chairman of All-China Federation of Trade Unions, at the Seventh All-China Congress of Trade Unions, it was stated that "the fundamental method in developing production is to lead the masses to take part in labor emulation, which is an effective way of mobilizing the broad masses to achieve the targets of the state plan."[17] In other words, "labor emulation" is a way of increasing labor productivity without increasing the cost of production.

It was the responsibility of the trade union cadres to initiate a labor emulation drive in a factory or a mine. In doing so, the following steps were taken: (1) workers were organized to discuss the state production plans; (2) the trade union, acting on behalf of the workers, signed collective contracts with the respective administrations; (3) production meetings were organized to discuss production problems; and (4) workers were organized to work out and submit "rationalization proposals"[18] and to popularize "advanced methods of work."[19]

17. People's China, June 1, 1953, p.9.

[See next page for 18 and 19.]

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In the East China Region, labor emulation drives were accelerated in 1951 after the Communists had intervened in the Korean war. In the early phases, the Communists urged workers to lengthen their working day. In one case in an iron and steel factory in Kiangsu, the men worked sixteen hours a day.[20] The ten-hour working day became the rule in Shanghai, although the Communist labor law stipulated an eight-hour working day. As a result of the increase of working hours and an acceleration of production, industrial accidents and sick leave became more frequent. In July 1952, one-fourth of the workers of the No. 6 Iron and Steel Works in Shanghai asked for leave because of illness after an intensive "labor emulation" [845] drive.[21] In a cotton textile factory in Tsingtao, in the period January to June, 1952, more than half of the women workers who were pregnant suffered miscarriages.[22]

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18. "Rationalization proposals" are proposals submitted by workers to management to increase production through improved techniques, reduced costs of production, and the more efficient use of manpower. See Practical Dictionary of Economic Terms, pp. 9,016-17.

19. The campaign to popularize "advanced methods of work" corresponds to Stahkanovism in Russia as a means of increasing the efficiency of workers by popularizing the efficient methods used by "model" workers; see ibid., p. 9,057.

20. People's China, December 14, 1952, p. 5.

21. Liberation Daily, Shanghai, 8/12/52, p.3

22. China Weekly, Jan.19,1953, pp.7-8.

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461 During a labor emulation drive, those chosen to be "model" workers were honored and their experience and methods were publicized. In Shanghai, 251 "model" workers were awarded medals for their achievements at a conference held in their honor in May 1954. Local government leaders and some 1,200 outstanding workers were present at the ceremony.[23] Tsingtao is the home of the nationally known "labor heroine", Ho Chien-hsiu, who succeeded in cutting the proportion of cotton wasted on the spindles she tended from 1.5 per cent to 0.25 per cent. Her method has been introduced as standard practice throughout the textile industry; it is reputed to increase annual production by 44,460 bales of yarn.[24] Ho Chien-hsiu was sent as a worker's representative to the Chinese People's Political Consultative Conference held in Peking in November 1952.

VI. WAGES AND PURCHASING POWER

465 As a result of the Communist occupation and of continued inflation in East China, the methods of wage payment were in considerable confusion by 1952. The industrial cities of the five provinces of the East China Region had many different systems for paying their workers. Some were paid in terms of "commodity-equivalent" units,[25] and some were paid in terms of

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23. NCNA, June 3, 1954.

24. New China Monthly, Oct. 1951, pp. 160-61.

25. "Commodity-equivalent" units were based on the price of essential commodities and used by Communists as savings deposits.

873 to receive their original pay. The trade union,
466 the Party, and management were authorized to decide which workers qualified for additional technical training. In 1950 the East China Region sent 171 industrial workers of an advanced intellectual level to the Chinese People's University in Peking[51] as part of the Communist plan to create a new intelligentsia among the working class.

461 The Communists say that recreation -- the
466 privilege of the few in the past -- is now an integral part of the workers' lives. After work, workers may go to their own clubs to play chess, card games, or Ping-pong, or in other ways to enjoy their leisure time. Many factories show films or hold dances on weekends. By the end of 1954, some 11,929 clubs had been established in factories, mines, and other enterprises throughout China; Shanghai alone had over 800 workers' clubs. For the first time, workers had the opportunity to take part in athletic activities. At a provincial track meet in Chekiang Province in 1951, workers and peasants took the first four places in a 10,000 meter race.[52]

The validity of the above reports can be questioned. Workers have the facilities for

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51. Workers' Daily, Jan. 6, 1950, p. 1; NCNA, Shanghai, June 2, 1954.

52. Chinese Youth Enjoys a Happy Life, p. 28; NCNA, Shanghai, September 21, 1954.

461 leisure but are not given the opportunity to en-
466 joy them. Raja Hutheesing, traveling in China in 1951, heard factory whistles blow to signal the end of the working day in Nanking, but saw no workers leaving the factory. He was told that the workers had remained to join in a political discussion.[53] In the Communist China regime, even "leisure" comes under the control of the Party, and many workers may spend sixteen hours a day in the factory at work or attending compulsory meetings.

VIII. UNEMPLOYMENT IN SHANGHAI

464 Since the Constitution of Communist China promises the right to work, the Chinese Communists have maintained that unemployment as it exists in Mainland China is a legacy of their "capitalist predecessors," soon to disappear under a socialist society.

The most serious unemployment situation in Communist China exists in Shanghai. After the Communists assumed control in 1949, many factories in Shanghai were closed for lack of raw materials. Some factories have changed their line of business. For example, a Coca Cola factory was remodeled to produce soya bean sauce. During economic reshuffling in Shanghai in 1949 and 1950, unemployed workers (and their dependents) were estimated at 500,000. In early 1950, the Shanghai Federation of Trade Unions established a "Relief Fund Trust Committee" to collect contributions from workers

53. Raja Hutheesing, The Great Peace, Harper, New York, 1953, p. 118.

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596 and protection of the thousand households.

D. Economic Role

596 As the definition of the term "family" infers, it was the basic economic unit of the society. Real property such as land, houses, and workshops were owned by the family rather than by individuals. When disharmony caused the breakup of a joint family, its real property was divided among the constituent conjugal families, each as a new family claiming title to the portion of property which fell to its share.

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462 The peasant, artisan, and small-merchant families were units of both production and consumption. Male family members worked together in the fields, workshops, or stores to produce the goods on which the family mainly relied for a living. Sons nearly alway followed their father's occupation and seldom left home. Women worked in the home, taking care of the children and turning out the family's clothes and shoes. Where sericulture was practiced, women managed the entire industry from the cultivation of mulberry trees to the weaving of cloth. Food and clothing were allotted each member according to his needs, as they were determined by the head of the house and permitted by the family's circumstances.

684 To help traditionally-minded families
669 attain the new Communist-established goal of "democracy" and "harmony," family "struggle" meetings were arranged under cadre supervision. Each member was pressed to confess his own past sins and suffering and to help other family members to remember theirs. The particular transgressions sought out for exposure, condemnation, redress, and rectification were the mistreatment and beating of wives by husbands, similar behavior by mothers-in-law against daughters-in-law, and interference by parents in young people's free choice of marriage partners. Much was made in the Communist press of the suicides or murder of women and young people, attributed to "the old feudal system of marriage."[12]

668 Whatever the humanitarian by-products,
462 the Marriage Law aimed at a basic change in Chinese society with two utilitarian purpose in view. One was to change the popular basis of loyalty from the family to the state. The other was to free the Chinese woman from her preoccupation with the home and children so that she might become a laborer in the field and factory. These aims were quite openly expressed.

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12. See especially C.B., 273, pp. 1-3; 236, pp. 4-14; and Survey of the China Mainland Press, Hong Kong, American Consulate, 932, p. iv; hereafter cited as S.C.M.P. The same conditions apply to this source as to Current Background; see footnote 8.

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462 For instance, an article in the Peking Chung-kuo ch'ing-nien pao [China Youth] on the correct attitude toward parents, asserts that under the Confucian system with its emphases on filial piety, parents had the right to regard their children as private property and demand sacrifices of them. Under the new regime, the article pointed out, "children are not the private property of their parents, but belong first of all to the state and to the people, and... the interests of the people should be the highest criterion governing our actions toward our parents."[13]

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668 An editorial in the People's Daily in March 1955 notes that remnant feudal ideologies still obstructed "the participation of women in Socialist construction and various political activities." The editorial then goes on to state that it is in order to promote the political and production zeal of women that their rights must be promoted and protected and the Marriage Law implemented.[14] Various comments on the Marriage Law inspired by the regime stress Lenin's dictum that sex relationships and family problems are not individual or small affairs but matters of great social, economic, and political significance.

13. S.C.M.P., 973, p. 31.
14. Ibid., 106, p. 15.

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563 practice. By emphasizing past grievances under previous regimes between the Han and the Hui in Northwest China (where there are large concentrations of Hui population), the People's Government claims that its policy toward the Hui people in all parts of China is the most enlightened of all times. The Communists, now anxious to foster a better working relationship between the Han and Hui in Shantung, have probably exaggerated the role played by the Hui people in the Shantung Liberated Area and in the Shansi-Hopei-Shantung-Honan Border Region Government during the last war against Japan. As early as January 1950, the Commission on Nationalities at Peking sent Liu Ke-p'ing, one of its deputy chairmen who claims to be of Hui origin, on an inspection tour around Tsinan, Shantung, in order to familiarize the government with the econmic activities and educational conditions of the Hui people in Shantung.[14] So far we have not been able to appraise the result of the Communist effort.

563 463 Traditionally, the Hui people are merchants, handicraftsmen, inn-keepers, and restaurant operators; the Hui people in Shantung are said to prefer earning their living in their accustomed way rather than by farming even when offered land to till after the land reform. The Communists may have achieved some initial success in diverting some Hui people into agriculture, since at least 49 agricultural mutual-aid teams under Communist cadres have been organized among the Hui people in Shantung.[15]

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14. People's Daily, January 22, 1950.
15. People's Daily, April 28, 1954.

466 565 production line. Foreign advisors had been employed in many factories in pre-Communist days, and many workers may have become accustomed to accepting the general excellence of Western technology. However, any government effort to impose foreign leadership in technical fields may injure the pride of the worker and provoke his resentment. Certainly the demoralizing effect of the privileged treatment accorded Russian technicians in Chinese factories should not be underestimated.

There is little evidence that the Chinese worker has abandoned his aspiration of personal advancement in the material sense. Although here again the promotion of the young and ambitious to serve in the huge government machine may satisfy some of the workers, the lack of a substantial rise in their standard of living will lead many workers to feel that their aspirations cannot be fulfilled under the Communist regime.

463 565 Handicraft workers and artisans, who have constituted the bulk of China's working class, are now dwindling rapidly. Many of them have gone to the factories. The remainder do not enjoy the esteem granted industrial workers and, as a result, are more dissatisfied than the miners, steel workers, and others whom the regime is attempting to please.

463 According to a recent estimate[62], the Chinese Communists will need at least 2,500,000 skilled industrial workers in order to carry out the proposals of the first Five-Year Plan -- and they have no more than 600,000 trained workers. However, Shanghai has been training skilled labor since the Communist conquered the China Mainland in 1949. In the past five years more than 63,000 skilled workers, technicians, engineers, and clerks have been sent from Shanghai to major construction sites and new factories in other parts of the country. From 1951 to May 1954, over 34,000 steam fitters, machine-tool operators, welders, and other skilled workers have been trained in schools established for this purpose. Shanghai factories frequently have been given the job of training contingents of workers for new factories established in Northeast and Northwest China.[63]

466 The first Five-Year Plan has as its goal an increase in labor productivity but does not guarantee to the workers an increase in wages or a better standard of living. When the plan was first announced, the Communists stated that all manpower and materials would be concentrated in order to achieve socialist industrialization, that the improvement of the standard of living would dependent upon the development of production. They called upon the Chinese workers to carry

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62. Cheng Ch-yuan, Chung-kung Wu-nien Chiu-hua P'ou-hsi An Analysis of the Chinese Communists' First Five-Year Plan, Hong Kong, 1955, pp. 317-38.

63. NCNA, Shanghai Oct. 10, 1954.

In the early years

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364 of the foreign settlements when foreigners were

463 permitted into the hinterland for half a day's travel from the city (since they were originally not allowed to spend a night beyond the Settlements), they moved very largely by boat, and "they inevitably met on the way dung boats, dung tanks, dung buckets, and dung carriers wherever they went."[49] Until 1923 (the 1925 population of Shanghai was approximately 2,300,000, including 29,000 foreigners), there were virtually no flush toilets anywhere in the city and no central sewage system. The human wastes (or night soil) and the garbage of the city, in common with the usual practice in east Asia, were carefully saved and "sold" to contractors, who were paid a small fee for their services in removing the wastes and distributing them for sale to the farmers of the delta. Up to 1923, when a central sewage system was installed, these night soil contractors collected the wastes at most of the houses in Shanghai, including the foreign houses, and were under contract to the Shanghai Municipal Council for the removal of wastes collected by the Council from public buildings and a few private houses within the International Settlement. The Council realized an average annual revenue between 1910 and 1920 of US$50,000 from these transactions.[50]

The Council made its first contract with the night soil collectors in 1867 because it was alarmed by the health menace presented by the promiscuous dumping of wastes of all kinds in the creeks which flowed through the Settlement. Night soil contractors had been operating in the Settlement for several years before this date, but they had not removed all of the wastes, and the Council in its new contract provided for a complete disposal system.[51] By 1932, the Health Commissioner of the International Settlement was defending this system as essential not only to the health of the Settlement but to the productivity of the farms which supplied it with food.[52] As a means of disposing of the city's refuse it also had notable advantages of economy, if not of attractiveness to the foreign residents. The Council estimated in 1920 that the cost of collection and disposal of household wastes in Shanghai over the period 1908–1919 averaged about 1s 2d per ton, as against an estimated cost in London at the same period of 9s 1d per ton.[53]

In 1923 the Council built the first central sewage system, which

2: Murphy G-4 (no date) 1953 AF15 East China AF15

by 1934 included four sewage-treatment plants and two incinerators for household refuse. During the same period cesspools were dug for most buildings in the Settlement beyond the limits of the central sewage system. The night soil contractors continued to remove wastes from buildings without cesspools, and, by agreement with the Council, to drain the cesspools at regular intervals. Most of the sewage treated by the new plants was sold to the night soil contractors as before, but now in a concentrated form which was also less dangerous to health when used as fertilizer. Non-organic wastes were dumped at sea by the Council, or were used for raising low-lying land. Household garbage continued to be collected by the night soil contractors as before.[54] These malodorous cargoes went out from Shanghai entirely in barges, many of which were open and which were (and still are) to be seen on all of the waterways running through the city. It was these which attracted the adverse comment to which the Municipal Health Commissioner replied in the statement referred to above.

The night soil produced by two, three, or four million people and distributed to farmers must have been a not inconsiderable factor in maintaining or enhancing soil fertility and in making possible unusually high yields within a thirty- or forty-mile radius of Shanghai.* Existing figures for crop yields are unfortunately calculated on the basis of *hsien*, and *hsien* boundaries do not even approximately coincide with the thirty- or forty-mile radius. The Municipality of Greater Shanghai itself occupies 320 square miles (of which 210 square miles is listed as farm land) within the area of night soil distribution from the city. The effect of this distribution therefore cannot be measured with any accuracy in terms of crop yields, although the figures do show about 10 per cent higher yields of all crops in the *hsien* which have some part of their area within a forty-mile radius of Shanghai than in the remaining *hsien* in the Kiangsu section of the delta south of the Yangtze and east of Tai Lake.[55] Soil and land forms are generally uniform over this area. It is a readily observable fact that fields are greener and crops heavier and further advanced within a day's foot or water travel

* See above, p. 137. Buck's figure was compiled from surveys in only one district (about one quarter of one *hsien*) within this area.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

465 powers, such services of advice, consultation, presentation of facts
633 and voluntary mediation are important functions of the administrative authorities. With the full powers that the Chinese authorities will exercise in future in re-occupied Shanghai it is hoped they will be able to build upon the foundations already laid.

439 Shanghai was a city of large trading interests before it attained
463 significance as a manufacturing centre. It was still, at the outbreak
465 of Pacific hostilities, an important commercial city with a large export trade despite the severance of the Yangtse Valley trade after 1937. It was, prior to December 1941, the banking centre of China. After 1937 it was an important educational centre to which universities and middle schools from provincial cities had come when Sino-Japanese hostilities caused their withdrawal. There was therefore a large professional class in the community—professors, teachers, doctors, lawyers. The question of what happened to their livelihood is as significant as is the fate of the workers' economy.

A study of the standard of living of Chinese salaried employees was made in October-December 1941. So excellent a response to the request for the keeping of detailed information was made that, out of 1038 families responding, 441 perfect records were available. Originally it was intended to limit records to families with incomes below CNC$1000, but those with incomes beyond this amount so readily supplied information that the limit was waived. The majority of incomes were between CNC$500 and $1500. A Provisional Cost of Living Index was developed by May 1942 from the records of 100 families to meet the immediate need for a criterion to judge the situation in which Chinese salaried employees found themselves.

162 The average salaried family was found to be larger than the worker's family—6.60 persons, 4.72 consumption units, as against 5.02 persons, 4.41 consumption units in a worker's family as studied in December 1941-January 1942.

434 The total income of the Chinese salaried family studied averaged
465 $688.38 per month. Earnings of the husband accounted for 84.96 per cent, those of other family members only 3.95 per cent. The
511 salaried family, as did the workers family, had to obtain other income; 11.09 per cent came from sub-letting rooms, interest and dividends, gifts and assistance, profits on speculation and gambling.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER V

EMPLOYMENT RELATIONS

IN THE 1935 CENSUS the Shanghai Municipal Council made its first attempt to analyse the occupations of the Chinese population of the Settlement. Of a total Chinese population of 1,120,860, some 204,849 were stated to be employed in industrial occupations, while 207,455 were listed as occupied in trade, finance and transport. It was clear that Shanghai was not only an important commercial city, the entrepôt of the Yangtse Valley, but that its industry was of equal importance with other occupations in providing employment for and ensuring the livelihood of the Chinese population. 463

Surveying the industrial scene in 1934-35, the Industrial Division listed 3,421 factories and workshops employing 170,704 persons. This survey was a door-to-door study extending over sixteen months. The greatest number of workers—more than 75,000—was found employed in textile trades, including cotton spinning, weaving and dyeing, silk reeling and spinning, and wool and jute mills. Figures for 1936 are not available. The effects of the 1937 hostilities upon employment were serious, for at the end of 1937 only 21,500 were employed in industrial enterprises. By the end of 1938 it was estimated that 178,000 were back at work in Settlement and western extra-Settlement areas. In the early part of 1941 figures of employment reached 257,900, of whom 138,000 were employed in textile operations. Women workers predominated in the textile trades and, accordingly, represented a large proportion of the industrial workers in the Settlement. Textile industry was "light industry"; with the exception of a few plants, Shanghai had little "heavy industry."

IN MANY WESTERN COUNTRIES it is generally accepted that the relation between worker and employer should preserve the independence of the worker as much as possible. His earnings should be sufficient to permit him to live the life of a member of the 466

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II. INTERNAL MIGRATION

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The trend of migration toward expanding industrial centers is clearly observed in East China. Although many cities in Central-South China are being industrialized in the best and most rapid way the Communists know, in the East China Region there is more renovation of the already existing industries such as textile factories in Tsingtao (in Shantung Province) and Shanghai (Kiangsu Province). Toward these centers are moving many people and their families. Some had worked in the cities and had acquired some technical training, and now are returning to the reopened plants Although new industries in the Central-South and Southwest regions are only hiring new workers, the migration toward such cities as Shanghai has a somewhat different character -- and this may be described as a "two-way" migration. Shanghai, for example, had been the source of skilled labor before World War II during the short period of industrial boom in China. Now the Communist authorities are using places like Shanghai once again as training grounds for experienced labor. Whether this is economically sound or not is another question, but the fact remains that the Communists have been encouraging available manpower to move into town from the countryside. After a period these trained and semi-trained personnel are dispatched to new industrial centers in the southwest, northwest, and northeast. Not only workers are so encouraged, but labor organizers, union personnel, and other political activists are apprenticed in places like Shanghai before

166 assignment to the less industrialized localities
464 both inside and outside the region.

Relocation of industrial plants for expansion and
166 construction of sumptuous "cultural palaces" and
464 exhibition halls require a great amount of manpower
in Shanghai; in China today human brawn continues
178 to be employed instead of machines. (For the expansion of Shanghai, see chapter on Geographical Setting.) An even greater amount of manpower is mustered in order to keep in repair the dikes along the Huai River in Anhwei Province. The flood-control project on the Huai River began over five years ago, and in its initial stage 4.5 million people were employed.[11] The irrigation projects in northern Kiangsu need workers, the dredging of the Grand Canal needs workers. And when these projects are brought to a conclusion, there will be further development of the railway system, which suffered considerable damage during the war. There will be harbor construction projects, some of which were propoaed as early as Dr. Sun Yat-sen's administration and most of which have been featured in the Communists' blueprint for long-range reconstruction. Millions of people in this region will be kept busy moving from one project to another, and they will constitute one of the mainstreams of internal migration.

166 As has been mentioned in the foregoing paragraphs,
464 the movement of the people

11. Chih Huai [The Harnessing of the Hwai River] Shanghai, Hua-tung jen-min ch'u-pan-she, 1952; Hua-chiao Jih-pao [China Daily News], New York. Aug., 1955.

1:Stanford U. S-4-5 1956 AF 15 East China
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166 within this region is not and cannot be com-
•464 pletely controlled by the government, no matter how authoritarian the latter may be. According to some anti-Communist sources, the employment situation in Shanghai is by no means completely under control. The unanswered question of Shanghai's unemployment as a factor disturbing to the Communist scheme of concentration of available labor for training in Shanghai's factories as well as similar factors will continue to disrupt this general pattern of internal migration. Anti-Communist sources also said that in the summer of 1955 the authorities in Shanghai had to resort to "persuasion" and possibly more drastic measures to return a part of the steady flow of workers to the countryside to resume farming. Additional trains were reported to have been scheduled daily to ship these "surplus" people from Shanghai.[12] If it were possible to substantiate these anti-Communist reports, which originate from Hong Kong, then it would be possible to say that internal migration in the East China Region will remain a difficult problem for the present regime.

166 Recently Communist authorities have been enforcing the registration of the movement of population, including the movement of individuals from town to town. The general effects of this tightening of regulations seems to be a lessening of the flow of internal migration.

12. Asia Foundation News Bulletin, Aug. 12, 1955.

135 178 Ma-an-shan plant in Anhwei.[4] As for other industries, the Five-Year Plan seems to give scant attention to East China with the exception of Shanghai's machinery industry, which again is largely a case of making full use of existing facilities and the local skilled labor.

III. PRESENT STATUS OF SHANGHAI'S INDUSTRIES

178 Lest we should underestimate the present industrial importance of Shanghai in the light of what has been said above, attention should be called both to the degree of industrial recovery in Shanghai which has been reported by the Communists and the status of some of the city's industries.

464 According to the Shanghai Economic Weekly of February 5, 1953, using 1950 as the base year (100), for 1952 the index of the number of workers employed in Shanghai's light manufacturing industry stood at 138, that of electric power consumption by the same industrial group was reported at 153, and the 433 volume of sales was 199. Another indication of the degree of industrial recovery in

4. Cheng Chu-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, 1955, p. 45.

461/ leisure but are not given the opportunity to en-
466 joy them. Raja Hutheesing, traveling in China in 1951, heard factory whistles blow to signal the end of the working day in Nanking, but saw no workers leaving the factory. He was told that the workers had remained to join in a political discussion.[53] In the Communist China regime, even "leisure" comes under the control of the Party, and many workers may spend sixteen hours a day in the factory at work or attending compulsory meetings.

VIII. UNEMPLOYMENT IN SHANGHAI

464 Since the Constitution of Communist China promises the right to work, the Chinese Communists have maintained that unemployment as it exists in Mainland China is a legacy of their "capitalist predecessors," soon to disappear under a socialist society.

The most serious unemployment situation in Communist China exists in Shanghai. After the Communists assumed control in 1949, many factories in Shanghai were closed for lack of raw materials. Some factories have changed their line of business. For example, a Coca Cola factory was remodeled to produce soya bean sauce. During economic reshuffling in Shanghai in 1949 and 1950, unemployed workers (and their dependents) were estimated at 500,000. In early 1950, the Shanghai Federation of Trade Unions established a "Relief Fund Trust Committee" to collect contributions from workers

53. Raja Hutheesing, The Great Peace, Harper, New York, 1953, p. 118.

464 throughout China to help those unemployed workers who were in urgent need. In June 1950, the "Provisional Relief Committee for Shanghai Unemployed" was established to register the unemployed, train them for new occupations, and to launch the Back-to-the-Villages Campaign. From July 1950 to April 1954, more than 263,000 unemployed workers were reported to have obtained permanent jobs through the labor bureau of the Shanghai municipal government.[54]

The recently intensified Back-to-the-Villages Campaign in Shanghai[55] indicates that unemployment in that city has increased, in spite of the claims of the Chinese Communists. According to Communist statistics, the population of Shanghai increased from 5,000,000 in 1950 to 7,000,000 in April 1955. Only some 2,500,000 people have regular jobs; the remaining 4,500,000 are jobless. An intensified Back-to-the-Villages Campaign began in the summer of 1955; approximately 300,000 persons left the city each day at the height of the campaign. It was the Communists' intention to reduce the Shanghai population by one-seventh. To remove "non-productive" surplus population from Shanghai has been a constant preoccupation of the Communists since they assumed control of that problem city in May 1949, and it will remain a problem facing the Communists for a long time to come.

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54. Liberation Daily, June 28,1954; quoted in Survey Mainland China Press, Hong Kong, Sept. 23, 1954, No. 894, p. 6.

55. New York Times, Sept. 4, 1955, p. 4; Union Research Service, Hong Kong, Sept. 16, 1955, No. 1.

This pattern was repeated in most of its details whenever trouble threatened in China, as it did for example in 1884–85 (war between France and China), 1900 (the Boxer Uprising), 1911 (the republican revolution), 1915–18 (the first world war and Japanese intervention in Shantung), 1926–27 (the northern campaign of the Kuomintang), 1932 (Japanese attack on Shanghai), and most of the period of anti-Japanese and civil war from 1937 to 1949. It of course affected the economic life of the city in fundamental fashion, and understandably speculation flourished. It also meant that the foreigners lived in a state of some uncertainty and insecurity, since what brought the city prosperity could also destroy it. A foreign resident complained about this in a letter to the editor of the *North China Daily News* (published in Shanghai) which was printed the day before the Japanese attack on Shanghai in 1937, in a sense the last day of foreign Shanghai's existence: 369 722

Since I arrived in Shanghai some seventeen years ago I have been under arms as a member of the Volunteer Corps on a dozen different occasions in defense of the Settlement. Always these occasions have meant a cessation of business, a period of anxiety and possible danger, and no benefit to us as a community. 'Old stagers' of the mud-flat days will smile when one talks to them on the subject and say they have got used to the idea, but are we content to see this sort of thing continue indefinitely? We should organize ourselves as a community . . . that will enable us to have a more normal life. It is time the old idea that foreigners come to Shanghai for a few years and then go away with a fortune was abandoned. This is a place of permanent residence for most of us and we have a right to demand that same freedom and security which is the common possession of all civilized countries. . .[12]

The city's population, swollen periodically with refugees, was also an excellent source of cheap labor and an opportunity, or invitation, for labor abuses, especially after manufacturing became an important factor in the Shanghai economy during the twentieth century. The refugees had no bargaining power and lived in universal privation. Their presence in the labor force helped to account for the fact that factory conditions, wages and hours, and industrial 369 464 466

Slums were as acutely bad in Shanghai as anywhere else in the world.

from the center of town. The present Communist administration has turned the race course, symbol of the foreign occupation, into its chief parade ground.

471 [439] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER III

TOWARD HEALTH AND SAFETY IN INDUSTRY

464 466 CONDITIONS RULING IN industry in Shanghai during the twenty years since the first movement to eliminate child labour was initiated with the appointment of the Child Labour Commission have often been described.[1] From the point of view of an administrative programme, however, many things remain to be said. It is obvious that industry which was allowed to develop with little public supervision and in the virtual absence of a legal instrument with which control over it might be exercised, and in a country of low living standards where mechanical concepts have, till recently, developed but slowly, would not spontaneously have given the attention to safety, hygiene and working conditions which was achieved in western countries first through the intervention of authority and only latterly through a realisation by employers that "good conditions pay."

178 It is difficult to give an accurate picture of the extent of Shanghai's industrialisation. Prior to the complete occupation of the Settlement by Japanese forces in December 1941, figures showing investment, production, the value of turnover, and the like were not obtainable in the absence of compulsory powers in the Council's hands to require their submission. A first effort toward an industrial census for the International Settlement was planned in 1940, to be taken simultaneously with the population census of the Settlement scheduled for that year but postponed because of the then abnormal state of affairs. Consular authorities, trade commissioners, chambers of commerce and leading industrialists were

[1] The latest treatment of the subject, by Robert W. Barnett in *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941, deals with the general industrial picture, the extent of industrial employment, the effects on it of the hostilities which broke out in 1937 and the recovery which took place between 1938 and 1940. He describes in some detail the conditions ruling in small-scale enterprises, taking a sample area of dwellings converted to factory use and showing the kinds of industry present and the conditions under which work is carried on in them. He draws for much of this information on the annual reports of the Shanghai Municipal Council. Little would be gained by a recapitulation of the material there adequately presented.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

464 466 633 178 288

even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered.

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

751 with an entrance fee of CRB $3 per worker. The members of the
466 committees which met regularly to consider matters in connection
633 with the clinics became by this very process more and more
744 informed and interested in the health of their employees. Contributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 To a western observer a discussion of industrial conditions
633 must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission.
464 There are fewer children at work now than there were then. They
633 are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

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466 standard of the law. In 1941 one enterprise paid the equivalent of nine months' wages. In 1934 a case reached the Court which awarded only the dismissal allowance as provided by the law, but ordered payment of ten months' wages during strike—as the period during which workers refused to accept the conditions of discharge was called. The amount paid usually did not exceed two or three months' earnings. When this was exhausted there was no further fund on which to draw.

464 466 While in some cases workers clung to the opportunity to work by all possible means, refusing to accept discharge, in other cases there was an indifference to loss of employment which can only be explained by the fact that its conditions were such that its loss was not regretted. Many enterprises complained of a great labour turnover. This was particularly true in cotton textile mills where, though no accurate figures are available, the movement in and out constituted in some cases a traffic. A twelve hour day or night might well engender a feeling that loss of the opportunity to work so long was indeed little deprivation. Earnings, too, in many cases were not sufficient to be the cause of struggling to keep an employment which did not reward more completely. There was need of realization by employers that some of their troubles of labour turnover would have disappeared with more favourable, not to say more reasonable, conditions of work and rewards.

633 466 722 Following the outbreak of Pacific hostilities, many enterprises had to close. The question of discharge allowances was then one which affected simultaneously many workers and many factories. The Division exerted every effort to have a uniform and adequate basis of discharge allowance announced, and in a memorandum to the Japanese authorities pointed out the cost of living and the social significance of giving as generous a sum as possible in the absence of any unemployment insurance. Japanese financial authorities, however, refused to permit the announcement as a principle of more than one month's pay as discharge allowance, with a second month's if the worker left Shanghai, the amount to be payable at destination. Even this meagre amount the Japanese supervisors of some former foreign-owned plants would not permit: in some

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Article 29: Factories which terminate a contract in accordance with the provisions of Article 27 shall pay the workers, in addition to their regular wages, half of the wages due for the period of notification as stipulated in the said Article.

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464 such as payment of intermediaries for assistance in obtaining employment, would be the establishment of public employment exchanges. It is impossible to provide work for the great unemployed population, largely unskilled in industrial employment, and far too numerous for industry to absorb. Prior to the Sino-Japanese hostilities, with an accompanying flight of refugees from nearby provincial areas to Shanghai, the hope of securing employment had induced many thousands to come to the city, leaving areas where famine, flood, civil war and banditry had deprived them of their means of livelihood. The constant superabundance of labour in the Settlement reduced standards of employment and at the same time discouraged the establishment of machinery to improve the methods of obtaining employment.

Nevertheless, alongside the mass of unskilled labour, there are skilled operatives whose continued employment should be encouraged in their own interests and in those of industry. Though for the most part no figures are available, there was in the past a consistent labour turnover. Especially in the textile trades, women workers who had acquired a skill left employment on slight pretexts, and there must therefore exist in the community a considerable body of workers possessing manual dexterity in certain processes which it would be in the interests of employers to be able to find when in need of additional employees. Many large textile mills found it necessary to operate schools of instruction, indicating that they have had difficulty in obtaining enough experienced workers for their needs.

There appears, therefore, to be a definitely useful social function to be undertaken by the authorities in the establishment of public employment exchanges even if, for the time being, this activity were restricted to the placement of skilled workers only. The Industrial Division in the past frequently possessed information concerning trends in certain industries. For example, during 1940 there was a diminution of activity among silk filatures, as a result of a shortage of cocoons in Shanghai, and concurrently six new worsted spinning and weaving enterprises opened. While the skills are not interchangeable, persons skilled in the handling of one fibre are likely to learn more easily the handling of a second. There were also opposing tendencies among cotton textile mills. One large group was forced to restrict operations while another

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was expanding its sales. To have brought the latter group into contact with workers from the former would have constituted a distinct contribution to the welfare of both the employees and the employers. Such mass employment placement opportunities will occur again in future in interrelated trades, and there is a need for an employment agency which could act in this sphere. 464

In July 1942 some employers in the leather shoe trade, during the course of mediation of a dispute with employees, asked the Division whether it could assist in controlling the movement of workers from manufacturer to manufacturer during the busy season, when some employers, unable to find sufficient skilled workers, paid high prices to induce them to come into their employ. These employers sought to prevent freedom of action on the part of workers. But they were instead induced to sign a collective agreement in which discharge allowances were included, workers of longer standing getting substantially higher allowances, thus creating inducement to remain in original employment. The Division undertook to make a register of the skilled workers in the trade and to commence an experimental operation of a public employment exchange for this trade only. 464 633

As earlier indicated industry in Shanghai will be controlled during the period of its occupation by Japanese. The process had already begun by the middle of 1942. When it has progressed further it is likely that—if shipping is sufficient, for example, to bring rubber from Malaya and vegetable oils from the Netherlands Indies presently under Japanese control; if iron deposits in the vicinity of Nanking and Wuhu are developed; if the Chinese cotton crop is not entirely pre-empted by Japan—there will be some improvement in the employment situation. Hence in August 1942 recommendations were made that initial investigations and studies preparatory to the operation of public employment exchanges should be immediately begun. It is likely that progress may have been made even during the period of occupation.

Early in 1942, following the closure of many machine shops in Shanghai and the consequent throwing out of employment of mechanics and fitters, recruiting agents from Manchuria arrived in Shanghai. They came from steel rolling mills, from airplane plants, motor plants, mines, transportation enterprises. In view of the military occupation of Shanghai it was not possible to pre-

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464 633 vent the recruitment, but the Division exerted its influence to see that as far as possible workers who accepted service would do so willingly, that they knew to what they were going. Efforts were made with recruiters to have them given contracts in which was written a fixed period of service. Workers were to be told by the Division that if they lost contact with their families they could inform the Division. The object was to prevent employment at a distance from becoming a cause of broken families. As events turned out, recruiters met with little success. The Division refused to become a promoting agency, taking the stand that its function was to safeguard the interests of recruited workers. Chinese skilled workers refused to enlist. Some attempts later by Japanese military to requisition Chinese residents of the Settlement for forced labour with Japanese forces were checked upon representation of the Division and the active cooperation of the Japanese Chairman of the Council.

466 A DIFFICULTY IN obtaining employment which applies to both adult and young workers is the requirement by most industrial enterprises of a guarantee prior to employment. The would-be worker must find some one who is willing to guarantee that in the event of his proving unsatisfactory in employment the employer will be in some measure indemnified by a cash payment. In China there exists a "shop guarantee," where, in return for a fee, a business enterprise guarantees the good behavior of a worker. A guarantee is, of course, known in western employment relations, but for the most part it is required only of those in positions of high trust where the handling of funds is involved, when such employees are bonded by regular insurance companies in return for a payment.

The widespread use of the guarantee may form a difficulty in the path of a public employment service, but not necessarily an insuperable one. The existence of nepotism is more likely to prove an obstruction in getting the services of an employment office accepted. The desire of someone already employed to obtain work for a relative or neighbor has led to some occupations becoming the preserves of certain groups. Employers, too, feeling hesitant about employing those entirely unknown to them, like to take as new employees those recommended by their own work-

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CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable. 464

Recent studies of Shanghai dwell at length on the refugee problem following the outbreak of hostilities in 1937.[1] After five years, a hard core of refugees remained, despite consistent efforts in the spring months of 1939 and 1940 to disperse aggregations of those in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable. 727 166 464 747

In addition to those cared for in camps, hundreds of destitute persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic. 737

Toward the end of 1940 the Shanghai Municipal Council, the Salvation Army and the Shanghai Rotary Club attempted to deal 735 747

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

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466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
427 per cent of his earnings for the rent of his vehicle. The large number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
745 the rental should be fixed by the Council, and that, in order to form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.

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461 During a labor emulation drive, those chosen to be "model" workers were honored and their experience and methods were publicized. In Shanghai, 251 "model" workers were awarded medals for their achievements at a conference held in their honor in May 1954. Local government leaders and some 1,200 outstanding workers were present at the ceremony.[23] Tsingtao is the home of the nationally known "labor heroine", Ho Chien-hsiu, who succeeded in cutting the proportion of cotton wasted on the spindles she tended from 1.5 per cent to 0.25 per cent. Her method has been introduced as standard practice throughout the textile industry; it is reputed to increase annual production by 44,460 bales of yarn.[24] Ho Chien-hsiu was sent as a worker's representative to the Chinese People's Political Consultative Conference held in Peking in November 1952.

VI. WAGES AND PURCHASING POWER

465 As a result of the Communist occupation and of continued inflation in East China, the methods of wage payment were in considerable confusion by 1952. The industrial cities of the five provinces of the East China Region had many different systems for paying their workers. Some were paid in terms of "commodity-equivalent" units,[25] and some were paid in terms of

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23. NCNA, June 3, 1954.

24. New China Monthly, Oct. 1951, pp. 160-61.

25. "Commodity-equivalent" units were based on the price of essential commodities and used by Communists as savings deposits.

#65 rice or flour, some on a simple cash basis. In March 1952, after the East China Military and Political Committee had issued "Regulations Governing the Unified Calculation of Wage Units in East China,"[26] the method of wage payment was standardized, with only slight variations in different localities, in accordance with the price of local commodities. One wage-unit consisted of the total retail value of 0.8 catty of rice, 0.02 catty of salt, 0.05 catty of edible oil, 2 catties of coal, and 0.2 ch'ih (one ch'ih equals 1.09 feet) of cotton cloth. At the time regulations were issued, the monetary value of one wage-unit was quoted at 2,670 yuan (old currency). The monetary value of the wage-unit was announced daily in local newspapers.

Under the system introduced in 1952, there were eight principal grades of workers, ranging from unskilled to highly skilled. The basic wages within each of these grades were fixed at different levels for each industry in accordance with its importance to the national economy. The basic monthly wage[27] for a skilled worker in Shanghai was reported to be about 400,000 yuan (old currency) in July 1952, equivalent to about U.S.$20. A miner in the Hwai-nan Coal Mine could earn as much as 700,000 yuan (basic wage plus compensation at

26. Liberation Daily, Shanghai, Mar. 30, '52, p. 2

27. Ibid., July 1, 1952, p. 2. Figures worked out from those given in Liu Ch'ang-sheng's speech. He reported that one skilled worker earned 500 catties of rice per month. One catty of rice was sold for 1,500 yuan in July 1952. At that time, one U.S. dollar was quoted in Liberation Daily as equal to 20,000 yuan.

465 piece rates) per month.[28]

the workers of Communist China were told to increase production, but an increase in earnings lagged far behind the increase in production. In the case of the Huai-nan Coal Mine, gross earnings increased only 30 per cent in 1952 above earnings in the previous year, and this was at a time when the industrial output of local and private enterprises had been doubled. Average labor productivity in the East China Region in the first six months of 1952 was reported to be 169 per cent above that of 1949.[29]

434 The Chinese Communists assert that the
465 increase in earnings is reflected in the increase of purchasing power and the standard of living. In East China, purchasing power in 1952 was reported to be 40 per cent higher than in 1950.[30] In Shanghai, the supply of consumer goods in 1952 was more than twice that of 1951. In Nanking, the volume of retail business in the first months of 1952 was 44 per cent higher than the volume reported for the corresponding period in 1951.[31]

454 It is true that the earnings of Chinese work-
465 ers have increased since 1952, but gross income

28. Basil Davidson, Daybreak in China, London, 1953, pp. 100-106.

29. Ibid., pp. 84-85.

30. Economic Bulletin, Hong Kong, February 24, 1953, p. 10.

31. Ibid., September 8, 1953, p. 6; Oct. 20, 1953, p. 2.

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has been subjected to various deductions -- union fees, "voluntary" contributions, and the compulsory purchase of government bonds. For example, the employees of all publicly owned enterprises in Shanghai and Tsingtao "voluntarily" gave up their New Year's bonuses in January 1950 after the Government Administration Council asked them to help the nation increase its capital for national construction.[32] Trade unions urged workers in private enterprises to do the same. When the Communist government issued Victory Bonds in early 1950, 45,000,000[33] points were allocated to the East China Region. Activists and union cadres initiated the sale among the workers. On December 20, 1949, the workers in the Electric Power Company in Shanghai pledged 1,070 points. Seamen in Shanghai bought 10,000 points within two weeks in January, 1950 and pledged to buy bonds to a total of 100,000 points in that year.[34] During the Resist-America-Aid-Korea Movement, workers in Shanghai, Nanking, Tsinan, and Tsingtao contributed a large amount to the war fund.

In mid-1953, the Chinese Communists forced workers to deposit anywhere from 25 to 30 per cent of their monthly income in the local People's Bank.[35] The People's Bank in Shanghai

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32. Workers' Daily, Feb. 1, 1950, p. 4.

33. One point consists of the total values of 6 catties of rice (one catty equals 1.10 lbs.), one catty of flour, 4 chih of cotton cloth (one chih equals 1.09 feet), and 16 catties of coal. See Workers' Daily, Dec. 31, 1949, p. 4.

34. Ibid., Dec. 26, 1949, p. 4; Jan. 14, 1950, p. 4.

35. China Weekly, Jan. 4, 1954, p. 41.

465 revealed that in 1951 the bank had nearly six
454 times as many depositors as in 1950, and the majority of these depositors were industrial workers.[36] The increase of deposits was not necessarily an indication of an increase in earnings; it represents the system of "compulsory savings" which the Communists used to prevent inflation and to cope with the scarcity of consumer goods in Communist China. After "voluntary" contributions and compulsory savings, there was little money left for the workers to spend. Accordingly, the Communist reports of an increase in the standard of living are somewhat suspect.

VII. LABOR WELFARE

A. Labor Insurance and Health

745 The Chinese Communist promulgated Labor
466 Insurance Regulations in March 1951 and revised them in January 1953. At first, they were applied only to enterprises employing one-hundred or more workers. After revision, the regulations were broadened to provide insurance for small enterprises. By the end of 1954, more than 5,380,000 workers in Mainland China had been insured against losses caused by death, old age, illness, and disability.[37] Workers' hospitals, sanitoriums, rest homes, and creches were established under the labor insurance regulations.

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36. NCNA, Shanghai, October 7, 1954.
37. People's China, May 1, 1955, pp. 3-5.

435 proportionate costs of labor and power. The same comment applies to the high figure for machinery.

288 In a generally more careful work dealing only with the cotton
435 industry, Fong Hsien-ting, as shown in the accompanying table, provides a different estimate of costs in the production of cotton yarn in Shanghai in 1930.[37]

Cost Item	*Percentage of Total Costs*
raw cotton	42
labor	30
power	8
overhead and interest	20
	100

These seem much more reasonable, and they are generally substantiated by the findings of Moser and of Pearse.[38] Liu's figures for cotton spinning are also suspect because in 1934 a larger proportion of the mills' supply was the cheaper domestic cotton (see above, p. 172). If we may accept these figures of Fong's as a closer approximation to the facts than Liu's, we have at least some idea of the proportionate cost of delivered raw materials in Shanghai's largest industry, cotton spinning, and we may justifiably assume that this cost was of approximately the same order of magnitude in the other cotton industries and in the silk industries, since Liu's figures show a maximum spread of only 10 per cent among the raw materials' cost in the textile industries which he covers, and since both cotton and silk supplies came very largely from the local delta area. We have unfortunately no check on Liu's estimates of raw materials' costs in other leading Shanghai industries. Since with the exception of flour milling and machinery, these other figures seem reasonable, we can only accept them with caution.

435 Even after this revision, however, the best estimate which can
489 be made of the proportionate costs of raw materials in Shanghai manufacturing still shows these costs to be high by Western
[465] standards.* There are two major reasons for this: the relatively low cost of labor, and the relatively high cost of transport. The first

*The United States Census of Manufactures for 1939 gives value figures for manufacturing costs in major categories of manufacturing in the United States in

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approached for their views on an industrial census, the last-named as to their willingness to supply needed information. With world-wide hostilities raging, the usual reluctance to supply confidential information was enhanced in most national groups. It was necessary therefore to abandon the plan, and in consequence no accurate measuring rod exists with which to assess Shanghai's industry. 178

During the first half of 1942, the Asia Development Board, the organ of the Japanese Military which dealt with economic questions, undertook a complete study of all industry, of whatever national ownership, with a view to its use in Japan's war effort. The results have naturally not been made available. 722

The great majority of factories and workshops in the Settlement were, prior to December 1941, of Chinese ownership. The larger plants and those employing the most workers were generally in foreign (Japanese and western) hands; and, of these, western interests owned the comparatively few plants which approximated "heavy industry." In general, foreign-owned plants were modern and well-operated. Except in the textile industry their hours of work were shorter than in Chinese plants. Earnings were somewhat higher also. It is believed that in Shanghai there were some 1,800,000 spindles in 38 Japanese-owned or Japanese-controlled cotton textile enterprises, 240,000 in five British, and 650,000 in 21 Chinese-owned cotton mills.[2] Individual cotton mills employed as a rule from 1,000 to 4,000 workers, some more. There were few other Chinese-owned plants with as many as 1,000 employees, and though a larger number of medium-size Chinese-owned industries existed, many of them were but extensions of domestic industry. 471 466 465

In the absence of sufficient small buildings erected for industrial purposes, hundreds of small Chinese factories and workshops were housed in buildings originally designed as dwellings and converted to industrial use. In the majority of cases, those who worked in these buildings lived in them without sleeping accommodations separate from their working quarters. A workshop by day was a dormitory by night; untying a bedding roll and spreading it out made sleeping quarters of the same few square feet in which the daytime tasks were performed. The housing congestion which is de- 466

[2] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,322,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

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CHAPTER IV

ECONOMIC AND SOCIAL ASPECTS OF EMPLOYMENT

465 THE WAGE LEVELS IN modern industry in Shanghai during its early decades were influenced by those ruling in small-scale enterprises during the pre-industrial era and by the general level of earnings in the countryside. Since these were low, the earnings of a principal wage earner in large-scale industry have never been sufficient for the needs of his family. This situation can be traced partly to the existence of a superabundance of labour supply. Considering the comparatively small cost of maintaining the low standard of living of workers' families in pre-hostility days, it would seem not to have been essential that modern industry should thus have developed on wages in general too low for the family needs.

458 In view of the severe inflation which by 1942 had so greatly affected the lives of the Chinese people whether in occupied or free China, it is fortunate that a most comprehensive and basic study of the cost and standard of living of Shanghai workers exists which was based upon budgetary enquiries over the twelve months, April 1929 to March 1930, and was conducted by the Bureau of Social Affairs of the City Government of Greater Shanghai. The study made use of the daily recorded incomes and expenditures of 305 families whose heads were manual workers.[1]

162 The average size of the family was found to be 4.62 persons, the equivalent of 3.28 male adults. The average number of gainfully employed persons was 2.06 per family. The significance of this figure will be understood when the family income is analysed.

465 The average annual income of the families studied was $416.51.[2]
434 Of this amount, however, the study showed that the combined
511 earnings of all family members comprised only 87.3 per cent. The

[1] The study necessitated visits by investigators to families every day for a whole year, since many were unable to record expenditures. A sample re-study was undertaken is the last months of 1941 and the beginning of 1942.

[2] All dollar figures, except where otherwise stated, refer to Chinese National Currency. The Japanese-supported Nanking regime instituted Central Reserve Bank notes in 1941 which in 1942 were declared only legal tender in Shanghai, displacing Chinese National currency at the rate of CNC $2.00 to CRB $1.00.

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earnings of the principal wage earner provided only 53.3 per cent, other members contributing 34 per cent. An amount of 12.7 per cent had to come from other sources. It is thus obvious that the earnings of a principal wage earner were but a relatively small part of the family income, and that the earnings of a least a second member of the family were needed. In addition to the earnings of both of these, financial support from relatives and friends had to be sought, or borrowing from moneylenders was necessary; otherwise income had to be obtained from such activities as peddling or sub-letting rooms.

The average family expenditure was $454.38, leaving an average annual deficit of $37.87. If income from wages earned by all family members only is considered, disregarding income from other sources, the average annual deficit was found to rise to $121.23. The excess of the family expenditure over the income of the principal wage earner was greater still. Working-class families, it goes without saying, spend extremely carefully; the majority of their expenditures are for basic needs.

It may be assumed that the 1929-30 standard of living remained virtually unchanged until the end of 1936, the last normal year before Sino-Japanese hostilities. The cost of living index (1926—100) was at 101.98 in 1929, 116.79 in 1930, and 105.04 in 1936. In other words, costs in 1936 were approximately what they had been in 1926, and below the 1930 level.

The outbreak of hostilities in August 1937 affected extensively the livelihood of the workers. The 1926 base period of the index, being remote in time, ceased to be significant, and in 1938 the index was recalculated on a 1936 base. Changes in living costs were somewhat slow to appear since not until August 1939 did the index figures show the cost to be double what it had been in 1936. Thereafter, however, changes were rapid. Certain basic foods disappeared from the markets. By the beginning of 1940, *sien mee*, a popular native rice, was no longer procurable, and second-grade Saigon rice replaced it as the people's food. *Kan mee*, a non-glutinous Chinese rice, reached the Shanghai markets only in small quantities and at high prices. Finally, in February 1941, orders for Saigon rice could not be placed in Indo-China, and Saigon rice in turn was replaced as the workers' food in May 1941 by Rangoon rice imported via Hongkong by the Settlement

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Discrepancies between earnings and costs tend to become aggravated when living costs rise. The difference between what a principal wage earner could earn and what it cost his family to live became so wide that a serious lowering of living standards inevitably resulted. 511 458 434 435

To help to check the inflationary tendencies which from 1938 onward appeared, wage levels should in theory not have been permitted to rise. Instead, price levels should have been fixed and spending sharply reduced. The currency of the Settlement was that of the Chinese government faced with fighting a long war. With the provinces near Shanghai in Japanese military control and there being, for a long time after the withdrawal of the Chungking authorities from Nanking virtually no government in the area, there was no possibility of such organised measures being put into effect. With rising living costs the only alternative, therefore, was to raise earnings standards, though admittedly this contributed to further price rises. Moreover, it is one thing to limit spending in a country where there is a margin which can be eliminated and another to do so at the risk of seriously reducing the standard of living. In Shanghai where workers must spend all of their earnings and more on basic necessities, to limit spending presented, to say the least, a difficulty.

Studies of wages and earnings in 1941 show that industry, both foreign-owned and Chinese-owned, attempted to bridge the gap between rising living costs and what the pay envelope contained. On a 1936 base of 100, the earnings index of Chinese-owned plants in 1941 stood at 457.65, an increase of almost 100 over the earnings index of 242.65 in 1940. In foreign-owned plants the earnings index was 465.54 in 1941. Though slightly below the earnings index of Chinese-owned plants, the money earnings in foreign- 511 458 434 465

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Creditor	*Amount of loan*	*Interest*	*Currency of loan at time of enquiry*
A Sikh	$20	$2 per month	30 months
A friend	50	5 "	24 "
A woman	30	2 "	24 "
A widow	25	1.50 "	12 "
		Principal and Interest	
A liftman	15	$6 per month	6 months
A fellow worker	15	6 "	5 "
A chauffeur	15	6 "	3 "
A chauffeur	20	8 "	2 "

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465 owned enterprises were considerably higher. Calculated upon the
434 July 1941 Revised Index of cost of living of Chinese workers, the
511 real wage index was 53.64 in 1941 and in foreign-owned plants
458 53.39. That the real wage position was not worse was due to the sincere efforts of industry to make as substantial adjustments as possible. The following table shows the real wage indices in Chinese-owned plants since 1930.

INDICES OF ACTUAL EARNINGS, COST OF LIVING (REVISED), AND REAL WAGES 1930-1940[8]

New Base: 1936=100

	1930	*1931*	*1932*	*1933*	*1934*	*1935*
Actual earnings	106.95	107.34	106.08	103.21	98.10	90.49
Cost of living (revised)	108.75	106.63	100.64	92.32	92.52	93.45
Real wages	98.34	100.67	105.41	111.80	106.03	96.83
	1936	*1937*	*1938*	*1939*	*1940*	*1941*
Actual earnings	100.00	84.83	92.38	119.09	242.47	467.65
Cost of living (revised)	100.00	119.09	155.28	202.99	430.61	871.89
Real wages	100.00	71.23	59.49	58.67	56.31	53.64

The index figures of cost of living of Shanghai workers, as earlier stated, were based upon the work of the former Shanghai Chinese City Government, whose continuance the Council assured after that Government's withdrawal following 1937 hostilities. It was not clearly seen, at the end of 1937, that these figures would assume importance in subsequent years when declining dollar values destroyed previous earnings standards. The regular monthly publication in the press and in the *Gazette*, official publication of the Council, of amounts in dollars which must be available to cover the family's living cost proved useful in helping in adjustments of earnings. The Division was consulted on many occasions by both Chinese and foreign employers and asked to make concrete recommendations as to the actual amounts which should be paid.

465 In addition, the work of mediation in industrial disputes which
633 was a regular activity of the Division was important in assisting wage adjustments. While some employers forestalled otherwise inevitable labour disputes, anticipating them through raising earnings when significant rises in living costs appeared, others, perhaps in some cases in less satisfactory financial situations, and unable

[8] Indices derived from the "New" Index based on December 1941-January 1942 studies, were not available in August 1942, the date of last contact with Shanghai.

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to take precautionary steps, found themselves confronted with demands by workers for wage adjustments. Though by no means the whole number of disputes which occurred in 1940, 111 cases were mediated by the Division in that year.

In 1941, 138 disputes were mediated, 57 strikes, 81 cases of unrest in which cessation of work was avoided. In 1940, 431 establishments and 35,000 workers were involved; in 1941, 245 establishments and 45,000 workers. Among the latter 176 establishments were under Chinese management, 45 British, 19 American, three Swiss and one each under German and Russian management. Sixty-five per cent of the cases involved earnings. In the majority of these, settlement was obtained through the granting by employers of increases, whether in the form of wage increases, percentage cost of living allowances, rice or commodity allowances, payment of rice in kind, bonuses, or other devices to achieve the desired end.[6]

Hence, although the authorities lacked legal power to enforce an announced minimum wage or to require submission of industrial disputes to the administration, the actual existence and publication of regular information on minimum living costs and the provision of facilities for independent mediation by the Industrial and Social Division proved useful in adjusting difficulties caused by the steep rise in living costs. Indeed, the power which accurate information can exert in its own right, and the influence which voluntary mediation can also exercise was amply shown in the difficult period in Shanghai since the outbreak of hostilities in 1937. While obviously there was no universally satisfactory adjustment, and while poorly organized, under-capitalized enterprises continued to employ workers at rates inadequate to make even the usual contribution to support their families, in a greater number of cases than might have been anticipated, the power of facts and of reason was demonstrated. In the absence of compulsory

[6] Rice allowances have long existed in Shanghai. In order to alleviate the distress of their workers, whose very existence depends on their ability to obtain rice, many employers even prior to hostilities paid a monthly allowance which represents at least a part of the difference between the prevailing cost of rice and a certain minimum wage previously agreed upon by employer and employee. This grant is a "rice allowance." Other forms of compensatory allowances may be granted. For example, many employers prefer to leave basic wages as before and to add to them percentage cost of living allowances on basic pay, commodity allowances in cash, and, in some cases, even rice and commodities in kind.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

465 powers, such services of advice, consultation, presentation of facts
633 and voluntary mediation are important functions of the administrative authorities. With the full powers that the Chinese authorities will exercise in future in re-occupied Shanghai it is hoped they will be able to build upon the foundations already laid.

439 Shanghai was a city of large trading interests before it attained
463 significance as a manufacturing centre. It was still, at the outbreak
465 of Pacific hostilities, an important commercial city with a large export trade despite the severance of the Yangtse Valley trade after 1937. It was, prior to December 1941, the banking centre of China. After 1937 it was an important educational centre to which universities and middle schools from provincial cities had come when Sino-Japanese hostilities caused their withdrawal. There was therefore a large professional class in the community—professors, teachers, doctors, lawyers. The question of what happened to their livelihood is as significant as is the fate of the workers' economy.

A study of the standard of living of Chinese salaried employees was made in October-December 1941. So excellent a response to the request for the keeping of detailed information was made that, out of 1038 families responding, 441 perfect records were available. Originally it was intended to limit records to families with incomes below CNC$1000, but those with incomes beyond this amount so readily supplied information that the limit was waived. The majority of incomes were between CNC$500 and $1500. A Provisional Cost of Living Index was developed by May 1942 from the records of 100 families to meet the immediate need for a criterion to judge the situation in which Chinese salaried employees found themselves.

162 The average salaried family was found to be larger than the worker's family—6.60 persons, 4.72 consumption units, as against 5.02 persons, 4.41 consumption units in a worker's family as studied in December 1941-January 1942.

434 The total income of the Chinese salaried family studied averaged
465 $688.38 per month. Earnings of the husband accounted for 84.96 per cent, those of other family members only 3.95 per cent. The
511 salaried family, as did the workers family, had to obtain other income; 11.09 per cent came from sub-letting rooms, interest and dividends, gifts and assistance, profits on speculation and gambling.

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Expenditure averaged $885.43 per month. With average earnings at $611.35 the family faced a deficit of $274.08 per month. The total earnings of all family members and other income were still insufficient: the deficit was $197.05. Besides the items of normal income and expenditure there appeared in the budgets of the families "other receipts" and "other disbursements" showing how the deficit was offset and a little cash surplus on hand was secured. Such receipts and disbursements were, in fact, not real income or expenditure, but a number of balancing items like bank withdrawals, borrowing, savings and lending. Other receipts averaged CNC$282.27 and other disbursements CNC$35.62 per family per month. The total family income plus other income plus other receipts totalled CNC$970.65: the aggregate disbursements, *i.e.* consumption expenditure plus non-consumption outgo plus other disbursements totalled CNC$921.05, leaving a cash surplus of CNC$49.60 per family. The records show that more was drawn from than was put into the bank: more was borrowed than refunded. Fifty families lived partly on bank drawings; 38 on loans recovered; 27 on sale of used articles; 46 on borrowings, 10 on receipts from pawned articles. It was stated in many records that earnings had been practically used up in the period since the outbreak of Sino-Japanese hostilities in 1937, and that borrowing had become more difficult in the recent period of stringency.

Belonging to the so-called "long gown" class, Chinese salaried employees occupy a difficult social position, particularly those in the lower income groups. It is obvious that the original base pay of pre-war days was too low, hence adjusted pay was insufficient. There were many children to support: among 92 families were 345 children. There was also the burden of other dependents—an average of 1.15 per family. There were necessary expenditures on social intercourse and on maintaining a social standard, usually in connection with the position held by the head of the household. There is evidence that employees worried over rising prices, securing daily necessities, using up of savings, uncertainty of employment, and were obsessed with other fears. There is certainly need for adjustment in the livelihood of salaried employees, adjustment which of course must be dependent on political developments.

By comparison the cost of living of Chinese salaried employees rose slightly less than did that of workers in the period from 1936

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511 to July 1942. On the basis of the standard of living in October-
565 December 1941, and with prices ruling in 1936, the general index figures were: 1936—100, October 1941—790.07, June 1942—2,879.10, with the purchasing power of the dollar at 5.17 cents in that month. These figures have reference to prices in Chinese National Currency. With prices in Central Reserve Bank Notes the figure for July 1942 was 1,625.87 with the purchasing power of the 1936 dollar at 6.15 cents. For the purpose of the index it had to be assumed that there existed a shadow of a CRB dollar in 1936. The two currencies existed at par side by side for several months until divergence began in March 1942. This assumption is, therefore, probably justified.

465 No analysis of the payrolls of commercial organizations or educational institutions has been made, as has been done for workers. Hence it is not possible to indicate the real wage position by an accurate figure. There is no doubt, however, that this group in the community, at the start often as inadequately remunerated as were manual workers, suffered greatly in the years of Sino-Japanese hostilities. It is probable that the real income index was even less favourable than that of workers.

466 PAYMENT BY EMPLOYERS of a sum of money to the relatives of workers killed in the performance of their duty has long been an established practice in Shanghai. The custom, in line with the principles underlying compensation laws in the western world, was crystallized into law in China by the promulgation of the Factory Act on December 30, 1929.[7] No case is known where a

[7] See Chapter IX, Articles 45-48 of the Factory Law. A translation of the more significant clauses follows:

The factory shall pay to the workers injured or killed in the performance of their duty allowance for medical treatment and compensation. The amount of allowance and compensation shall be based upon the following scale:

(1) For the worker temporarily incapacitated either through injury or sickness, the factory shall, besides bearing the medical expenses, pay him or her each day an allowance amounting to two thirds of his or her average wages for a period of six months; and upon the expiration of that period, if the worker has not yet recovered, an allowance amounting to one half of his or her average wages, but such payments shall only be made for a period of one year;

(2) For the worker permanently disabled either entirely or in part through injury or sickness, the factory shall pay a disability allowance in proportion to his or her loss of earning capacity. Such allowance shall, however, not exceed

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tse might be powerful within a trade instead of a district. The real employment manager of several large textile mills in the Settlement was prior to December 1941 one *lao t'ou tse*; the personnel managers and even the management of these enterprises appeared to bow to the influence of this powerful "boss." 466

INDIRECT EMPLOYMENT through contractors was an unsatisfactory state of affairs. In a few instances the efforts of the Industrial and Social Division were successful in inspiring or assisting its elimination. In some textile mills contractors were formerly paid on the basis of the amounts of yarn produced. The system dated from earlier years. The contractors employed the workers and distributed their earnings to them. The management had no means of knowing whether the total earnings due the workers actually reached them or whether, as was probably the case, a considerable percentage was retained by the contractors. The closing down of these mills at the outbreak of hostilities in 1937 gave an opportunity to a management which had long desired to do so to rid itself of this incubus. 466 633 465

During an industrial dispute in an oil mill in which the services of the Division were sought, it was found that workers were both employed and paid by contractors. Base monthly wages paid by the management to the contractors were at a certain rate, but the amounts actually reaching the employees were less, part being retained by the contractor. The settlement of the dispute provided an opportunity to persuade all parties to abandon the contract method of operation, the contractors becoming actual employees, at a remuneration sufficient to indemnify them. The new plan was outlined in a collective agreement to which a Division Mediation Officer was a party, and the several hundred workers, in a mass meeting, were informed by the Officer that in the future they would be entitled to the whole of their earnings.

But the old system remained in many spheres of industry. Transportation workers, workers in flour mills, in some textile mills and other undertakings were employees, not of the enterprises themselves, but of contractors engaged by the management. One industrial dispute showed that the *kung t'ou*, or work head, was paying the workers on a unit basis less than he reported to the management, and that the management meanwhile was under 466 465

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

465 the impression that the men's monthly earnings were greater than those they actually received.

466 In addition to the practice whereby contractors employed labour and carried out work on behalf of the owners of industrial enterprises, there was one in which intermediaries only supplied labour. Contractors entered into agreements with the parents or guardians of adolescent girls, usually of country origin, by which, in return for a cash payment and an undertaking to provide food and lodging during a contract period, usually three years, they became entitled to the total earnings of the girls until the expiration of the contract. The system bordered on one of slavery. Girl workers, completely in the control of hard taskmasters, were forced to work the long 11-12 hour day or night shift which was the rule in cotton textile operations, and in return were miserably housed and fed. For the term of the contract their earnings passed out of their hands. Only when the contract was worked out to its limit, when all days lost through sickness and unemployment had been made up, were workers free to enjoy their own earnings. In the eyes of some employers who suffered from a rapid labour turnover, this disciplined supply of labour was advantageous. In recent years, however, several Chinese cotton textile mills abandoned this method of labour recruiting, and though it still persisted in a few Chinese companies the trend was toward direct employment of labour. It did not exist in some foreign mills, but many employees of Japanese mills were under contract. It was not in point of fact always possible for employers to tell whether their workers were free or under contract. Some employers declared that they paid wages directly to those who earned them, and that their responsibility ended there. But in some cases they were aware that girls were under contract and condoned the fact. They knew that though their wages were paid directly, the workers had to surrender them to their masters or mistresses.

466 In some textile mills where the use of workers supplied through contractors was passing, there arose a system of housing workers in dormitories supplied by the factories. In this case the workers were frequently recruited from the country directly by the mill, whose representative brought them to the city. From the point of view of the management, this measure ensured a more

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578 "aginst the trend of the time"; as "immoral," "corrupt," "lazy," "egotistic," "too cautious" and for gambling, smoking opium, and frequenting brothels. Mothers were more gently and less often criticized, but were reproached for "political backwardness," "unhygienic habits," "gossiping, playing mah-jong, quarrelling [and] ill treatment of young daughters-in-law." College students also reported more actual disagreements with parents than did high school students. The most frequent subjects of disagreement were marriage, politics, education, participation in the students' movement, recreation, modern hygiene, and fashions, friends, and future professions.[6]

E. Effect on Family Economic Role

596 578 146 The decreasing ability of the family to function as a production and consumption unit or as an employment agency in an industrial society has already been pointed out. The initial break with the old form of employment was forced by foreign firms or government services headed by foreigners. Their prohibition against officers hiring or recommending relatives was only beginning to be copied by wholly Chinese institutions such as banks, factories, and schools in the years before World War II. Where the employment of relatives was forbidden, friendship, a common birthplace, training in the same school, or membership in the same secret society often provided the basis for a personal link between an employer and a prospective

6. Lang, op. cit., pp. 284-87. [p. 176]

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596 employee and for the rise of cliques in business
572 and government offices.
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Scattered surveys of various strata of the population in industrial areas indicate that only at the upper managerial or owner level, where the facts of economic operation were most pressing, was the majority in favor of impersonal, rational selection of employees. Even in modern colleges, only about half the students appeared to favor that choice. With each successively lower economic level, the preference was more overwhelmingly for selection on the basis of kinship.[7]

F. Effect on Social and Political Role

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867 With the collapse of the imperial system in 1912, the family was no longer fitted to serve as the social and political training ground of China. The political parties and modern schools, particularly the colleges and universities, now began to train youth for the new political world which was coming into being after 1911. No comparable institutions existed to inculcate in youth a moral and ethical code that would serve as a common guide in the new society. Attempts by the Kuomintang leaders during the period of the National Government to restore filial piety along with a revised Confucian code to the service of an increasingly authoritarian-minded state met

369 villages. Town and citydwellers -- perhaps 20% of China's population -- kept their ties with their native villages. returned there whenever possible and many saw commercial activity in the town only as means to the acquisition of sufficient wealth to buy farming land and return [162] to the village.[11] The town population, then, was mostly made up of artisans and peasants plus a small number of landlords retired officials county functionaries and established merchant [634] families. The county seats (hsien capitals) were the centers for tax collection and administration of the surrounding farm-villages and also served as market towns where the peasant might sell his crop and purchase the manufactured goods he could not produce.

369 Town life for the average artisan was as
511 meager as that of his relatives in the village. Long hours hard work low pay, few holidays were the lot of most and living conditions were generally poorer and more crowded than those [466] in the villages. Proprietors of many shops required their employees to live on the premises so that they seldom visited their families. The [262] diet of the town dweller was as poor as that of the poor farmer -- mostly cereals vegetables, and some condiments and meat and fruit on 369 holidays only. Brief holidays were allowed at the New Year the Ch'ing-ming festival, the 527 mid-Autumn festival, and the Dragon Boat festival. On these occasions, townspeople usually tried to return to their villages; if this was impossible they enjoyed such delicacies as they could afford and strolled the streets, perhaps

11. Cf. Cressey. Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.218]

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527 visiting friends and attending seasonal fairs and theaters.

369 Life in the towns was then closely linked with village life. But in the provincial capitals such as Tsinan, Nanking, and Foochow, life in some respects has been greatly altered by the modernization that spread from the coastal to the inland cities. The streets are paved and schools, newspapers, motion pictures, and radio make the people more aware of the outside world than are their cousins in the towns and villages. In Shanghai and other modern cities major industries built large dormitories for workers labor unions and political clubs developed as new foci for social activity. Yet the living conditions grew worse as workers moved into the cities. Crowding reached unbelievable proportions. The only comparable figures are for Chengtu, a city outside the East China area, but they suggest the dimensions of this problem in all urban centers. Chengtu, with predominantly one-storied buildings, had a population density of 50,000 per square mile, as compared with 22,500 per square mile in New York City.[12] [466] One survey suggests that workers in the newer industries were somewhat better off than workers in the traditional trades,[13] but their traditional holidays were shortened without in most cases
527 the introduction of a six-day week. In the crowded
369 cities the festivals of the agricultural year continued to determine the holidays -- although

12. Winfield op. cit. p. 88. These figures would seem to be for the period 1945-47.

13. Lang op. cit., pp. 88-89.

184 a feeling of importance as he learned of the
565 Communists' economic reconstruction plan. He derives a measure of pride of achievement when a steel plant is erected or when a bridge is built, although he may not really believe that the workers, as the Communists say, are the masters of the new China. Other promosed benefits, including job security and welfare provisions, also add to the popularity of the Communist regim among the workers, despite the fact that most of these "benefits" still remain largely promises.

• 466 On the liability side of the Communist
565 policy toward the worker are the lack of substantial wage increases, a harsher work schedule and loss of leisure time, and an illusory welfare program which the Communists themselves admit cannot be brought into the hands of the worker until he has worked still harder to produce still more. Thus the worker's attitude toward the government and its policy must depend on how much he believes in a glorious "tomorrow" and how well he can put up with the physical hardship of "today." The recent let-up in "labor emulation" drives and the sudden flurry of official warnings against driving the worker too hard appear to indicate that the laboring class is showing signs of possible exhaustion. In addition, the worker's attitude may also be greatly influenced by the rise of a new managerial class which is being fostered by the Communists and which, for whatever reasons, receives better treatment than do those who work on the

466 565 production line. Foreign advisors had been employed in many factories in pre-Communist days, and many workers may have become accustomed to accepting the general excellence of Western technology. However, any government effort to impose foreign leadership in technical fields may injure the pride of the worke and provoke his resentment. Certainly the demoralizing effect of the privileged treatment accorded Russian technicians in Chinese factorie should not be underestimated.

There is little evidence that the Chinese worker has abandoned his aspiration of personal advancement in the material sense. Although here again the promotion of the young and ambitious to serve in the huge government machine may satisfy some of the workers, the lack of a substantial rise in their standard of living will lead many workers to feel that their aspirations cannot be fulfilled under the Communist regime.

463 565 Handicraft workers and artisans, who have constituted the bulk of China's working class, are now dwindling rapidly. Many of them have gone to the factories. The remainder do not enjoy the esteem granted industrial workers and, as a result, are more dissatisfied than the miners, steel workers, and others whom the regime is attempting to please.

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V. LABOR EMULATION AND PRODUCTION

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461 "Labor emulation" was copied from Soviet Russia and practiced by the Chinese Communists in the early 1940's in the Communist-controlled Shensi-Kansu-Ninghsi Border Region. It spread throughout Mainland China in 1950.

In a speech delivered by Lai Jo-yü, then general secretary and later chairman of All-China Federation of Trade Unions, at the Seventh All-China Congress of Trade Unions, it was stated that "the fundamental method in developing production is to lead the masses to take part in labor emulation, which is an effective way of mobilizing the broad masses to achieve the targets of the state plan."[17] In other words, "labor emulation" is a way of increasing labor productivity without increasing the cost of production.

It was the responsibility of the trade union cadres to initiate a labor emulation drive in a factory or a mine. In doing so, the following steps were taken: (1) workers were organized to discuss the state production plans; (2) the trade union, acting on behalf of the workers, signed collective contracts with the respective administrations; (3) production meetings were organized to discuss production problems; and (4) workers were organized to work out and submit "rationalization proposals"[18] and to popularize "advanced methods of work."[19]

17. People's China, June 1, 1953, p.9.

[See next page for 18 and 19.]

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In the East China Region, labor emulation drives were accelerated in 1951 after the Communists had intervened in the Korean war. In the early phases, the Communists urged workers to lengthen their working day. In one case in an iron and steel factory in Kiangsu, the men worked sixteen hours a day.[20] The ten-hour working day became the rule in Shanghai, although the Communist labor law stipulated an eight-hour working day. As a result of the increase of working hours and an acceleration of production, industrial accidents and sick leave became more frequent. In July 1952, one-fourth of the workers of the No. 6 Iron and Steel Works in Shanghai asked for leave because of illness after an intensive "labor emulation" [845] drive.[21] In a cotton textile factory in Tsingtao, in the period January to June, 1952, more than half of the women workers who were pregnant suffered miscarriages.[22]

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18. "Rationalization proposals" are proposals submitted by workers to management to increase production through improved techniques, reduced costs of production, and the more efficient use of manpower. See Practical Dictionary of Economic Terms, pp. 9,016-17.

19. The campaign to popularize "advanced methods of work" corresponds to Stahkanovism in Russia as a means of increasing the efficiency of workers by popularizing the efficient methods used by "model" workers; see ibid., p. 9,057.

20. People's China, December 14, 1952, p. 5.

21. Liberation Daily, Shanghai, 8/12/5 p.3

22. China Weekly, Jan.19,1953, pp.7-8.

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461 During a labor emulation drive, those chosen to be "model" workers were honored and their experience and methods were publicized. In Shanghai, 251 "model" workers were awarded medals for their achievements at a conference held in their honor in May 1954. Local government leaders and some 1,200 outstanding workers were present at the ceremony.[23] Tsingtao is the home of the nationally known "labor heroine", Ho Chien-hsiu, who succeeded in cutting the proportion of cotton wasted on the spindles she tended from 1.5 per cent to 0.25 per cent. Her method has been introduced as standard practice throughout the textile industry; it is reputed to increase annual production by 44,460 bales of yarn.[24] Ho Chien-hsiu was sent as a worker's representative to the Chinese People's Political Consultative Conference held in Peking in November 1952.

VI. WAGES AND PURCHASING POWER

465 As a result of the Communist occupation and of continued inflation in East China, the methods of wage payment were in considerable confusion by 1952. The industrial cities of the five provinces of the East China Region had many different systems for paying their workers. Some were paid in terms of "commodity-equivalent" units,[25] and some were paid in terms of

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23. NCNA, June 3, 1954.

24. New China Monthly, Oct. 1951, pp. 160-61.

25. "Commodity-equivalent" units were based on the price of essential commodities and used by Communists as savings deposits.

465 revealed that in 1951 the bank had nearly six
454 times as many depositors as in 1950, and the majority of these depositors were industrial workers.[36] The increase of deposits was not necessarily an indication of an increase in earnings; it represents the system of "compulsory savings" which the Communists used to prevent inflation and to cope with the scarcity of consumer goods in Communist China. After "voluntary" contributions and compulsory savings, there was little money left for the workers to spend. Accordingly, the Communist reports of an increase in the standard of living are somewhat suspect.

VII. LABOR WELFARE

A. Labor Insurance and Health

745 The Chinese Communist promulgated Labor
446 Insurance Regulations in March 1951 and revised them in January 1953. At first, they were applied only to enterprises employing one-hundred or more workers. After revision, the regulations were broadened to provide insurance for small enterprises. By the end of 1954, more than 5,380,000 workers in Mainland China had been insured against losses caused by death, old age, illness, and disability.[37] Workers' hospitals, sanitoriums, rest homes, and creches were established under the labor insurance regulations.

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36. NCNA, Shanghai, October 7, 1954.
37. People's China, May 1, 1955, pp. 3-5.

745 466 In East China, Shanghai was a showcase for Communist labor welfare; marked improvements in working conditions had been made since 1950. There were 189 sanitoriums and rest homes in that city, and 96 hospitals in Shanghai were giving free medical treatment to workers in 600 industrial enterprises.[38] In Tsingtao, there were two large rest homes, each with 48 rooms, for textile workers.[39]

The procedure for applying labor insurance benefits was complicated. For example, a worker in a Shanghai textile factory who asked for insurance benefits when sick was told that he had to show certificates from his doctor, from the chief of his department in the factory, and from the labor insurance cadre of his union, and that his application must be discussed and ratified by his department and by the trade union. He was so bewildered by the complications that he forfeited his rights to the benefits. Cases of this kind are reported to be very common in China under the Communists.[40]

B. Labor Safety and Industrial Accidents

466 The Chinese Communists claim that the Central People's Government in the period 1949-53

38. NCNA, Shanghai, Nov. 23, 1954; Jan. 18, 1955.

39. Liberation Daily, Shanghai, Sept. 20, 1952, p. 5.

40. China Weekly, May 24, 1954, p. 15.

466 enacted 119 decrees, rules, and regulations concerning labor safety and sanitation in factories and mines.[41] At the end of 1949, the Communist government began a nationwide investigation of labor safety and sanitation and found that the conditions in factories and mines were very bad. In the case of Chia-wang Coal Mine in Kiangsu Province,[42] there was no sewage disposal system and no drinking water supply (in China only boiled water is drinkable). The more than 10,000 miners had to drink dirty water from ditches. In the mines, no provisions had been made to pump fresh air in; workers received about one-third of the amount needed to maintain their normal health. The death rate of miners in East China in 1949 was estimated to be three men for every 10,000 tons of coal mined.[43] To eliminate some of these problems, the Communist government issued a series of decrees and regulations concerning labor safety and sanitation in factories and mines. Conditions were reported to have improved in 1950. For example, in Huai-nan Coal Mine in Anhwei Province, the death rate of miners in the autumn of 1950 was only 0.196 per 10,000 tons of coal mined, and the injury rate was 3.413 men per 10,000 tons, approximately 63 per cent lower

41. People's China, July 1, 1953, p. 11.

42. Chinese Workers' Monthly, June 15, 1950, p. 42.

43. Ibid., p. 2.

486 than the rate had been in the summer of that year.[44]

Since 1951, as the result of the acceleration of "labor emulation" and Mao Tse-tung's demand that the cost of production be reduced, the Communists have neglected labor safety measures to an astonishing degree and industrial accidents have been increasing. According to statistics released by the labor bureau of the provincial government in Shantung, from January to June 1952, there were 4,392 persons injured or killed in factories and mines in that province.[45] At No. 6 Iron and Steel Factory in Shanghai, 484 persons, of which 109 were seriously injured, were involved in industrial accidents[46] in 1952. After the beginning of the Communists' first Five-Year Plan, labor safety became of less concern. This fact suggests that conditions in factories and mines on the China Mainland must be growing steadily worse.

C. Housing Conditions

362 466 The Chinese Communists assert that they spent more than 286 million yuan (new currency, equaling US$ 114.4 million) on housing projects for workers in 1952. In 1953, the government approved the construction of 130 million square feet of living quarters for workers.[47] The Chinese

44. Chinese Workers' Monthly, Nov. 15, 1950, p. 33.

45. China Weekly, Jan. 19, 1953, pp. 7-8

46. Tientsin Daily, Aug. 8, 1952; China Weekly, Jan. 26, p. 7.

47. People's China, May 1, 1955, pp. 3-5.

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362 Communists claim that the Central People's
466 Government was the first government in Chinese history to provide housing for workers.

The construction of housing projects for workers in Shanghai began in September 1951. The first housing project, completed in 1952, was Ts-ao-yang Villa[48] on the western edge of the city. The project was comprised of a co-operative store, a clinic, a grade school, a market, and a club. Rent was fixed at approximately 7 per cent of the worker's gross income. Between 1952 and 1954, at least 29 new housing developments, with accommodation for over 100,000 people, are reported to have been completed in Shanghai.

The Communists also planned housing projects for workers in the Huai-nan mining district in Anhwei Province. The Huai-nan coal mine is one of two large industrial enterprises[49] which the Communists intend to develop in the East Region as part of the first Five Year Plan. The housing project was begun in 1952. By the end of 1954, some 1,300 miners and their families had moved into dwelling units. An additional 2,000 units were to have been ready by the end of 1955.[50] Compared with the slums from which these workers came, the new housing developments for workers in Communist China are probably a considerable improvement, but compared with housing projects in Western countries, they would seem meagre and overcrowded.

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48. Liberation Daily, April 28, 1952, p.1; Chinese Youth Enjoys a Happy Life, published by All-China Federation of Democratic Youth, Peking, 1953, p. 13. [See next page for 49,50.]

D. Labor Education and Recreation

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Illiteracy is one of the great obstacles hindering industrial development in China. Before the Communists gained control of Mainland China in 1949, some 60 per cent of the workers were semi-literate (i.e., could read less than 1,000 Chinese characters). In June 1950, the Government Administration Council issued "Instructions for Developing Spare-time Education of Workers," which aimed to teach every illiterate worker at least 1,000 characters over a period of three to five years. The Communist trade union regulations stipulate that all enterprises are to allocate a certain sum for the education of workers. The "quick method" of learning Chinese characters evolved by Ch'i Chien-hua, a cultural instructor of the Communist army, increased literacy among the workers.

In 1950, almost every factory in Shanghai, Tsinan, Tsingtao, and Nanking established night classes for the workers. By 1954, more than 10,000 industrial workers and government employees in East China were granted leave to attend technical or secondary schools. Those who attended classes continued

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49. Another project in the first Five-Year Plan in East China is the development of the Ma-an-shan iron mine.

50. NCNA, January 7; April 15, 1955.

873 to receive their original pay. The trade union,
466 the Party, and management were authorized to decide which workers qualified for additional technical training. In 1950 the East China Region sent 174 industrial workers of an advanced intellectual level to the Chinese People's University in Peking[51] as part of the Communist plan to create a new intelligentsia among the working class.

461 The Communists say that recreation -- the
466 privilege of the few in the past -- is now an integral part of the workers' lives. After work, workers may go to their own clubs to play chess, card games, or Ping-pong, or in other ways to enjoy their leisure time. Many factories show films or hold dances on weekends. By the end of 1954, some 11,929 clubs had been established in factories, mines, and other enterprises throughout China; Shanghai alone had over 800 workers' clubs. For the first time, workers had the opportunity to take part in athletic activities. At a provincial track meet in Chekiang Province in 1951, workers and peasants took the first four places in a 10,000 meter race.[52]

The validity of the above reports can be questioned. Workers have the facilities for

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51. Workers' Daily, Jan. 6, 1950, p. 1; NCNA, Shanghai, June 2, 1954.

52. Chinese Youth Enjoys a Happy Life, p. 28; NCNA, Shanghai, September 21, 1954.

461 leisure but are not given the opportunity to en-
466 joy them. Raja Hutheesing, traveling in China in 1951, heard factory whistles blow to signal the end of the working day in Nanking, but saw no workers leaving the factory. He was told that the workers had remained to join in a political discussion.[53] In the Communist China regime, even "leisure" comes under the control of the Party, and many workers may spend sixteen hours a day in the factory at work or attending compulsory meetings.

VIII. UNEMPLOYMENT IN SHANGHAI

464 Since the Constitution of Communist China promises the right to work, the Chinese Communists have maintained that unemployment as it exists in Mainland China is a legacy of their "capitalist predecessors," soon to disappear under a socialist society.

The most serious unemployment situation in Communist China exists in Shanghai. After the Communists assumed control in 1949, many factories in Shanghai were closed for lack of raw materials. Some factories have changed their line of business. For example, a Coca Cola factory was remodeled to produce soya bean sauce. During economic reshuffling in Shanghai in 1949 and 1950, unemployed workers (and their dependents) were estimated at 500,000. In early 1950, the Shanghai Federation of Trade Unions established a "Relief Fund Trust Committee" to collect contributions from workers

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53. Raja Hutheesing, The Great Peace, Harper, New York, 1953, p. 118.

463 According to a recent estimate[62], the Chinese Communists will need at least 2,500,000 skilled industrial workers in order to carry out the proposals of the first Five-Year Plan -- and they have no more than 600,000 trained workers. However, Shanghai has been training skilled labor since the Communist conquered the China Mainland in 1949. In the past five years more than 63,000 skilled workers, technicians, engineers, and clerks have been sent from Shanghai to major construction sites and new factories in other parts of the country. From 1951 to May 1954, over 34,000 steam fitters, machine-tool operators, welders, and other skilled workers have been trained in schools established for this purpose. Shanghai factories frequently have been given the job of training contingents of workers for new factories established in Northeast and Northwest China.[63]

466 The first Five-Year Plan has as its goal an increase in labor productivity but does not guarantee to the workers an increase in wages or a better standard of living. When the plan was first announced, the Communists stated that all manpower and materials would be concentrated in order to achieve socialist industrialization, that the improvement of the standard of living would dependent upon the development of production. They called upon the Chinese workers to carry

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62. Cheng Ch-yuan, Chung-kung Wu-nien Chiu-hua P'ou-hsi An Analysis of the Chinese Communists' First Five-Year Plan, Hong Kong, 1955, pp. 317-38.

63. NCNA, Shanghai Oct. 10, 1954.

466 out the plan as if they were engaged in a bitter struggle. And a struggle it will continue to be, as the workers discover how much the present regime can demand of them and how little it offers in return.

1:Stanford U. S-4, 5 1956 AF15 East China
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Annex "A," Subparagraph 3h,
Economic Background

FORCED LABOR

I. INTRODUCTION

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697 "Reform-through-labor" has been the official declared policy since the beginning of the establishment of the Communist regime in China: it is stipulated in the Common Programme[1] of the Chinese People's Political Conference, Mao Tse-tung's On People's Democratic Dictatorship,[2] and in the Constitution of the People's Republic of China,[3] promulgated in September 1954. In these three most important documents[4] as well as in other official documents,

1. Common Programme, Foreign Language Press, Peking, 1950, Article 7, p. 4.

2. Mao Tse-tung, On People's Democratic Dictatorship, Foreign Language Press, Peking, 1950, p. 18.

3. Constitution of the People's Republic of China, Foreign Language Press, Peking, 1954, Article 19.

4. Regulations Concerning the Establishment of People's Court in Five-Anti Campaign, Jen-min Jih-pao, Peking, March 24, 1952; Regulations Concerning the Establishment of People's Court in Three-Anti Campaign, Jen-min Jih-pao Mar. 30, 1952; Agrarian Reform Law, Foreign Language Press, Peking, 1950, Article 10.

1:Stanford U. S-4, 5 1956 AF15 East China
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466 696 the Chinese Communists point out clearly that the new regime is going to use the forced-labor system to punish political offenders as well as to achieve the nation's economic plan. This system is practiced in East China as in other regions of Mainland China.

Li Shih-ying, director of the Public Security Department of the Military and Political Committee of East China, in his report (November 1951) on the suppression of counter-revolutionaries, said that the public security and judicial agencies at various levels in East China had followed the call of the Central government to suppress the counterrevolutionaries and had made many arrests. Some of the prisoners who had been "guilty of gross betrayal of the people" were executed; others had had their sentences stayed for two years and had been given a chance at "reform-through-labor."[5] It is estimated in Taiwan that the total number of persons undergoing reform-through-labor from 1949 to 1954 totals 42.3 million.[6] The population of the East China provinces is 27.9 per cent of that of the whole country. If we assume that the proportion of those in forced labor is just about the same as that of the population, then, within five years, the number

5. Chieh-fang Jih-pao [Liberation Daily], Shanghai, Nov. 30, 1951.

6. Fei-ch'ü Nu-kung Kai-shu, [A General Account of Forced Labor in Communist China], Taipei, Sixth Section, Central Committee, the

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1:Stanford U. S-4. 5 1956 AF15 East China
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466 in forced labor would be around 11,8 million.
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According to the "Regulations Governing Reform-through-Labor" passed and promulgated by the Government Administration Council in August, 1954, there are four types of agencies carrying out reform-through-labor: detention houses, prisons, reform-through-labor corps, and institutions for juvenile delinquents. The detention houses and the prisons are to be established on and above the hsien level. There are 448 municipalities and hsien in East China[7] and it is very conservative to say that there are 448 official agencies carrying out reform-through-labor in that region. The movements of the prisoners in the detention houses and prisons are restricted, and they are employed in indoor occupations, while the reform-through-labor corps may be transferred and are allocated according to the needs of national economic planning.

466 The importance of the above policy of "reform-through-labor" is intentionally

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6. (continued) Nationalist Party, December 1954, p. 17.

7. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung Pao, 1955, pp. 230-39.

466 overemphasized by the Chinese Communists to camouflage another type of forced labor. Millions of civilians have been recruited by the government to join gigantic public projects such as water-conservation works and highway and railway construction, where mass-labor methods are needed in underdeveloped China. The most-talked-about example, of mass labor methods is the Hwai River Project.

II. HWAI RIVER PROJECT

A. Origin of the Project

731 653 The Hwai River, 1,021 kilometers in length and covering an area of about 220,000 square kilometers in Honan, Anhwei, and Kiangsu provinces, had afflicted the people in this region since the fourteenth century.

In 1938, the Kuomintang government diverted the Yellow River to prevent the Japanese army from advancing west from Hsuchou. The diversion choked the main Hwai River and most of its tributaries with silt, causing the water brought down by the Yellow River from Shensi and Kansu to flood the whole Hwai region. After the war the Nationalist Government, under the direction of the American engineer, O. J. Todd, put the Yellow River into its old bed, but it was too

73/ late to prevent the big flood of 1949, which
653 covered 53,000,000 mou (about 8,000,000 acres) of land and made 16,000,000 people homeless, and of this number 700,000 died of starvation and disease.[8]

The People's Government of Communist China decided to harness the river after the flood. By a directive known as "Decisions on the Harnessing of Hwai River"[9] issued by the Government Administration Council on Oct. 14, 1950 a Committee was established to direct the work which was started in November of the same year. The entire undertaking was to be completed in 1955.

B. Recruitment of Labor

466 According to the directive mentioned
653 above and some others[10] issued by the

8. Kung-jen Jih-pao [Workers' Daily], Peking, Oct. 28, 1952, p. 4.

9. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies], Peking, compiled by the Financial and Economic Committee of the Government Administration Council, Peking, March, 1952, Vol. III, pp. 1084-86.

10. Hua-tung-chu Ts'ai-cheng Ching-chi Fa-ling Hui-pien [Compilation of Laws and Regulations Concerning Finance and Economics in East

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1:Stanford U. S-4, 5 1956 AF15 East China
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666 653 Ministry of Water Conservation in the Spring of 1950, the responsibility of recruiting labor force fell on the shoulders of the committee and the local governments of the hsien level. Not one word was mentioned in these directives about the funds of this huge project and the wages supposed to be paid to the workers. Because such employment offered no economic advantage, the committee and the hsien governments had to resort to methods of patriotic appeal and political coercion. Over 500,000 Party members and 100,000 cadres, members of the Youth Corps and even college students were organized into teams and spread over the districts of the three provinces to activate and mobilize the peasants.[11] Meetings, slogans, and processions were organized. The effectiveness of these methods was indicated in the fact that 2,200,000 people[12] responded to the call of Mao Tse-tung to harness the Hwai River and joined

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10. (continued) China], Shanghai, 1951, Vol. I, pp. 1276-86.

11. Jen-min Jih-pao [People's Daily], Peking, Oct. 15, 1950, also Raja Hutheesing, The Great Peace, New York, 1955, pp. 101-14.

12. This figure was admitted by Fu Tso-yi, Minister of Water Conservation, Chieh-fang Jih-pao [Liberation Daily], Shanghai, July 4, 1951.

466 653 the project in the first year. Most of the laborers were peasants, some were refugees from the flood, and still others were unemployed people in the cities. In 1952, the number of workers increased[13] to 2,400,000. In 1953, when the project had been established on a permanent basis, the workers decreased[14] to about 1,500,000. The fact that a total of more than 6,000,000 people had joined at one time or another a public project during a three year period is unheard of in Chinese history.

C. Organization of the Labor Force

466 708 653 In addition to recruited civilian workers, large numbers of the People's Liberation Army joined the project. They were supposed to do the harder jobs and act as model workers; in reality, they were to keep surveillance over the recruited workers.

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13. Chin-pu Jih-pao [Progressive Daily], Tientsin, Aug. 3, 1952.

14. Jen-min Jih-pao [People's Daily], Sept. 16, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
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466 The above diagram, suggests the military
708 character of the huge labor force organization
653 working on the Hwai River and how different it is from the organization of labor groups in the free world. Besides, all the responsible persons in this organization are either Party members or veterans of the Communist army.

D. Working Conditions

466 The Hwai River Project was planned on
653 the assumption that it would cost the Communist treasury nothing except grains to feed the millions. Recruited workers must bring their own tools, clothing, bedding, and even cooking utensils. The directive mentioned above indicated that the wages of one laborer should be calculated according to the number of cubic feet of earth he digs in one day. But in all the official reports of the Communists about the success of the Hwai River Project, nowhere is there given the amount one worker really received for his day's work. In the directive entitled "Provisions Concerning the Standard Payment of Allowance to the Water Conservation Workers during Rainy Days,"[15] issued by the

15. Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies, Peking, March 1952, Vol. III, pp. 1084-86.

1:Stanford U. S-4, 5 1956 AF15 East China
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Ministry of Water Conservation, it was stated that the workers during involuntary work stoppages on rainy day did not have enough to eat; therefore, the Hwai River authorities were instructed to pay an allowance of 1 5/8 catties of millet to each worker for every rainy day. This directive shows clearly that the workers had just enough to eat for their day's work.

Another directive concerning the water conservation workers, issued on April 27, 1951 by the same ministry, indicated that the water conservation workers on the Hwai River who were recruited from the refugees of the flood should have one to four catties of rice per day for each worker to take care of his family.[16] One catty of rice was worth about 1,300 yüan in East China at that time and was equivalent to 6.5 cents in American money.[17]

The men of the Hwai River project were supposed to work not more than ten hours a day, but the Communists used the same tactics

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16. Ibid., Vol. I, pp. 1276-86.

17. Exchange rate between U. S. dollar and People's Bank yuan was $1 to 20,000 in 1951.

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in the labor camps as they used in the factories -- emulation drives, patriotic appeals, model worker elections -- to increase production. The 14-hour working day was common practice on the project. Activists among the workers themselves made a common compact to forfeit their New Year's vacation, and to contribute working days and tools, etc., in order to reach the norm of 6 cubic meters of earth work per day per person.[18]

The Communist newspapers lavished praises on the "enthusiasm" and "sacrifice" of the workers. One report from Anhwei said that "450,000 civilian workers in Szu-hsien passed their New Year's on the bank of the Hwai River dredging the river under the snow."[19] "Every evening, tiring after a hard working day, the men dragged back go their snow-covered straw huts. Shivering in their straw beds, they were waiting for another hard working day."[20]

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18. Chang Chao-feng, op. cit., Hong Kong, 1953, p. 67.

19. Ta-kung-pao [Ta-kung Daily], Hong Kong, March 14, 1951.

20. Ta-kung Daily, April 14, 1951.

•466 653 Because of the bad working conditions and the lack of nourishment and proper medical care, the mortality rate among the workers of the Hwai River Project reached 10 per cent in 1951.[21]

E. Achievements of the Hwai River Project

731 653 The first stage of the Project was completed in 1953, including the strengthening of 2,100 kilometers (1,302 miles) of dikes, drendging 860 kilometers (533.2 miles) of river beds, constructing one water storage reservoir, 12 water detention basins, and 92 sluices. Altogether 200 million cubic meters (6,554 million cubic feet) of earth work had been completed.[22]

An official source stated that the total area of inundation in 1950 was only 60 per cent of that flooded in 1949, in 1951 it was 21, and by September 1952, it was only 8 per cent.[23]

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21. Chang Chao-feng, op. cit., p. 71.
22. Kung-jen Jih-pao [Workers' Daily], October 8, 1952, p. 4.
23. Far Eastern Economic Review, Hong Kong, Oct. 9, 1952, pp. 455-56.

1:Stanford U. S-4, 5 1956 AF15 East China
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731/653 had been completed in July 1955.[26]

All the reports from Mainland China and some from Hong Kong praised what the project had done for the improvement of living conditions of the people in the Hwai River area. Such reports imply that the millions of peasants who continue to toil on the banks of the river for a few bowls of rice a day have no reason to complain.

III. "REFORM-THROUGH-LABOR" IN EAST CHINA

A. Reform-through-Labor Camps in Shanghai

697/466 As a result of the drive for suppression of counterrevolutionaries which started in the Spring of 1951 and the Three-Anti and Five-Anti campaigns which followed, the number of prisoners sentenced to reform-through-labor reached 200,000 in Shanghai by the end of that year. Reform-through-labor camps are scattered all over the suburbs of the big city. Most of the prisoners are employed in municipal constructions, road building, and light industries. The following is an example given by the Communists through the official channel New China

26. Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 5, 1955, p. 2.

697 News Agency showing how much the Communists
466 had done for one ex-prisoner:

> Tao Chieh, a criminal in Shanghai, after reform-through-labor, achieved a change in his ideology and cultivated the habit of labor. When he was released at the expiration of his term and returned to his home, his wife wrote to the reform-through-labor organ, saying, "When my husband returned home, all our neighbors declared that he had changed and made progress. I feel that the People's Government had not only changed my husband but has brought happiness to our whole famil."[27]

The fact that reports in Taiwan and Hong Kong about life in the Shanghai reform-through-labor camps differ from this official report shows that the latter may be a Communist falsification. One of the Taiwan reports described the life in the Shanghai labor camp as miserable. The report said that the prisoners had to perform dirty work such as sewer dredging, public-lavatory cleaning, and refuse-removing under bayonets. When the prisoners did not show much liking for their work, they

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27. NCNA, Peking, March 30, 1955; quoted from Survey of China Mainland Press, April 1, 1955.

1:Stanford U. S-4, 5 1956 AF15 East China
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697 were reminded that they were counterrevolutionarie
466 and should work hard.[28]

B. Rebirth Village in North of Kiangsu

North of the Yangtze River in Kiangsu Province, there are millions of acres of alluvial soil forming new land along the sea-coast of that province. The Rebirth Village was started in the spring of 1950 by the People's Government of Shanghai. Within little more than one year, a whole "new town" had been built in this vast, inhospitable region with 10,000 mou (about 1,518 acres) of cultivated land. The center of the Rebirth Village is in Ssu-ch'a-ho with a transportation system of new highways and new canals built by the villagers. Inside the Rebirth Village, there are all kinds of small-scale industries such as blacksmiths, wood and bamboo works, hosiery works, and sewing factories. According to Communist report, the people in the nearby villages have come to call the new- born city "New Shanghai."

28. Li, T'ien-min, Wu-nien-lai Chung-kung P'o-hai Jen-ch'üan Chi-shih [A Factual Account of the Violation of Human Rights by the Chinese Communists in the Last Five Years 1949-54] Taiwan, March 1955, p. 29.

1:Stanford U. S-4, 5 1956 AF15 East China
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The labor of the Rebirth Village had been supplied by the criminals and unemployed "vagrants" of Shanghai. Apparently, the latter category includes people who were forced to evacuate from the urban area of Shanghai, then the largest industrial and commercial city in the whole of China, during the slump period after the Communists came in. In addition to light industries, these immigrants were forcibly employed in cultivating cotton fields, drilling wells, and reforesting the seacoast. The main product of the Rebirth Village is cotton. In 1951, the villagers planted 6,800 mou (about 1,143 acres) of cotton fields which produced 3,500 tan [192.5 tons] of cotton with an average of 50 catties (55 pounds) per mou (1/5 acre), 20 per cent above the average in the neighboring villages. With the improvement of irrigation and soil, the Communists hope to supply most of Shanghai's needs in its textile industry in the future.[29]

C. Sung-chiang State Farm

The Sung-chiang State Farm is one of hundreds of state farms spread all over East China, where forced labor is employed. On

29. Chieh-fang Jih-pao [Liberation Daily], Shanghai, Oct. 6, 1951, p. 2.

697 466 the farm, the usual Communist methods of increasing production were used, such as emulation drives and elections of model workers for higher achievement in production. The activists among the prisoners offered to take care of nine mou (about 1.3 acres) of land as the norm for each person. Through challenges and responses the norm was raised to 15 mou (about 2.3 acres) for each worker. At first, they had no oxen for plowing. Twelve workers were organized into one plowing team and work with their bare hands. In the first winter, among 360 laborers, 7 of them died of cold and 24 became disabled because of severe frost-bites.[30]

According to a report from Taiwan, most of the reform-through-labor corps in East China are working the 718 state farms, totaling 568,000 mou (about 86,239 acres) of land. Among these farms are the Su-pei Collective Farm in Kiangsu, with 30,000 prisoners; the Yen-shan-hsien Farm in Shantung, with 1,000 prisoners; the Ch'ü-chou District Farm in Chekiang, with 3,000 prisoners;

30. Li Tien-ming, op. cit., pp. 30-31.

1:Stanford U. S-4, 5 1956 AF15 East China
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697 the Ning-po District Farm in Kiangsu, with
466 5,500 prisoners, the Kao-Yu Farm in Kiangsu, with 4,000 prisoners; and the Nantung Farm in Kiangsu, with 1,500 prisoners. The number of reform-through-labor prisoners was estimated to be about 800,000 to 900,000 in 1952.[31]

The reform-through-labor corps had also been employed by the new regime to rebuild the old dikes along the seacoast of Chekiang and Kiangsu provinces, some 586 kilometers (about 370 miles) in length. Behind the dikes nearly 1,000,000 hectares (about 2,471,140 acres) of rice and cotton fields in the coastal areas are being cultivated in safety now.[32]

It was reported in Hong Kong that the Communists are mobilizing 60,000 laborers to start a new railway line connecting Amoy in Fukien and Ying-t'an in Kiangsi. There is no doubt that the labor force of this planned project also belongs to the category of this study.[33]

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31. Cheng Chu-yuan, op. cit., pp. 80-81.
32. Kuan-ming Jih-pao [Enlightenment Daily], May 27, 1952.
33. Asia Foundation News Bulletin, August 11, 1955.

IV. COMMENTS

466 668 Despite the fact that the Chinese Communists strongly insist that the laborers employed on the Hwai River Project are working for their own good, the harnessing of the Hwai River has a very strong political factor behind it. Consequently, the indifference and rebellious acts of the people in the Hwai River areas, in the eyes of the Communists, are as dangerous as the evils of the river itself. The harnessing of the river is the harnessing of the people in that area. In the provinces of Shantung, Anhwei, Kiangsu, in East China (and Honan in the Central-South), there were formerly 3,000,000 persons who belonged to different religious sects such as the Hung-ch'iang-hui [Red Spear Society], the I-kuan-tao [Unity Society], the T'ien-ming-tao [Dawn Society], and others. Some of the sects have several hundred years of history and tradition behind them. On many points they did not agree with the tenets of Marxism and Leninism. The cases of peasants refusing to join the Peasants' Associations and sabotaging land reform were too many to handle individually. In addition to the religious differences, the people of the Hwai River basin are famous for their fierceness and obstinacy. The Communist Hwai River Harnessing Project absorbs these unstable millions into the orbit of the Communist system. The military character of the organization of the labor force and the emphasis on the political indoctrination of the

46 laborers showed very clearly the real
66 intention of the Chinese Communists.

It is doubtful that the Communists could in a short time brainwash these millions whose ideology was formed by their religious beliefs through many generations. Given a chance, this portion of the Chinese population might rise against the new regime and go back to their old ways of life.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

This pattern was repeated in most of its details whenever trouble threatened in China, as it did for example in 1884–85 (war between France and China), 1900 (the Boxer Uprising), 1911 (the republican revolution), 1915–18 (the first world war and Japanese intervention in Shantung), 1926–27 (the northern campaign of the Kuomintang), 1932 (Japanese attack on Shanghai), and most of the period of anti-Japanese and civil war from 1937 to 1949. It of course affected the economic life of the city in fundamental fashion, and understandably speculation flourished. It also meant that the foreigners lived in a state of some uncertainty and insecurity, since what brought the city prosperity could also destroy it. A foreign resident complained about this in a letter to the editor of the *North China Daily News* (published in Shanghai) which was printed the day before the Japanese attack on Shanghai in 1937, in a sense the last day of foreign Shanghai's existence: 369 722

Since I arrived in Shanghai some seventeen years ago I have been under arms as a member of the Volunteer Corps on a dozen different occasions in defense of the Settlement. Always these occasions have meant a cessation of business, a period of anxiety and possible danger, and no benefit to us as a community. 'Old stagers' of the mud-flat days will smile when one talks to them on the subject and say they have got used to the idea, but are we content to see this sort of thing continue indefinitely? We should organize ourselves as a community . . . that will enable us to have a more normal life. It is time the old idea that foreigners come to Shanghai for a few years and then go away with a fortune was abandoned. This is a place of permanent residence for most of us and we have a right to demand that same freedom and security which is the common possession of all civilized countries. . .[12]

The city's population, swollen periodically with refugees, was also an excellent source of cheap labor and an opportunity, or invitation, for labor abuses, especially after manufacturing became an important factor in the Shanghai economy during the twentieth century. The refugees had no bargaining power and lived in universal privation. Their presence in the labor force helped to account for the fact that factory conditions, wages and hours, and industrial 369 464 466

Slums were as acutely bad in Shanghai as anywhere else in the world.

from the center of town. The present Communist administration has turned the race course, symbol of the foreign occupation, into its chief parade ground.

365 Rates during the period 1926–30 averaged for all users the equivalent of US$.008 (.025 taels) per kilowatt-hour, which the president of the Shanghai Power Company claimed made his product the world's cheapest power.[59] These rates were made possible, in spite of the higher price of domestic coal in Shanghai than in Tientsin, by the very high and constant annual 24-hour load factor, which averaged nearly 70 per cent during the period 1930 to 1936, as compared with 42, 26, and 40 per cent respectively for Manchester, Birmingham, and Liverpool during the same period.[60]

365 466 The load factor reflects a high intensity of industrial operation, and a heavy dependence of Shanghai manufacturing on electric power purchased from the power companies. It also reflects the long working hours of nearly all manufacturing establishments in Shanghai, which averaged between 11 and 12 hours a day six days a week,[61] and the widespread Sunday and night-time operation among nearly all of the household and smaller-scale manufacturing establishments using electric power. The low power rates encouraged the spread of small-scale mechanized manufacturing in private houses, and more important, made Shanghai an attractive location for almost every form of manufacturing.

365 The case of electric power demonstrates again the role of the Shanghai market in locating industry there. While coal was relatively easily and cheaply obtainable in Shanghai, it was even cheaper in Tientsin, yet rates for electric power produced from coal in Shanghai were among the lowest in the world. The availability of cheap power must be counted one of the outstanding advantages of Shanghai for manufacturing. Power was cheap because water transport made a flexible and reasonably priced coal supply possible at all times short of war in the Pacific, and because the volume of industry already attracted to the Shanghai market by its transport connections, and dependent on rented electric power, made for a load factor which kept power rates exceedingly low.

Factory Location

361 As if to demonstrate a basic reason for its presence there, manufacturing within Shanghai is closely oriented to waterways, as map 3 will illustrate. Manufacturing came relatively late in the

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

and where virulent disease is endemic; on the development of highways, sewerage and drainage systems; and, through franchises, on the supply of public utility services. Thirty years ago, however, it became evident that Shanghai was coming to be an important manufacturing city, and that a large industrial population would arise, brought to the city from rural areas by the hope of securing employment. The necessity, therefore, for concern with the social problems everywhere associated with a large industrial populace grew more urgent with the years. 633 364 744

IN THE 1920'S FIRST EFFORTS were made by the Shanghai Municipal Council to regulate industrial conditions with the attempt, in 1925, to obtain passage of a byelaw which would limit the age of commencement of work for young people to 10, rising later to 12 years.[1] Until April 1941 the limitations on the Council's powers necessitated the summoning of a special meeting of ratepayers (voters) to alter or to add to any byelaw which might permit the Council to exert authority, provided it were not incompatible with the Land Regulations. Two special meetings of the ratepayers in 1925 lacked the necessary quorum of voters. The byelaw could not be passed. 633 466

Chinese residents in the Settlement subordinating social to patriotic motives opposed the proposed byelaw, for they did not desire the extension of the Council's powers into realms not specifically provided for in the Land Regulations and existing Byelaws. The year 1925 antedated the rise of the Chinese National Government which was to show a lively concern in labour matters, and at that time the Peking Government took only a perfunctory interest in the regulation of industrial conditions. On political grounds even socially minded Chinese leaders in the Settlement opposed the Council's assumption of control over labour conditions, notwithstanding that the issue was a humane one of preventing the exploitation of children. Although under the Land Regulations, attendance and voting at ratepayers' meetings were prerogatives of foreign (i.e. non-Chinese) ratepayers, this Chinese point of view was nonetheless forcefully made known in the Chinese press which has always freely criticised the Settlement administra-

[1] "Toward the Regulation of Child Labour," *Bulletin No. 1.* Joint Committee of Shanghai Women's Organisations, 1926.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 tion. Foreign voters were not willing to force a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition. Following the failure to secure the proposed byelaw, the Council decided that, until the Chinese authorities themselves moved to regulate conditions of industrial employment, it would make no further attempt to concern itself with these issues. Larger forces, however, were at work. While the Settlement authorities were
665 attempting to limit the work of children, the Kuomintang, the National People's Party of China, met in Canton and adopted a much more extensive platform of social measures. In the late summer of 1926 the Kuomintang army began its march northward from Kwangtung Province and, by March 1927, had entered Nanking, which was to be the capital of the National Government for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

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claimed the right to "inspect factories in the Settlement," aiming, however, at eventual control of all questions relating to labour in Settlement enterprises. The Council, on the other hand, held the view that, because of fundamental differences in systems of administration of law, the operation of officers of the Chinese Government in the International Settlement was not acceptable.[2] The fear was also entertained that, should regulation of industrial conditions be introduced into, and thoroughly enforced in, the Settlement, unequal competition would result with enterprises outside the Settlement where, it was felt, enforcement would be less complete. On August 1, 1931, when the formal statement of the Chinese Government declaring the Factory Act in force was published, there appeared also a statement by the Shanghai Municipal Council endorsing the principles of industrial regulation and indicating its intention of working toward safe and healthful working conditions. The outbreak of Sino-Japanese hostilities in January 1932 postponed the consideration of means to implement this general statement of principle until 1933, when it was decided to employ the Council's licensing powers to gain the desired ends.

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In 1933, a special meeting of ratepayers was again convened, this time to change the general licensing byelaw (Byelaw 34)[3] to include industrial undertakings among the enterprises which the Council might license and hence regulate and inspect. This time the approval of the ratepayers, and subsequently of the Consular Body in Shanghai and of the Diplomatic Body in Peking, was secured by the Council. It then felt it had a constitutional right to license factories and, by this means, to enforce certain conditions. The Chinese view was still that such a byelaw was beyond the Council's powers under the Land Regulations.

The Chinese authorities in the metropolitan areas outside the two foreign-administered areas, having strengthened their position in the five years since the establishment of their municipal government, by now known as the Shanghai City Government, registered their protest at the passage of the amendment to the byelaw. In the eyes of the City Government the International Settlement was the "First Special District" and the French Concession the "Second

[2] "Regulation of Industrial Conditions," *Annual Report*, Shanghai Municipal Council, 1933.

[3] *Land Regulations of the Foreign Settlement of Shanghai*, Shanghai Municipal Council.

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471 Special District," areas temporarily beyond, but ultimately to be
648 restored to, its own jurisdiction. The claim was made that only the
633 City Government could regulate Settlement industrial conditions,
466 by enforcing the Factory Law of the Chinese National Government.

An event of importance to the whole problem of law enforce-
648 ment was the Court Rendition Agreement of 1930[4] between the
633 Council and the local Chinese authorities, which provided for the
692 return to complete Chinese control of the Provisional Court exer-
471 cising jurisdiction over Chinese citizens of the Settlement and over those residents belonging to nations without extra-territorial rights. From the 1911 Revolution until 1927 there had been a Mixed Court under foreign influence, expressed in part by the sitting of foreign assessors with the Chinese judges in the hearing of cases. Between 1927 and 1930 a Provisional Court functioned, giving place in 1930 to the Shanghai First Special District Court, completely under the direction of the Ministry of Judicial Administration of the Chinese Government. The new agreement provided that the Court should exercise jurisdiction over cases brought in by the Municipal Police of the International Settlement and arising out of infractions of all duly enacted laws of the Chinese Government, together with cases arising from breaches of municipal bye-laws. In limiting the laws which the Court would apply to those duly enacted by the Chinese Government, the agreement excluded the application of regulations promulgated by the various Chinese ministries.

648 Since the labour laws referred to above in each case state that
633 the competent authority is the municipal government in munici-
692 palities and the *hsien* (or county) government in *hsiens*, and since
466 the enforcing municipal authority in Shanghai recognised by the Chinese Government was the Chinese municipal authority, it was logical for the Court owing allegiance to the Chinese authorities to refuse to try a case brought in by a Shanghai Municipal Council organ under any of the labour laws.[5] In the eyes of the Court the

[4] *Municipal Gazette of the Foreign Settlement of Shanghai*, 1930 volume.

[5] All possible means of using the Court as an instrument of enforcement under laws other than labour laws were explored. In 1939 seven workers were burned to death when an apprentice spilled inflammable thinner over a charcoal stove which the owner of the factory had been specifically instructed by Council officials to remove from the workroom. The Municipal Advocate advised that no case would lie under Article 276 of the Chinese Criminal Code which prescribes a five-year

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Council was not a competent authority within the meaning of the Chinese Government acts. 648 633

The matter was still further complicated by the fact that many owners of industrial enterprises in the Settlement enjoyed extra-territorial rights. While Chinese legalists argued that extra-territorial rights were of the person and not of the undertaking, in practice Chinese law could not be applied against foreign enterprises owned by those with these rights. At the same time the authorities of the countries with extra-territorial rights held in general that the labour codes of their respective countries did not apply in their Shanghai courts.[6] 692 466 471

sentence or heavy fines for negligence causing the death of others by neglecting the degree of care required in an occupation. The proximate agent only is held liable by the Chinese Courts, and in this case he, in the person of the apprentice, was dead. A case was, however, instituted under Article 38 of the Law Governing Penalties for Police Offences, which prescribes detention or fine for one who "undertakes any work or business contrary to mandate or regulations." Judgment was obtained against the factory owner. When, however, later cases were instituted against other factory owners failing to carry out instructions, the cases were dismissed.

[6] Two cases were heard in the United States Court for China in which application of American law was involved. In the first, in 1936, the widow of a linesman brought an action for damages against an American company for alleged negligence on the part of the company which resulted in death by electrocution of her husband. The case was dismissed. In his judgment the Judge stated that cases similar to the one in question were now rare in the United States because of the almost universal adoption of Workmen's Compensation Acts. Counsel for the plaintiff suggested the novel possibility of the Compensation Act of the District of Columbia being applicable. This, the Judge stated, required study. But he expressed the view that "it may not be impossible, even in this difficult jurisdiction, through reasonable construction and elimination of unsuitable portions to preserve the substance of the law in some fair and workable system which would be welcomed by both employers and employees."

A second case arose later in the same year. A non-American employee of an American corporation slipped on the floor of the employer's premises sustaining an injury for which damages were sought in a common law action based on the theory of negligence. The plaintiff contended that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in this action from maintaining the defences of contributory negligence and assumption of risk. The defendant contended that the District of Columbia Workmen's Compensation Act was not applicable in the Shanghai jurisdiction on the grounds of inherent unsuitability.

The Court ruled that the literal compliance with the District of Columbia Compensation Act would be impossible in the Shanghai jurisdiction, but expressed its belief that the principle of the law of the United States should not be ignored. The judgment referred to the "congressional will manifest in the passage of the District of Columbia Compensation Act" and believed that the "Court might award remedies to injured employees consistent with the spirit and objectives of federal legislation."

Judgment was entered for the plaintiff in the sum of US $1,200.

The Court later temporarily withdrew its Opinion pending further study. It was later restored, and the amount of the award to the plaintiff increased to US $2,200.

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How was such a complicated situation to be dealt with? How could a way be found to improve industrial conditions through administrative action? Fortunately the personal relations between the officers of the Chinese City Government and those of the Shanghai Municipal Council were cordial, despite official differences in viewpoint. The Council welcomed the suggestion of the Shanghai City Government that negotiations should be undertaken to discover if a solution could be found to the impasse. Communications on the subject actually began prior to the special meeting of the ratepayers in 1933, and discussions were continued actively immediately after the alteration to the licensing byelaw which had been approved by the Shanghai Consular Body, and before it had received the approval of the Diplomatic Body in Peking. The licensing power, though it had been obtained, was not immediately invoked. It was felt that its use at the time would probably have brought to a head resistance on the part of Chinese industrialists and others. Moreover, if by negotiation a method might be found by which the requirements of the Chinese Government's Factory Act could gradually be applied in the Chinese Courts against citizens of nations amenable to these Courts, and through some other procedure to those of other countries, the status of the national law would be upheld: it would not be replaced by local regulations. A more comprehensive instrument than license was felt to be desirable.

Conversations extended over four months in 1933, but no agreement was reached. In 1934 the Director of the Shanghai Branch Office of the International Labour Office attempted to use his good offices to find a way out of the deadlock, laying useful foundations. Chinese Government delegates to the International Labour Conference in Geneva in 1934 and 1935 raised the question of a solution to the jurisdictional difficulty in Shanghai. Subsequently, the Director of the International Labour Office in Geneva met with government representatives of Great Britain, the United States, Japan, France and Italy, who agreed to discuss the problem with their governments.

Between 1935 and the outbreak of the Sino-Japanese hostilities in 1937, negotiations between the Shanghai Municipal Council and the Shanghai City Government continued. At one point it appeared that a *modus operandi* had been reached, whereby the Council,

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under authority delegated by the Chinese authorities, agreed to apply in the Settlement those portions of the Factory Act which were enforced in Chinese territory. The Consular Body, however, fearing that such an agreement would imply the partial abrogation of extra-territorial privileges, stated that it could be made applicable only to industrial interests within the Settlement which were subject to Chinese jurisdiction—i.e. to foreign residents without extra-territorial rights, and to Chinese. In that case, the Consular Body held, there would be no objection to a clause stating that the Council would, with the consent of the authorities concerned, apply a similar inspection procedure to all other factories by means of the powers vested in the Council by the Land Regulations.[7] No real progress had been made in the negotiations by the autumn of 1937 when, as a result of Sino-Japanese hostilities, the City Government ceased to function and its personnel withdrew from Shanghai.

WHILE THE FRONT STAGE had been given over to negotiations, the Bureau of Social Affairs of the City Government and the Industrial Section, the organ of the Council which had been created to deal with the regulation of industrial conditions, had not been idle. The Bureau had exercised a considerable influence within the Settlement even prior to the 1933 licensing byelaw amendment, and it continued to do so. Its officials did not inspect industrial premises, but they were active in mediating industrial disputes which were frequent and often bitter. Even foreign owners of industrial enterprises, who were most vocal in insisting that inspection of factories should remain in the hands of the Shanghai Municipal Council, in the absence of facilities provided by the Council to assist them in the settlement of industrial disputes yielded to the force of organised labour and in some cases gladly accepted the offer of mediation by officials of the Bureau of Social Affairs. Furthermore, the Bureau established a Statistical Section, which began to collect basic information concerning wages and hours of work, and instituted an intensive study of the cost and standard of living of Chinese workers inside and outside the Settlement. This programme finally produced cost of living index figures which were to play an important part in the adjustment of workers'

[7] *Municipal Gazette of the Foreign Settlement of Shanghai*, August 1936.

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earnings in the period of inflation following the 1937 hostilities. The Council's Industrial Section worked steadily at improving health and safety in the Settlement's industrial enterprises. In its desire that nothing should interfere with a possible agreement with the Chinese authorities, it did not, prior to 1937, compete in the mediation of disputes but remained in the less controversial field of hygiene and safety promotion. The concentration of factories and workshops within an area of some nine square miles placed them within easy reach of inspection and made transport a much less difficult problem than was the case for the Chinese authorities, in whose extensive territory factories were widely scattered. While the frequent use of dwelling houses as factories and workshops in the Settlement limited the improvements which could be made, there was a general rise in standards between 1933 and 1937.[8] Trade by trade, a steady drive improved machine safety, safety in the use of pressure vessels, provisions for industrial hygiene, and general working conditions. Relying only on the general authority of the Council and on reason and good will, the Industrial Section used educational means to induce employers to take steps toward factory improvement. The Court could not be invoked, but considerable success was nonetheless achieved.

WITH THE OUTBREAK of Sino-Japanese hostilities in 1937, all industrial enterprises in the Settlement closed. In the western district Chinese and non-Japanese foreign-owned undertakings re-opened shortly after. Those in the eastern district, which was held by the Japanese Naval Landing Party, were in the area of heaviest fighting where blocks of Chinese-owned undertakings were destroyed. Five months after the hostilities had commenced, foreign-owned plants were found to be "islands in a sea of destroyed Chinese enterprise." Comparatively few foreign factories suffered much injury, but they remained closed until the spring of 1938. By the end of 1938 all foreign-owned and many smaller Chinese-owned plants in the eastern district had been re-occupied. Larger Chinese-owned plants were operated by Japanese occupiers. Although Japanese offers of restitution to legal owners with the object of co-operation in their management were made, there was little response by Chinese.

[8] See Chapter III.

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A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

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and Industrial Division to secure improved industrial conditions. Two contrary tendencies were observed. Owners of destroyed enterprises, previously operating either in the eastern district of the Settlement or in provincial cities, in many cases showed a disposition to take advantage of new construction to erect better and more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

[9] See Chapter III.
[10] See Chapter IX.

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection.

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

When pacific hostilities developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to

[11] In subsequent pages frequently referred to simply as the "Division."

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722 471 [439] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

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to secure a better arrangement. Indeed, many employees of foreign 471 firms taken over by the Japanese had to accept, under threat, allow- 722 ances considerably short of this scale. [466]

Thus very soon after the commencement of the Pacific hostilities, the former bustling industrial Shanghai died. The air, once polluted with the smoke of countless chimneys, cleared miraculously. Streets formerly grimed with coal dust became strangely clean. But these were improvements which boded ill for the people's livelihood. To the streets instead came to die many who could not find food or shelter.

Little detailed information is available as to conditions in 633 Shanghai after August 1942. But the social problems of the city 648 are substantially the same whether there is Japanese direction of the former administration or not. The Division will probably be forced during the period of isolation from the outside world, and through the proposed pseudo-changes in the Land Regulations referred to above, to use the Japanese-instructed Nanking Government Courts in enforcement. This may have one useful effect, that of removing those dangers of inequity and lack of evenhanded justice which exist when every factory engaged in the same trade is not subject to the same official scrutiny on the basis of clear regulations. The work of the Division in the last decade has shown that specific formal authority is not essential for useful achievement. The power of accurate facts has been very great. The appeal to reason has not been without result. While industrial conditions at the close of the decade were in many cases still thoroughly bad, within the limits of authority and capacity a not inconsiderable progress had been made prior to December 1941, laying the foundations of improvement in the lives and livelihood of workers in Shanghai.

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633 648 under the prescribed tax sources provided only for the furnishing of the bare elements of civic amenities such as peace, order and liberty and that there were insufficient funds to indulge in social welfare schemes and in the field of economic and social relief. The Council tended to balk at the idea of a small economic and social Utopia while surrounding areas remained immersed in poverty. But Chinese civic associations equally ignored the fundamental social situation. They were more concerned at the time with achieving political victories than with making social progress. Reluctance to venture into the field of China's economic ills was characteristic of Chinese Councillors as well as American, British and Japanese. Chinese Councillors were frequently men prominent in charitable work, some devoting virtually their whole time to organisations and institutions for relief. Yet few gave evidence of recognition of the possibility of attempting through municipal agency to make fundamental approaches, to do anything about the load of debt which burdened almost every family, or to ask themselves whether the wages paid by industry of whatever national ownership were high enough.

633 466 WHEN THE COUNCIL, urged to do so by the political nature of the issue of the regulation of industrial conditions in the Settlement, decided to make a first appointment to its staff, it did not appear to be clearly seized of the exact nature or scope of the responsibilities on which it had embarked. It was generally accepted as the simplest course that the first emphasis should be on improving conditions of hygiene and safety in factories. No machinery in the shape of a special committee of the Council was set up to be the means of obtaining deliberation of the scope of the work, or to define the particular social problems which should be faced. This omission was later in practice found to have been useful. To attempt to have discussion of questions and arrive at a policy and programme, a method which would be considered to be most natural and useful in most circumstances, was found under the circumstances not the most suitable approach. Instead, those to whom the opportunity came to develop the work realised, after some initial mistakes in technique, that it would be necessary to work as quietly and unobtrusively as possible, taking advantage of this situation

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here, avoiding making a mistake there, trying certain steps without instruction,—and hoping they would succeed. If they did, they could be gently reported in a monthly or annual report. If they were part of an adopted and printed report, the policy involved in these steps might be considered as not forbidden, and hence to be further acted upon. In the ten years of its existence the Council evidently found it preferable and expedient not to instruct or design the Division's development. 633 466

Several functions of the Division of considerable importance were thus developed. Work in relation to mediation of industrial disputes, to be described in detail in a later chapter,[1] was begun without specific authority and instruction. Yet it was brought to a stage when it could exercise a considerable influence over livelihood, and where no major dispute occurred which was not mediated by the Division. In this particular instance, a quiet procedure was used because of the general position the Municipal police held. The police had been long established. To them, disputes were potential civil disturbances. They had for many years been the arbiters of strikes: but they had no conviction such as the Division held concerning the right of workers to collective action. Their province was more properly that of preserving the peace than removing potential causes of its breach. The method employed was, therefore, to use existing members of the Division staff to make experiments in mediation; when a dispute occurred to call on management to seek information as to its view of the dispute, to seek contact with workers and suggest that services in mediation by the Division's fair handling might be useful. It did not take more than a few months for a reputation to be built up among workers in a few enterprises. These, in turn, informed other workers, who, when they were involved in a dispute, called on the Division seeking its assistance. Similarly, employers for their part came to appreciate the services offered. Within a year its place was fully established. The confidence which was engendered proved the most potent influence in success. Because of the Division's greater specific knowledge of conditions of work and of understanding of the psychology of workers, the day came when the police recognised that their object of preserving the peace in industrial disputes could be served by inviting the mediatory services of 633 466 625

[1] Chapter VI.

[1 [Industrial Division of the Shanghai Municipal Council -- Analyst]

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633 466 625 the Division. It is doubtful if this success would have been achieved if the substantial power of the police had been challenged by raising the question of a social approach to industrial disputes. Nor is it likely that a Council accustomed to listening to police warnings of possible civil disturbances if such and such a policy were instituted, would have upheld the views of a new social service against police objection. Instead, gradual successful practice of mediation at length established the theory of the appropriateness of the acquired mediation functions and the principle on which they rested.

633 466 625 467 It is admitted that in thus avoiding an open raising of issues the Division lost that chance for educative work which the democratic process would have given, in seeking, despite probable failure, to establish recognition of the theoretical as well as the practical validity of the social aims pursued. But when discussion might have meant inaction, it was better to forfeit it. It was never politic to raise formally with the police, with any chance of success, a proposal that labour unions should be encouraged, the view which the Division held. From 1937 onward Municipal Police required the registration of all organisations. They reserved the right to refuse to register those whose actions in their opinion would not help to maintain public peace. They refused to register labour unions. They permitted the registration of "mutual aid" groups with common occupational interests, but if these attempted to act as unions in formulating demands, their registration was cancelled. Some police officials took the view that all leaders of their fellows in any concerted action, no matter how unsupportable the conditions of work against which they protested, were "agitators." On occasions when informal discussion took place with individual members of police in positions of authority, few could be brought to see that unions encouraged and registered, with accepted leadership, could be a factor in preventing the use of unions by less desirable elements. Their negative recourse was to deny unions the right to exist. As later chapters will show, this attitude did not prevent powerful worker action. It merely deprived workers and the community alike of proper instruments for mediation and the development of experienced and acknowledged leadership.

633 466 511 In one issue where a discussion took place, the Division had to wage not one but several campaigns to preserve for the community

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Organization of the Labor Force on the Hwai River*

National Committee
of
Hwai River Harnessing

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Headquarters of Provincial Committee
of
Hwai River Harnessing

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Headquarters of Hsien Committee
of
Hwai River Harnessing
(There were five departments under each provincial and hsien unit)

1. Organization Department
2. Propaganda Department
3. Cultural Department
4. Recreation Department
5. Statistics Department

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Regiment (The number of regiments formed in one hsien is in proportion to the number of recruited men in that hsien.)

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Battalion (Four battalions make a regiment.)

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Company (Four companies make a battalion.)

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Platoon (Four platoons make a company.)

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Squad (Four squads make a platoon.)

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Section (Four sections make a squad; one section consists of 17 workers. the total number of workers in one regiment amounts to 43, 520).

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* Chang Chao-feng, Chung-kung Chih-huai Nei-mu [The Inside Story of the Chinese Communist Conservation Works on the Hwai River], Hong Kong, 1953, p. 64.

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the right to know what the situation actually was with regard to the rising cost of living. After Japanese occupation of the environs of Shanghai in 1937, the Council financed the work of producing cost of living statistics begun by the former Chinese City Government. Again quietly and without raising an issue, the Division's figures concerning costs of living of Chinese workers were sent for publication in the *Municipal Gazette*, these statistics appearing monthly from October 1938. Early in 1940, when living costs had begun to rise steeply, and when workers were clamouring for wage adjustments, some operators of larger industrial plants addressed the Council asking that publication of these figures be discontinued. They were "misleading," it was argued, and the cause of unrest among workers. The argument to show the "misleading" nature of the figures was that they could not be correct, because if they were, workers would not be able to live as they did. The fact of the eternal load of debt on most working-class families was incompletely recognised, and met with the objection, "who would lend to workers unable to repay even their old debts?" Continuance of the publication of the figures was, however, ordered, after long discussion in the Council chamber. The Council showed its ability to see the social significance of the statistics. In 1941 the publication of cost of living figures was again challenged, but again was ordered to be continued. In 1942, after Japanese occupation of the Settlement, and the institution of a new currency which the Japanese hoped would hide the continuously rising living costs, a further effort, led this time by Japanese, was made to cut off from the people any accurate information as to the economic situation. Once again the Division succeeded in maintaining publication of the indices even during Japanese occupation.

THE CREATION OF a qualified, devoted Chinese staff was from the beginning considered to be essential and the pivot on which everything else would depend. Experienced, wise Chinese men and women with close understanding of problems and with a devotion to people, were sought and challenged to submit themselves to possible misunderstanding of their more nationally minded compatriots by entering the Council's employment. If such persons could be induced to use an administration they did not personally

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633 favour for the sake of its service to their own people, it was felt something might be accomplished.

466 First appointments were very carefully made. A Chinese engineer, who had "had his hands dirty," had worked in machine shops himself and had skills with machine tools, who had worked side by side with workers and could in a very real sense speak their dialect, was a first choice. A second was a Chinese woman graduate of a well-known Chinese women's college and of an American school of social work of national reputation. She had not hesitated, after her return from America, to take a post considered very humble in China as matron in a factory dormitory, in order that she might from this vantage point grapple with conditions of work in the factory. A foreign member of the staff was later to become internationally famous as the moving spirit in the development of Chinese Industrial Co-operatives in "Free China." He knew Chinese life intimately in Shanghai, and in the years 1933-38 materially contributed to betterment of conditions and converted many younger Chinese engineers to his outlook. These were early choices: they proved right.

A staff of four members in 1934 had, by 1943, grown to one of fifty-five. Only four of these were foreign, one being Japanese. Of five most important posts, four were filled by Chinese. From the beginning it was decided to create a staff almost entirely Chinese, though as previously noted in other Council departments most senior posts were filled by foreigners. The step was logical, seeing that the new Division was to deal with social issues, the life and livelihood of the Chinese people. Furthermore, the effort was successfully made to secure (with the exception of a small statutory differential between the remuneration of all foreign and Chinese staff based on the view that foreign staff members had commitments abroad) that Chinese and foreign members of the staff in the new Division be equally graded and receive equal remuneration. And again the aim was that there would be no differential between the emoluments of men and women members of staff doing work of equal importance, though this habit held in other Council departments. This intention also was successfully carried out, though sometimes in the face of opposition of those who failed to see why a qualified woman should receive the same grade and pay as a man.

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These principles were the expression of the spirit with which the work was begun and carried through: that Chinese and foreign members of staff were equal partners in a high adventure. There was a real comradeship based on mutual respect for the capacity and the motives of each individual of whatever nationality. The especially fine minds and wise judgment of Chinese colleagues, steadily creating their own work in their own fields, found appreciation among the foreign staff; the generous sharing of experience and the friendship of British, Austrian, Danish and Japanese staff members with their Chinese colleagues was equally welcomed. In short, a comradeship, consciously aimed at and greatly desired in advance in the early years of the Division's life, was achieved. 466 633 177

As members of the staff were sent out to make initial contacts with factory owners in the early years they had one instruction: to make friends. In the absence of powers of entry, with the possibility that they would be refused, nothing could be done unless they could make themselves wanted. To a large extent the staff succeeded. As time went on and contacts widened, the Division staff earned an enviable reputation for knowledge in their field, so that they were welcomed on this account as well as personally. Moreover, the absence of power to enforce court action has some compensations. Staff members knew that on themselves alone and on the vigour they were able to bring to their work depended their success. Unless a factory owner could be convinced of the reasonableness and rightness of the request made, the possibility of obtaining compliance was remote. And, further, the lack of power to hale into a Court meant that it was seldom considered worthwhile by an employer to offer to suborn a member of the staff so as to escape the necessity of carrying out his requirements. The total effect of these factors was to give to the Division staff a satisfactory status in the community and a useful relationship with the majority of Chinese employers. 466 633 471

Foreign employers reacted somewhat differently to the Division's efforts. For the most part physical conditions were considerably better in British, American, German and Japanese plants than in Chinese-owned enterprises. In consequence in the efforts to achieve safety and better hygiene, less had to be done in foreign enterprises. Many western employers had the same attitude to "government

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interference" as employers in their home countries had entertained decades before. Both western and Japanese employers knew that no specific power lay in the hands of the Council to enforce standards. But in general they, too, welcomed the Division staff, submitted with good grace to suggestions for improvement, and carried out the recommendations made. Japanese employers were punctilious in installing safety devices suggested. They were not unwilling to meet Japanese standards in safety and hygiene generally. But neither Japanese nor Western nor Chinese employers were ready to consider modifications of hours of work, or rest days, matters in which—especially in the textile industry—reform was greatly needed.

In the absence of enforcement powers it was sometimes necessary to use something more than sweet reasonableness. A Chinese member of staff would report inability to secure compliance from a Chinese factory owner. Then the device of sending a foreign member would be resorted to. Or a foreign member would report he could do nothing with a certain Chinese owner: and the device of "changing the record," sending a Chinese voice, would be used. Or a man member of staff would fail; and then the eloquence of a Chinese woman, to which no mere Chinese man can stand up, would be used. Or again, failing to achieve success by talking on the premises of the industrialist where he was at home, he would be invited to the office of the Division, and, strangely, would most frequently comply. Then the staff, being in turn at home and hence with a psychological advantage, would urge its point of view. In most cases and by the use of one or other device, success was recorded. It cannot be denied, of course, that this was achieved at the expense of much effort, much waste effort, which the possession of ordinary powers of enforcement would have made unnecessary. It is thought, however, that more education was done through the means that had to be adopted than would otherwise have been the case. The one basic principle was belief that always there was *some* way in which a situation could be bettered.

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EVENTS DURING THE decade in which the work described in this monograph took place induced a certain change in general attitudes. When, in 1940, it was decided to set up a regular Council committee to be concerned with the Division's work, a Councillor

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in commending the progress made stated that the Division had brought the Council into close touch with the people and with their problems and had thereby performed a great service. For, as subsequent chapters will show, the steady rise in the cost of living from 1938 onwards, and the necessity of a continued concern with the supply of the people's rice, had stirred into action a Council previously more remote from general social issues. In their own businesses, whether commercial or industrial, Chinese and foreign Councillors who were employers were beset with the claims of their employees that their earnings be adjusted to meet rising living costs. In their own homes they faced the problem intimately with their own servants. Aloofness faded before the new difficulties in every-day life. Employer and employee, master and servant alike, had difficulty in maintaining even a shadow of the former standards of living, particularly after December 1941, and this common adversity begot a better general understanding of what livelihood for the Chinese worker in Shanghai meant.

Political, economic, psychological factors had their play and interplay in the decade when the Division sought first to function. Let us now examine some of the issues it faced in greater detail.

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CHAPTER III

TOWARD HEALTH AND SAFETY IN INDUSTRY

464 466 CONDITIONS RULING IN industry in Shanghai during the twenty years since the first movement to eliminate child labour was initiated with the appointment of the Child Labour Commission have often been described.[1] From the point of view of an administrative programme, however, many things remain to be said. It is obvious that industry which was allowed to develop with little public supervision and in the virtual absence of a legal instrument with which control over it might be exercised, and in a country of low living standards where mechanical concepts have, till recently, developed but slowly, would not spontaneously have given the attention to safety, hygiene and working conditions which was achieved in western countries first through the intervention of authority and only latterly through a realisation by employers that "good conditions pay."

178 It is difficult to give an accurate picture of the extent of Shanghai's industrialisation. Prior to the complete occupation of the Settlement by Japanese forces in December 1941, figures showing investment, production, the value of turnover, and the like were not obtainable in the absence of compulsory powers in the Council's hands to require their submission. A first effort toward an industrial census for the International Settlement was planned in 1940, to be taken simultaneously with the population census of the Settlement scheduled for that year but postponed because of the then abnormal state of affairs. Consular authorities, trade commissioners, chambers of commerce and leading industrialists were

[1] The latest treatment of the subject, by Robert W. Barnett in *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941, deals with the general industrial picture, the extent of industrial employment, the effects on it of the hostilities which broke out in 1937 and the recovery which took place between 1938 and 1940. He describes in some detail the conditions ruling in small-scale enterprises, taking a sample area of dwellings converted to factory use and showing the kinds of industry present and the conditions under which work is carried on in them. He draws for much of this information on the annual reports of the Shanghai Municipal Council. Little would be gained by a recapitulation of the material there adequately presented.

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approached for their views on an industrial census, the last-named as to their willingness to supply needed information. With world-wide hostilities raging, the usual reluctance to supply confidential information was enhanced in most national groups. It was necessary therefore to abandon the plan, and in consequence no accurate measuring rod exists with which to assess Shanghai's industry. 178

During the first half of 1942, the Asia Development Board, the organ of the Japanese Military which dealt with economic questions, undertook a complete study of all industry, of whatever national ownership, with a view to its use in Japan's war effort. The results have naturally not been made available. 722

The great majority of factories and workshops in the Settlement were, prior to December 1941, of Chinese ownership. The larger plants and those employing the most workers were generally in foreign (Japanese and western) hands; and, of these, western interests owned the comparatively few plants which approximated "heavy industry." In general, foreign-owned plants were modern and well-operated. Except in the textile industry their hours of work were shorter than in Chinese plants. Earnings were somewhat higher also. It is believed that in Shanghai there were some 1,800,000 spindles in 38 Japanese-owned or Japanese-controlled cotton textile enterprises, 240,000 in five British, and 650,000 in 21 Chinese-owned cotton mills.[2] Individual cotton mills employed as a rule from 1,000 to 4,000 workers, some more. There were few other Chinese-owned plants with as many as 1,000 employees, and though a larger number of medium-size Chinese-owned industries existed, many of them were but extensions of domestic industry. 471 466 465

In the absence of sufficient small buildings erected for industrial purposes, hundreds of small Chinese factories and workshops were housed in buildings originally designed as dwellings and converted to industrial use. In the majority of cases, those who worked in these buildings lived in them without sleeping accommodations separate from their working quarters. A workshop by day was a dormitory by night; untying a bedding roll and spreading it out made sleeping quarters of the same few square feet in which the daytime tasks were performed. The housing congestion which is de- 466

[2] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,522,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

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scribed later[3] applied equally and similarly to the small industrial enterprises, since these were housed in dwellings which were the homes of workers and others. Some enterprises were so small that they occupied only one room of what originally was a four-room house, the remaining rooms being the homes of families or other small workshops.

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Conditions of this kind present authorities with almost insuperable problems in securing safer and more healthful conditions of work. Even if there had been unassailable instruments by which the proper departments of the Shanghai Municipal Council could have instituted court proceedings to enforce reasonable standards, the actual attainment of better industrial conditions would have been extremely difficult. When, as was often the case, enterprises were without sufficient space in which to install machine guards, lacking all sanitary equipment, with so little capital that the cost of improvements of any kind was prohibitive,[4] then the responsible authorities were confronted with this dilemma: is it better to permit employers to carry on unbelievably small or badly operated enterprises, endangering the life and health of those who work for them, employing them grievously long hours for very small remuneration, or should the authorities insist upon the closing down of such ventures because they cannot conform to even the most elementary standards of safety and hygiene? Frequently Council officials had grimly to suppress their feelings of sympathy when the existence of a completely insupportable situation, in which the lives of many were being risked, forced them to insist on the abandonment of an enterprise. Saving lives by closing dangerous trades meant destroying a source of meagre livelihood—a bitter decision.

For the first several years of its existence the Industrial Division's sole concern was with physical conditions in industry. Since there was no legal instrument of enforcement, reliance had to be placed largely on the tact of first-class personnel whose educa-

[3] See Chapter VII.

[4] Though individual plants may have had small capital resources, there was capital in the city. There were individualistic tendencies, however, which resulted in many small undertakings being opened with poor working conditions, comparatively costly working, inducing the use of child labour and frequently ending in suicide for the enterprise.

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tional and moral influence could induce employers to remedy unsatisfactory situations.[5] It is to the credit of those who worked in the early days that, undismayed by the size and difficulty of the task, going daily into back alleyways where very bad conditions existed, they attacked the worst of these and frequently eliminated possibilities of almost certain death by the changes which they were able to secure. Taking industry by industry, as opportunity presented, efforts were made to remove the most obvious dangers associated with their operation.

Less than two months after the first official was appointed by the Council to deal with industrial conditions, there occurred the worst industrial tragedy in the history of the city. On February 21, 1933, an explosion followed by a fire in a rubber shoe factory caused the deaths of 81 persons, 76 women and five men. The cause of the explosion was not definitely established. In all probability it occurred in a vulcanizer in which rubber shoes were "cured." Gasoline fumes driven off by the heat probably reached a potentially explosive degree of concentration, and a spark was perhaps supplied by the dropping of a steel frame inside the steel shell of the vulcanizer. There is still the possibility that the explosion was caused through faulty electrical installation in the dipping room, where rubber shoes were covered with a varnishing mixture containing a high percentage of gasoline. Here also a suitable concentration of gasoline fumes in the air could have produced an explosive mixture. In any case an explosion and fire occurred. Working at benches in the room immediately above the vulcanizing room were some 250 women, also using gasoline as a solvent and thus in an atmosphere charged with fumes. The fire spread with such rapidity that they were unable to escape, and the wooden floor on which they worked collapsed shortly into the inferno below.

This tragedy drew attention to general conditions in the rubber shoe industry which had grown swiftly in the preceding years. In 1933 there were 26 rubber shoe factories, all of them using gasoline freely without even the most elementary precautions. Some were grossly overcrowded and unable to provide adequate exits for the hundreds of women working on the shoe-forming process. Though without the legal power to do so, Industrial Division officials

[5] See Chapter II.

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633 through sheer insistence succeeded in closing six factories where it
466 was found impossible to effect improvement. The remaining
295 twenty were radically reformed. Among transformations which had made the whole industry reasonably safe by 1937 were the isolation of processes where gasoline was used, so that if a fire were to occur in one place it might not spread; the installation of proper electrical fittings for fume atmospheres; the inspection by qualified engineers of boilers, vulcanizers and other pressure vessels; the provision of adequate exits; and the installation of exhaust ventilation. Many owners built and occupied new premises. It was unfortunate that the hostilities in 1937 destroyed some enterprises and damaged many others where higher standards had been established.

The story of this particular industry has been related in detail since it is typical of the work that had to be done under conditions where no previous regulation had existed. Wherever it was possible to do so, in a wide range of industrial processes, standards were raised. But, as will be shown later, many fires and explosions occurred during the course of the improvement programme.[6] It almost seemed as if, as the efforts at betterment were being made, tragedies occurred to supply concrete evidence of the dangers. They assisted in the development of a public opinion urging action to prevent them. They were an added spur, if one were needed, to the efforts of those responsible for securing action. It can be asserted that the occasions so sadly presented were not lost. They meant renewed efforts by those whose aim was the elimination of the hazards which caused the tragedies.

633 Less obvious to the public perhaps but as serious to the workers
466 were the health hazards which efforts were also made to eliminate and which are referred to later in this chapter.[7] A difficulty confronting the authorities lay not only in obtaining an initial compliance on the part of employers. Action could be secured finally, after sufficient insistence, by exploiting something of a nuisance value in repeated visits to offending factories, or, otherwise, appealing to the better nature of employers. Securing the permanence of the better conditions induced required further insistence. Mechanical installations for the removal of metal dust from polish-

[6] See page 38.
[7] See page 39, ff.

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ing plants or of fumes from chrome-plating vats cost money to run; motors to drive the fans had to use electric current. It was cheaper to shut them off when the inspector was not about. Unfortunately, workers had, for the most part, little comprehension of the less obvious aspects of industrial hygiene; only when experiencing actual discomfort were they likely to insist on the operation of the apparatus. 633 466

Industrial accidents were both frequent and serious. This was to be expected in plants where congestion and generally haphazard operation and management in themselves contributed to the dangers always associated with the operation of power-driven machinery. Machine guards were almost universally absent even in factories owned by foreign nationals who in their own countries would be required by law to install them. The number of fatal accidents between 1934 and 1941 averaged approximately 100 annually, while serious accidents reaching the attention of the Division numbered about 1,500. In the absence of a routine compulsory notification of industrial accidents, it may be assumed that the actual numbers were far in excess of these figures. Information concerning accidents came largely from the hospitals where the injured sought aid and from police and municipal ambulance services, and the figures cited under these circumstances refer for the most part only to the more severe cases.

Using information from these services, the Division from the inception of its work inspected the scenes of as many accidents as possible in order to instruct the occupiers of the premises in preventive steps. Even without statutory power of enforcement, much was accomplished in achieving safer conditions of work by thus seizing the psychological moment when even an otherwise indifferent employer was shaken by an accident, perhaps a fatality. Nevertheless, after several years of endeavour, whole factories were still without proper safety installations. Even if there should have been authority to compel the adoption of necessary safety measures, nothing short of individual inspection and instruction would have induced installation in the majority of cases. The concept of law as something to be obeyed because it is law was not prevalent.

If the outbreak of hostilities in 1937 destroyed much of the advance which had been made, the reconstruction period from 466 633 178

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1938 to 1941 presented unique opportunities which Council officials seized eagerly.[8] Better standards and more suitable installations followed the erection of hundreds of new plants. The required submission of plans to the Building Surveyor of the Public Works Department under the Council's Building Rules gave many opportunities for contact with factory owners in the early stages of the development of their projects, and permitted the exercise of considerable influence upon what emerged. The destruction of his plant had in some instances deprived a factory owner of his resources and had driven him into beginning again on a small scale with all the disadvantages of the small enterprises previously described, but it also produced a counter-tendency. Those who were able to obtain capital for rebuilding frequently constructed anew on a modern plan, thus realising at one stroke the improvement which would have taken a considerable time in their former, destroyed plants.

The reconstruction took place at a time when newer industrial thinking among some Chinese factory owners prevailed. The generation of Chinese pioneers who had entered the field of modern industry in the first two decades of this century had done so with little fundamental understanding of mechanical operations. The waste which has occurred in Shanghai factories in the last forty years from a lack of understanding of elementary principles of industrial operations must run into large figures. If machinery ran and if goods were produced—that was enough. The fact that machinery was misused, abused, wastefully operated, or rendered useless in a short time mattered comparatively little to men who had poor understanding of machinery or of its care and upkeep, and whose economic thinking for the most part was geared to immediate "profits" rather than the long-term remunerativeness of investment.

In many cases these older entrepreneurs had given their sons educational opportunities which they themselves had lacked, such as engineering training in universities in China and abroad. In the 1920's and 1930's the numbers of qualified Chinese engineers returning from abroad had grown considerably, and they were filtering into industry. Following the 1937 destruction there were enough well-trained engineers to undertake the planning of the

[8] See Chapter I.

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new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

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even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered.

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

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The experiment could not be carried out to its logical conclusion, however, because after the spring of 1939, when the Japanese instituted controls over the cocoon output in the provinces, it became increasingly difficult to obtain cocoons from these areas. By the end of 1940 only two or three filatures were still operating, and the spring of 1941 saw very few cocoons reaching Shanghai.

DESPITE THE LACK of legal powers, it proved possible radically to reform the manufacture and operation of steam pressure vessels. Prior to 1936, when the institution of controls began, local boiler yards manufactured boilers almost exclusively from metal plate of unknown quality and test, and from designs which did not conform to accepted standards. Neither owners nor workers in the boiler yards had the necessary knowledge for an engineering task requiring special training. The result was that hundreds of initially unsatisfactory boilers had been installed. Regular inspection of them was unknown. Explosions were frequent, at times accompanied by loss of life; and the wonder was that they did not occur almost every day.

In 1936 the Council adopted rules governing vessels and systems under pressure, and for the registration of boiler yards. By the rules all local boiler yards had to employ the services of a Council-approved boiler surveyor who would design and supervise the construction of all vessels. Boilers had to be inspected and registered. Thereafter annual re-inspection was required. A roster of qualified engineers of all nationalities was obtained with the assistance of a specially appointed Boiler Board.

Although the regulations carried no penalty clause, it proved possible to apply them to a very considerable extent. All of the 34 boiler yards in the Settlement were registered, and no boiler after 1936 was manufactured or extensively repaired in them unless a permit therefor had previously been obtained. Qualified boiler surveyors supervised the construction and repair, and submitted copies of certificates describing the metal plate used. Considering the steep rise in the price of imported steel during those years, a result of higher world prices and the lower exchange value of the Chinese dollar, it is noteworthy that tested steel became universally used in pressure vessels manufactured in the Settlement.

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633 There remained much to be done before the goal of regular annual
466 inspection of all pressure vessels could be achieved.[10]
375 In July 1940 licence conditions under Byelaw 35 were instituted as a measure to control the use of celluloid and allied substances.[11] In 1939, twenty fires had occurred on premises associated with the
466 use of these substances, involving the loss of 28 lives (50 per cent of
633 all deaths in factory fires during that year), and an additional 35 persons were injured. In 1940 there were 15 fires with five deaths in factories using celluloid and cellulose spray paint. Many very small enterprises, operating on domestic premises and manufacturing such items as spectacle frames, combs and small toys, constituted a real danger. Cellulose spray painting operations were widespread. Use of a portable spray gun makes this type of work possible on all kinds of premises. The Division required installation of suitable exhaust ventilation in factories using cellulose spray paint and refused special "hazardous goods licences" for spraying operations in unsuitable premises. Progress was consequently made in removing this particular danger.

From July 1941, all enterprises handling hazardous liquids as alcohol, ether, amyl acetate, etc., also became subject to licence. When mixed with air in certain proportions, these liquids are explosive in addition to possessing inflammable properties. With the licence system, factories manufacturing alcohol, and others using gasoline as a solvent in the manufacture of rubber shoes, or amyl acetate as a solvent in the handling of celluloid, were brought under the control of the authorities. Failure to comply with requirements rendered a factory occupier liable to legal prosecution, but the comparatively small fine applicable was but a slight deterrent. Only after several court charges could Article 18[12] in

[10] By the end of 1940, 1,167 pressure vessels (including 969 boilers) were registered, and the Council's identification number had been stamped on 613 of these. In 1940, 440 inspection certificates were executed by Council-approved boiler surveyors. The 1941 figures showed a small improvement.

[11] Byelaw 35 reads: "No person shall keep, store, sell or manufacture any firearms other than those used solely for sporting, volunteer or police purposes, or any dangerous or inflammable materials, namely those which on account of fire or explosion may endanger life or property . . . or carry on any dangerous or hazardous trade . . . without a licence first obtained therefor from the Municipal Council, and in the case of a foreigner countersigned by his consular authority."

[12] The Article reads: "Prohibition of business may be ordered when the offender is found guilty of recidivism in respect of a similar offence."

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the Law Governing Penalties for Police Offences be applied, thus compelling the backslider to cease operations.

Following the outbreak of Pacific hostilities in December 1941, with consequent cutting off of sources of supply of imported commodities, many enterprises attempted the manufacture of chemical products otherwise unobtainable. About twenty small plants manufactured caffeine from tea dust. In this, chloroform is the usual solvent, and in its use there is little danger from fire. When stocks of chloroform became short, the use of alcohol as a solvent began, and the alcohol had to be at a high temperature for the process. Alcohol itself being under strict Japanese military control, Chinese rice wine was used, its alcohol content being stepped up by distillation. In July 1942, a faulty coil installed in a still caused its explosion and the death of eight persons and serious injury to seven others from alcohol burns. No case appeared to lie in the Court for negligence under the Criminal Code.[18] An action for operation without a licence resulted in a fine of $1,500, an amount quite insufficient in view of the serious loss of life.

The process of bringing any one group up to the desired standard proved a long one, especially when the requirements for even minimum safety standards are so extensive. Guarding of machinery, provision of adequate stairway and doorway exists, installation of mechanical exhaust in the case of harmful dusts and fumes, proper sanitary provisions—all these it takes time to obtain.

THE RANGE OF ENTERPRISES where progress was made in bettering conditions of work through removal of dust or fumes from the atmosphere is considerable. The list includes flannelette, cotton waste, toothbrush, feather-cleaning and seasoning-powder factories, cotton, paper and brass rolling mills, rubber plants, and plating and polishing shops. Not all enterprises among the types mentioned were brought under supervision, but conditions in at least some of each type have been bettered.

Conditions in plating and polishing shops were particularly bad. Chromium salts cause serious ulcers, and the fine mist which rises from the plating vats during the passing of electric current through the solution to plate metal articles can cause piercing of the nasal septum. The crowded working conditions in the small enterprises

[18] See Chapter I, page 8, note 5.

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633 where most of this work was done, and the absence of suitably
• 466 impervious flooring which would enable the chrome salts to be removed from floors, frequently caused workers able to afford only cloth shoes and without protective covering for the legs to develop bad ulceration of the limbs. Once a skin lesion occurs, the generally insanitary conditions contribute to its aggravation. By 1935, as a result of insistence by the Industrial Division, no known plating vat of the more than fifty shops engaged in this type of plating was without suitable exhaust to withdraw fumes, thus reducing the danger of pierced septa. Efforts were made also to insist that workers should wear rubber gloves and leg coverings.[14] The polishing of metal articles with carborundum powder on cloth wheels in the plating shops constituted a further health hazard, because of the workers' inhaling and swallowing metal dust. The installation of an adequate exhaust to remove the dust at the point of origin was both expensive and physically difficult in the crowded conditions of many under-sized premises.

751 There are specific health hazards in industry such as those which
466 have been mentioned—the use of chromium salts, the handling of
633 lead in charging storage batteries, in typefounding and in printing
744 shops, in the use of cellulose spray paint and so on. But the general insanitary conditions probably constituted a greater total health hazard for the whole body of workers, and the practice of giving food as a part of earnings was often responsible for widespread dietary deficiency diseases if the food lacked essential vitamins. The nutrition problem in factories is discussed in a later chapter. The Division accordingly felt the necessity of organising services to ensure that there was regular concern with the general sanitary conditions on the part of those employed by the industrial enterprises themselves. The occasional inspection visit of a factory inspector was quite insufficient to secure regular consistent supervision in such elementary matters as the provision and proper care of sanitary accommodation, the clearing away of accumulated rubbish, the daily cleaning of premises, or the washing of windows to permit the entrance of light to working places. Some factories, particularly the larger cotton mills, had for some time employed a doctor or a nurse or both. But these were seldom personnel of first class calibre, and they saw their task narrowly as being con-

[14] See also Chapter IV, pp. 66 and 67.

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cerned with sick employees only rather than concomitantly in insisting on healthful conditions of work. These doctors and nurses were gathered into conferences by the Division and under its influence their concepts of their tasks widened. Their authority in the plants grew, backed by the interest and authority of the medical officer in the Division.

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But there were many plants which could not afford the full-time services of a doctor and a nurse, and no measures of a health insurance nature made available a health service for the community. Facilities in outpatients' departments in hospitals were not sufficient in Shanghai to meet all the needs, and only in rare cases were they made use of for the dressing of wounds or for minor ills of industrial workers. Distances were too great; loss of wages in attending outpatients' clinics were deterrents to most workers. Yet many who continued to work were in need of help. Many women engaged in textile operations had large sores on the legs. Originally perhaps caused by the bite from an insect—bed bugs infest most houses—they had become infected, and the long standing at a spinning frame or at a loom aggravated the lesion and prevented healing. Where were women employed in the smaller textile plants to get attention? Where could the initial stages of beriberi be detected, and how could the management of a factory be warned to improve the diet of the workers?

The machinery which was evolved to give workers in smaller factories some clinical assistance, to arrange regular physical examination of workers and regular supervision of the sanitary conditions was the co-operative clinic. Three had been organised up to August 1942. Two were clinics with a fixed location, centrally placed in relation to some 25-30 factories employing 2500 to 3000 workers. There a doctor and nurses were in attendance and workers came for attention. The third was a mobile clinic; a nurse made the round every day of a group of related industries in a neighborhood. This clinic served six coal briquette factories, and so successfully that a seventh asked that the nurse's services be extended to that enterprise also.

The clinics were controlled and financed by the contributing member factories, with the Division's medical officer as adviser. The cost in August 1942 was CRB $1.50[15] per month per worker,

[15] See Chapter IV, note 2.

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751 with an entrance fee of CRB $3 per worker. The members of the committees which met regularly to consider matters in connection
●466 with the clinics became by this very process more and more
633 informed and interested in the health of their employees. Con-
744 tributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 To a western observer a discussion of industrial conditions
633 must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission.
464 There are fewer children at work now than there were then. They
633 are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

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The depression into which industry fell following the outbreak of Pacific hostilities rendered even more difficult the task of obtaining any improvements. The cost of raw materials rose steeply. It was beyond the financial power of factories which could continue operations to buy sheet metal at greatly enhanced prices for machine guards. Even timber reached a price where its purchase was almost impossible. The smallest alteration to a building to render it more suitable cost considerable sums, for, in addition to an increased cost of materials, labour costs greatly increased. Certain commodities were quite unobtainable. To install an exhaust fan cost a large amount. To raise the height of a chimney would in some cases eat the profits of a month's operations.

Obviously progress in the physical betterment of industrial conditions must be measured in decades, not in years. It is dependent on a restoration of the political sovereignty of China; for only with this can there be a sufficient improvement of the economic situation to secure among the industrialists at large a conscious aim of providing more suitable premises, more adequate safety measures, better hygiene, shorter working hours, and all the other factors which contribute to the provision of a better life for workers.

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511 to July 1942. On the basis of the standard of living in October-
565 December 1941, and with prices ruling in 1936, the general index figures were: 1936—100, October 1941—790.07, June 1942—2,879.10, with the purchasing power of the dollar at 5.17 cents in that month. These figures have reference to prices in Chinese National Currency. With prices in Central Reserve Bank Notes the figure for July 1942 was 1,625.87 with the purchasing power of the 1936 dollar at 6.15 cents. For the purpose of the index it had to be assumed that there existed a shadow of a CRB dollar in 1936. The two currencies existed at par side by side for several months until divergence began in March 1942. This assumption is, therefore, probably justified.

465 No analysis of the payrolls of commercial organizations or educational institutions has been made, as has been done for workers. Hence it is not possible to indicate the real wage position by an accurate figure. There is no doubt, however, that this group in the community, at the start often as inadequately remunerated as were manual workers, suffered greatly in the years of Sino-Japanese hostilities. It is probable that the real income index was even less favourable than that of workers.

466 PAYMENT BY EMPLOYERS of a sum of money to the relatives of workers killed in the performance of their duty has long been an established practice in Shanghai. The custom, in line with the principles underlying compensation laws in the western world, was crystallized into law in China by the promulgation of the Factory Act on December 30, 1929.[7] No case is known where a

[7] See Chapter IX, Articles 45-48 of the Factory Law. A translation of the more significant clauses follows:

The factory shall pay to the workers injured or killed in the performance of their duty allowance for medical treatment and compensation. The amount of allowance and compensation shall be based upon the following scale:

(1) For the worker temporarily incapacitated either through injury or sickness, the factory shall, besides bearing the medical expenses, pay him or her each day an allowance amounting to two thirds of his or her average wages for a period of six months; and upon the expiration of that period, if the worker has not yet recovered, an allowance amounting to one half of his or her average wages, but such payments shall only be made for a period of one year;

(2) For the worker permanently disabled either entirely or in part through injury or sickness, the factory shall pay a disability allowance in proportion to his or her loss of earning capacity. Such allowance shall, however, not exceed

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worker claimed his right through the Court; indeed, the fact that they had rights under the law was known to comparatively few. In consequence the families of many workers killed in industrial accidents accepted less than their legal due, and many temporarily or permanently incapacitated received none of the benefits which the law intended they should have. While in most countries claiming of compensation is left to the worker or his family, in others where the general educational level of workers is not high, it is part of the administrative function to see that compensation payments are made. It would appear that the Chinese Government, in outlining the duties of factory inspectors in the Factory Inspection Law promulgated February 10, 1931, excluded concern with compensation payments of the Factory Act from the duties of inspectors. A programme for the enforcement of factory inspection approved by the Ministry of Industries in April 1934 stated "the factory inspector shall limit himself to the investigation of the actual conditions in which a worker is injured, falls sick, or is killed in the performance of duty."

Commencing where the family loss is greatest, the Division for some years acquainted employers of workers killed in the line of duty with the standards of the Chinese Government Factory Act. Later cases involving workers seriously injured were also taken up. This law was not applicable to foreign employers who were citizens of countries with extra-territorial rights.[8] It was found that the

the average wages of three years, nor be less than the average wages of one year;

(3) For the worker killed in the course of his or her employment, the factory shall, besides giving fifty dollars for funeral expenses, pay to the legal heirs a compensation of three hundred dollars and two years' average wages.

The average wages mentioned above shall be calculated on the basis of the wages for the last three months of his or her employment in the factory.

Funeral expenses and compensation shall be paid all at once, while allowances for injury or sickness or disability may be paid by instalments.

[8] See pp. 8, 9 for cases involving United States companies and the viewpoint of the U.S. Court for China. In enunciating the principles underlying compensation the Court stated: "It has long been recognized that accidents to workmen in industries are bound to occur where no actionable negligence can be attributed to the employer under common law principles. The hardship and suffering entailed by inevitable accidents, the burden of litigation to poor workmen and their families, and the harassment of unfounded litigation to employers where there was no legal liability, are all factors which helped to bring about the compensation acts. However, the most compelling reason was the conviction that social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities regardless of who was or who was not negligent."

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466 633 471 law was an instrument in inducing payments somewhat more adequate, and standards improved year by year. Rising costs of living and falling dollar values made the actual dollar standards of the Act inapplicable. Employers showed a willingness to adjust to changing economic situations in amounts of compensation paid.

In 1940 amounts of compensation were known in 35 cases, 21 of which were Chinese-owned enterprises, nine Japanese, two each American and British, and one German. Amounts ranged from $500 to $2,000. One American enterprise regularly paid compensation based on the number of months of service together with cost of living percentage allowance in force at the time of death, and a sum of $15 per month payable till the eldest son was 14 years. Another, a Chinese enterprise, agreed to pay $30 per month during 12 years till the eldest son should earn.

In 1941 compensation for accidents resulting in deaths was known in 19 cases, and for serious injuries in 12 cases. Of the total of 31, 19 were in Chinese concerns, six in Japanese, three in British, two in American and one in a Swiss enterprise. Amounts ranged from $500 to $6,000 in cases where death occurred. Five months' wages were paid by a Chinese concern where a worker lost fingers; another Chinese plant paid a year's wages for loss of an arm. A silk weaving factory, Chinese owned, paid $500 to an apprentice who had lost an arm; a Swiss metal industry drew, from an insurance company, 1½ years' pay and allowances for a worker who had lost his leg.

466 633 A compensation arrangement such as probably never occurred elsewhere was made in the case involving the breaking of a leg of a young girl of eleven years of age. She had been employed as a substitute by a somewhat older girl to work in a stocking factory and had fallen over a horizontal shaft, causing the injury mentioned. The management claimed it had no responsibility for her presence in the factory—a view which it was not allowed to maintain. The Division finally induced the management to pay hospital expenses and to provide compensation in the form of one pound of soya bean milk per day delivered to her home for a period of six months. The Division saw the receipt for the account for the milk, which was paid in advance.

466 Looked at in the light of the relation between compensation payments in the case of death of a worker and the needs of a family

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deprived of its means of livelihood through the loss of its bread-winner, and taking into account the cost of living, it cannot be said that even the most generous payments were satisfactory. The majority of laws in western countries provide for a lump sum payment, though there are instances of compensation in annual payments, assuming thus that a family has continuing needs. When the minimum subsistence cost for a family in Shanghai was CRB $126 in July 1942, even the highest payment of 1941, $6,000, would last only about a year if the capital were to be lived on. It would be insufficient to produce an income even if the knowledge were possessed as to how to invest it. 466

Nevertheless there was developing a more modern viewpoint concerning payments arising out of death or serious injury of an employee. There was less talk of a "compassionate grant," and more recognition of the principle enunciated in a footnote earlier in this chapter, the view of the judge of the United States Court for China, that "social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities."

Low wages precluded the possibility of savings on which Chinese workers in Shanghai could draw in the event of a period of unemployment. In many western countries unemployment insurance is designed to prevent the level of life of those unable to find work from descending to a point which is against the interests of the worker, his family and the state. In Shanghai there is chronic unemployment, but unemployment insurance, a function of an advanced industrialised state, did not exist. Industry itself attempted to temper the incidence of loss of employment with the payment of an allowance on termination of work. 456 466

Amounts paid differed greatly and depended as a rule on the length of the discharged worker's employment. The Factory Act embodies the principle of payment on discharge, but the amounts specified are small.[9] In practice, allowances exceeded those of the 466

[9] *Article 27*: Unless a longer period of notice is provided for in the contract, the period of notice shall be as follows:—

(1) A worker who has worked in the factory consecutively for more than three months but less than one year shall be notified ten days in advance;

(2) A worker who has worked in the factory consecutively for more than one year but less than three years shall be notified twenty days in advance;

(3) A worker who has worked in the factory consecutively for more than three years shall be notified thirty days in advance.

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466 standard of the law. In 1941 one enterprise paid the equivalent of nine months' wages. In 1934 a case reached the Court which awarded only the dismissal allowance as provided by the law, but ordered payment of ten months' wages during strike—as the period during which workers refused to accept the conditions of discharge was called. The amount paid usually did not exceed two or three months' earnings. When this was exhausted there was no further fund on which to draw.

464 466 While in some cases workers clung to the opportunity to work by all possible means, refusing to accept discharge, in other cases there was an indifference to loss of employment which can only be explained by the fact that its conditions were such that its loss was not regretted. Many enterprises complained of a great labour turnover. This was particularly true in cotton textile mills where, though no accurate figures are available, the movement in and out constituted in some cases a traffic. A twelve hour day or night might well engender a feeling that loss of the opportunity to work so long was indeed little deprivation. Earnings, too, in many cases were not sufficient to be the cause of struggling to keep an employment which did not reward more completely. There was need of realization by employers that some of their troubles of labour turnover would have disappeared with more favourable, not to say more reasonable, conditions of work and rewards.

633 466 722 Following the outbreak of Pacific hostilities, many enterprises had to close. The question of discharge allowances was then one which affected simultaneously many workers and many factories. The Division exerted every effort to have a uniform and adequate basis of discharge allowance announced, and in a memorandum to the Japanese authorities pointed out the cost of living and the social significance of giving as generous a sum as possible in the absence of any unemployment insurance. Japanese financial authorities, however, refused to permit the announcement as a principle of more than one month's pay as discharge allowance, with a second month's if the worker left Shanghai, the amount to be payable at destination. Even this meagre amount the Japanese supervisors of some former foreign-owned plants would not permit: in some

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Article 29: Factories which terminate a contract in accordance with the provisions of Article 27 shall pay the workers, in addition to their regular wages, half of the wages due for the period of notification as stipulated in the said Article.

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cases a mere $50 was forced on workers and their protests were given no attention. Former foreign owners whose funds were frozen in banks were powerless to help, though in many cases anxious to do so. Many Chinese owners, on the other hand, having access to their funds, made pay-off allowances considerably in excess of the standard which the Japanese permitted to be announced. Some paid six months' earnings. Most of the disputes which the Division mediated in the first half of 1942 were associated with discharge allowances.

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THE COMPLETE COLLAPSE of all former earnings standards which resulted from the Pacific war has brought untold suffering. At the time when currency stabilisation will again be effected after Japan has been defeated, it will be well to give some consideration to the relation between earnings and cost of living. New standards of industrial earnings could be set in the reorganised currency, earnings based on careful studies of what it costs to maintain a family on a nutritionally adequate diet. This is not impossible, as subsequent chapters dealing with food and nutrition will attempt to show. Without greatly increasing the cost to the people, and without basically changing the Chinese diet, it should be possible through administrative action to eliminate frank deficiency diseases and to secure freedom from less obvious but real malnutrition. If there is some additional cost, earnings should be adjusted to meet it. Earnings in Shanghai's industry should no longer be determined solely by the fact that earnings on the land nearby are low: indeed, it is hoped that farm earnings also will rise. The excellently equipped cotton mills in Shanghai which will be restored even if they are in part destroyed upon Japanese withdrawal should not be operated in world competition with workers paid less than a subsistence wage. The concept formerly held that wages of principal wage earners could remain low since a second member of a family worked as a rule should find no place as a basis for setting standards of earnings. If no other good can come from the great suffering of the Chinese people in their many years of war it is to be hoped that the shaking to the foundations of old and inadequate standards may, when stabilisation comes, bring with it some new attitudes to what is due to workers. In the industry and quality of her people China has inestimable

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CHAPTER V

EMPLOYMENT RELATIONS

In the 1935 census the Shanghai Municipal Council made its first attempt to analyse the occupations of the Chinese population of the Settlement. Of a total Chinese population of 1,120,860, some 204,849 were stated to be employed in industrial occupations, while 207,455 were listed as occupied in trade, finance and transport. It was clear that Shanghai was not only an important commercial city, the entrepôt of the Yangtse Valley, but that its industry was of equal importance with other occupations in providing employment for and ensuring the livelihood of the Chinese population. 463

Surveying the industrial scene in 1934-35, the Industrial Division listed 3,421 factories and workshops employing 170,704 persons. This survey was a door-to-door study extending over sixteen months. The greatest number of workers—more than 75,000—was found employed in textile trades, including cotton spinning, weaving and dyeing, silk reeling and spinning, and wool and jute mills. Figures for 1936 are not available. The effects of the 1937 hostilities upon employment were serious, for at the end of 1937 only 21,500 were employed in industrial enterprises. By the end of 1938 it was estimated that 178,000 were back at work in Settlement and western extra-Settlement areas. In the early part of 1941 figures of employment reached 257,900, of whom 138,000 were employed in textile operations. Women workers predominated in the textile trades and, accordingly, represented a large proportion of the industrial workers in the Settlement. Textile industry was "light industry"; with the exception of a few plants, Shanghai had little "heavy industry."

In many western countries it is generally accepted that the relation between worker and employer should preserve the independence of the worker as much as possible. His earnings should be sufficient to permit him to live the life of a member of the 466

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466 community, using his leisure as he sees fit. His employer should have no control over him outside his working hours. His relations with his employer should be direct, and he should have no occasion to pay anyone for the favour of employment.

In the majority of cases employment relations in Shanghai followed this desirable pattern of direct employment with an independent life for workers outside working hours. But frequently they did not. Sometimes an intermediary between worker and employer was entitled to part of the worker's earnings. In some cases, in fact, intermediaries were entitled to all wages during a contract period. In some plants workers received part payment in food and lodging instead of handling the cash equivalent of their earnings. In short, many employment relations existed which were by western standards undesirable, and which should alter before industry in Shanghai can function on a modern basis.

Workers frequently paid sums to a middleman, usually a foreman or forewoman responsible for hiring or discharging labour. A part of the first month's wages may traditionally have been given as a "gift," and a percentage of the monthly earnings thereafter might find its way into the foreman's pocket. Although in modern plants the responsibility for labour recruiting was assigned to staff managers directly in the employ of the enterprises, there was no final guarantee that such a labour manager or those under him might not in turn be the recipients of gifts, and nothing but the watchfulness of employers had prevented abuse of an office. If the number of persons authorised to give employment was reduced, the possibility of control increased.

Even where it appeared that a more modern arrangement existed, where there was a personnel department with an employment manager directly in the employ of the company, the management was not always a completely free agent in the handling of its affairs. A "gang" might have influenced the relations between the employer and his workers. There was often in the district a gang leader, a *lao t'ou tse*, (literally "old head") with considerable authority. If there were a difference between the management and the workers, the management had often to accept the mediation of the *lao t'ou tse*, who might even be responsible for having fostered the dispute. Moreover the management might have to employ workers whom the *lao t'ou tse* saw fit to recommend. The *lao t'ou*

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tse might be powerful within a trade instead of a district. The real employment manager of several large textile mills in the Settlement was prior to December 1941 one *lao t'ou tse*; the personnel managers and even the management of these enterprises appeared to bow to the influence of this powerful "boss." 466

INDIRECT EMPLOYMENT through contractors was an unsatisfactory state of affairs. In a few instances the efforts of the Industrial and Social Division were successful in inspiring or assisting its elimination. In some textile mills contractors were formerly paid on the basis of the amounts of yarn produced. The system dated from earlier years. The contractors employed the workers and distributed their earnings to them. The management had no means of knowing whether the total earnings due the workers actually reached them or whether, as was probably the case, a considerable percentage was retained by the contractors. The closing down of these mills at the outbreak of hostilities in 1937 gave an opportunity to a management which had long desired to do so to rid itself of this incubus. 466 633 465

During an industrial dispute in an oil mill in which the services of the Division were sought, it was found that workers were both employed and paid by contractors. Base monthly wages paid by the management to the contractors were at a certain rate, but the amounts actually reaching the employees were less, part being retained by the contractor. The settlement of the dispute provided an opportunity to persuade all parties to abandon the contract method of operation, the contractors becoming actual employees at a remuneration sufficient to indemnify them. The new plan was outlined in a collective agreement to which a Division Mediation Officer was a party, and the several hundred workers, in a mass meeting, were informed by the Officer that in the future they would be entitled to the whole of their earnings.

But the old system remained in many spheres of industry. Transportation workers, workers in flour mills, in some textile mills and other undertakings were employees, not of the enterprises themselves, but of contractors engaged by the management. One industrial dispute showed that the *kung t'ou*, or work head, was paying the workers on a unit basis less than he reported to the management, and that the management meanwhile was under 466 465

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465 the impression that the men's monthly earnings were greater than those they actually received.

466 In addition to the practice whereby contractors employed labour and carried out work on behalf of the owners of industrial enterprises, there was one in which intermediaries only supplied labour. Contractors entered into agreements with the parents or guardians of adolescent girls, usually of country origin, by which, in return for a cash payment and an undertaking to provide food and lodging during a contract period, usually three years, they became entitled to the total earnings of the girls until the expiration of the contract. The system bordered on one of slavery. Girl workers, completely in the control of hard taskmasters, were forced to work the long 11-12 hour day or night shift which was the rule in cotton textile operations, and in return were miserably housed and fed. For the term of the contract their earnings passed out of their hands. Only when the contract was worked out to its limit, when all days lost through sickness and unemployment had been made up, were workers free to enjoy their own earnings. In the eyes of some employers who suffered from a rapid labour turnover, this disciplined supply of labour was advantageous. In recent years, however, several Chinese cotton textile mills abandoned this method of labour recruiting, and though it still persisted in a few Chinese companies the trend was toward direct employment of labour. It did not exist in some foreign mills, but many employees of Japanese mills were under contract. It was not in point of fact always possible for employers to tell whether their workers were free or under contract. Some employers declared that they paid wages directly to those who earned them, and that their responsibility ended there. But in some cases they were aware that girls were under contract and condoned the fact. They knew that though their wages were paid directly, the workers had to surrender them to their masters or mistresses.

466 In some textile mills where the use of workers supplied through contractors was passing, there arose a system of housing workers in dormitories supplied by the factories. In this case the workers were frequently recruited from the country directly by the mill, whose representative brought them to the city. From the point of view of the management, this measure ensured a more

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stable working force. Absenteeism was lessened by having workers in a dormitory on the factory compound under supervision, where the familiar excuse of illness might be checked. The managements did not act on the idea, if indeed it occurred to them, that a fundamental cause of absenteeism of those free to stay away and of rapid labour turnover might be the excessively long hours of work in vogue in the cotton mills. When business conditions warranted it, mills operated 24 hours daily and workers worked an 11-12 hour day and, alternatively by weekly changes, an 11-12 hour night shift. Sheer fatigue and weariness might well be the cause of staying away from work, or resigning from employment, if a stage were reached when the human body refused to face the next interminable shift.

In 1933 one large Chinese cotton mill built an extensive new compound and included within it a dormitory for women workers, despite the pleas of the Industrial Division that this system, well known in Japan, should not be introduced to Shanghai. Since then the number of dormitories has steadily increased. Twenty-two large dormitories for women and seven for men were known, and many more plants provided housing accommodations for lesser numbers. The Division believed that less good housing outside factory precincts was preferable, since it held that the control of industrial management over the leisure as well as the working time of employees was not to be encouraged.[1]

The living of workers at their places of employment existed in China long before the coming of modern industry. Still today in many small workshops employees sleep on the premises—usually in the very room where they have worked during the day. They merely unroll their bedding on the floor or on some other flat surface. They also eat food supplied by the management. This acceptance of food and lodging as part payment of earnings resembles the system regarded as an evil in the western world where it is known as "truck." Until workers receive wages sufficient to provide for their own food and the needs of their families, they cannot be considered independent. There must be a new concept of what is due to workers in return for their labour before such practices as payment of wages in kind rather than in money will disappear.

[1] See the discussion on Industrial Housing, Chapter VII.

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IN THE CASE OF APPRENTICES, food and lodging were virtually their entire remuneration. Many enterprises operated almost wholly upon so-called apprentice labour. Since in many instances little skill was learned, but repetitive machine processes alone were involved, a young worker learned all there was to learn within a few weeks of entering an enterprise. Yet, for two or three years, he had no earnings other than his food and a place to sleep, and a very small sum for such needs as a monthly haircut. Much of the small-scale industry of the Settlement was built on the work of overworked and unpaid young people.

A study of the health of workers in the chromium plating and polishing trades made in 1936[3] showed something of the situation obtaining among young workers. The report stated:

> The use of young boys in workshops in Shanghai is a common feature. Gear's study of printing works found 63 per cent below 20 years of age: in the plating and polishing trade the percentage was 70. Workers came from no fewer than 28 places in neighbouring provinces; only six belonged originally to Shanghai. Fifty-five per cent have been less than four years in Shanghai: 62.5 per cent have been less than four years in the trade . . . The mode of working hours of the 200 workers examined is 11: that is to say, the greatest number of workers work 11 hours per day . . . the mode of rest days is two per month, but 35 per cent have less than this number.
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> The apprenticeship system in China, of which this is an example, has often been described, but perhaps nowhere do its evils demonstrate themselves more clearly than in the trade now studied. There is a generally accepted view that the owner of a factory or workshop frequently takes into his service young lads who come from his own town of origin and are known to him, and that on this account he exercises a paternal interest in their whole well-being, even if they have to work very hard. The present study has revealed that while this may be true to some extent, a situation far otherwise exists concurrently. An entrepreneur, who may have paid a visit to the country, may bring back a small boy promising his parents that he will have him taught a trade. He goes from workshop to workshop till he finds a master who is in need of another unpaid assistant. He hands the boy over. The new master may not know his name or any facts concerning him. . . .
>
> An enquiry was made as to whether, in the workshops studied, there had been any formality in the drawing up of an apprenticeship contract. Nothing of the kind was found, however. While in older crafts

[3] Under the direction of Drs. Bernard Read and Lee Wei Yung of the Henry Lester Institute of Medical Research, and others, and published in the Special Report Series of the Chinese Medical Association.

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this practice may be more general, it is certain that in the newer occupation here represented this safeguard is absent. The Chinese Government Factory Act, apparently recognizing that in the apprenticeship system the exploitation here described is widespread, requires that all apprentices shall have a contract which shall lay down the terms of employment. Masters are required by the law to provide teaching in the trade, and to provide board, lodging and an allowance. The law places the lower limit on the age of commencement of the apprenticeship at 13 years, and restricts the processes in which they may be employed, eliminating those dangerous to health or likely to subject the young workers to undue hazards. Specifically they must not be employed in places where they are exposed to dust or poisonous gases. Finally the number of apprentices who may be taken may be limited by the authorities. It is obvious that these protective measures should be enforced at as early a date as possible. . . .[3]

This description of the exploitation of young workers under the so-called apprenticeship system needs no comment. From the point of view of the authorities, attainment of the legal standards could make little progress during years of war and economic stress. But the need for improvement remains.

Considering all the controls enumerated above, workers would seem to have enjoyed little freedom either in obtaining employment or afterward. Yet there was self-respect among Chinese workers. Many lived freely outside the precincts of their places of employment, were fathers of families and living with them, happy in their relations with their fellow-men despite earnings which were for the most part insufficient for the full needs of their families. This individual character of workers, which no amount of dependence on others removes, augurs well for the final emergence of a more independent labour force in China.

How can the authorities aid in future in removing some of the evils in employment relations?

As yet, except for the influence which has been exerted in a few instances toward the elimination of employment through contractors, little has been done directly. One administrative instrument which would help to remove some of the more blatant evils,

[3] In Chapter IX, dealing with the education of young workers, will be found reference to efforts to raise standards of employment and training for trade apprentices who are apprentices in the western sense. Chinese apprentices are called *t'u ti*, "young learners"; those learning a skilled trade are *i t'u*, "skilled learners."

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464 633 vent the recruitment, but the Division exerted its influence to see that as far as possible workers who accepted service would do so willingly, that they knew to what they were going. Efforts were made with recruiters to have them given contracts in which was written a fixed period of service. Workers were to be told by the Division that if they lost contact with their families they could inform the Division. The object was to prevent employment at a distance from becoming a cause of broken families. As events turned out, recruiters met with little success. The Division refused to become a promoting agency, taking the stand that its function was to safeguard the interests of recruited workers. Chinese skilled workers refused to enlist. Some attempts later by Japanese military to requisition Chinese residents of the Settlement for forced labour with Japanese forces were checked upon representation of the Division and the active cooperation of the Japanese Chairman of the Council.

466 A DIFFICULTY IN obtaining employment which applies to both adult and young workers is the requirement by most industrial enterprises of a guarantee prior to employment. The would-be worker must find some one who is willing to guarantee that in the event of his proving unsatisfactory in employment the employer will be in some measure indemnified by a cash payment. In China there exists a "shop guarantee," where, in return for a fee, a business enterprise guarantees the good behavior of a worker. A guarantee is, of course, known in western employment relations, but for the most part it is required only of those in positions of high trust where the handling of funds is involved, when such employees are bonded by regular insurance companies in return for a payment.

The widespread use of the guarantee may form a difficulty in the path of a public employment service, but not necessarily an insuperable one. The existence of nepotism is more likely to prove an obstruction in getting the services of an employment office accepted. The desire of someone already employed to obtain work for a relative or neighbor has led to some occupations becoming the preserves of certain groups. Employers, too, feeling hesitant about employing those entirely unknown to them, like to take as new employees those recommended by their own work-

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ers. Since public employment facilities, if they existed, and older methods of employment must function side by side, and since for a time at least these facilities would confine their attention to the placement of skilled workers, no conflict incapable of being resolved should emerge. As time goes on, the possession of a skill which the worker has to sell and which the employer needs to buy should become the basis of new employment relations.

It will be skill which will contribute to freer employment relations where personal favour or the possession of a guarantee will be less important. The Division, in its experimental beginnings in technical training, had this fact in mind.[4]

[4] See Chapter IX.

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disposed of by the benevolent society or a public agency. The issue is at base that laboured sufficiently in preceding pages—low earnings of employed workers. 766

THERE IS A GROUP OF workers in Shanghai whose conditions of employment were such that the public called for special investigation of them. These are the pullers of public rickshas, one of the many groups of workers engaged in transportation—an industry which in China even prior to December 1941[8] depended more on human labour than on mechanized vehicles. The pullers of hand-carts, and those who use a pole on their shoulders for carrying loads, are also transportation workers, but there was little public interest in the latter groups, even though their work is in some respects as arduous as that of the ricksha pullers. 494 466 471

In 1933, at the suggestion of the Rotary Club, the Council undertook an enquiry into the working conditions of public ricksha pullers. This group of pullers does not own rickshas but hires them on a twelve-hour shift. The conviction of the community was that the pullers were being exploited by the owners of the rickshas or by their agents, sub-contractors through whom the rickshas were leased. The committee of enquiry examined the advisability of centralising the public ricksha industry in a utility company, and did in fact finally recommend that a beginning be made by the organisation of one company to operate a fleet of two thousand vehicles. The committee felt that little could be hoped for in the way of better care of vehicles and better conditions of operation for the pullers as long as the rickshas were owned by more than a thousand individuals.

It transpired that since the number of public rickshas was limited to about ten thousand, the Council's ricksha licence to operate a ricksha had acquired a fictitious value of several hundred dollars. Owners sought to recover as rent an investment return, not on the price of the ricksha and the cost of a licence, but rather on the money paid by them to the holder of a licence based on the enhanced value of the licence itself. Hence pullers were paying a rental out of all proportion to their earning capacity.

[8] After this date no further importations of gasoline took place and motor traffic disappeared largely from the streets except for vehicles on public service. Some were converted to be used with substitute fuels.

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466 494 427 A study of the livelihood of the pullers made by the Industrial Division showed that the puller had each day to pay forty-seven per cent of his earnings for the rent of his vehicle. The large number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 745 The Council adopted the Committee's recommendations that the rental should be fixed by the Council, and that, in order to form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 464 Pullers had to register with the police. The turnover in pullers was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 427 434 511 With rising living costs in the years after 1937, owners of public rickshas petitioned regularly for permission to increase ricksha rents. To enable them to pay higher rental charges, ricksha pullers had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.

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CHAPTER XII

THE PAST DECADE AND THE SOCIAL FUTURE

466 THIS STUDY HAS sketched briefly the history of efforts to lay the foundation of better conditions of employment and livelihood for workers, particularly industrial workers, in the International Settlement in Shanghai. The problem has been partly political, partly administrative, and largely economic. The survey covers in time nine and a half years of endeavor. At the middle point of this period, Sino-Japanese hostilities broke out, disrupting industrial and economic life and sweeping away some signs of achievement. There followed years, first of reconstruction and recovery, and later of recession into which world-wide forces have largely entered. Then after nine years came Pacific hostilities, confronting the city with extensive unemployment, many problems of food supply and control, and of price control.

What was accomplished in almost a decade of effort? The informed observer who assessed the general physical conditions of work in the International Settlement in 1941 would have found many modern plants where he would regard physical conditions as satisfactory. They were spacious, well lighted, airy. Machinery was guarded, boilers were regularly inspected, welfare features such as factory clinics and factory dining rooms were in evidence. He would have been less satisfied with a working day far too long. Against these more modern plants he would have to set the hundreds, the thousands of enterprises on premises not originally intended for industrial use where conditions of employment were appalling. In what ways, the observer would ask, has the influence of the administration exerted itself in these? The answer would be that the task of achieving better standards is one of large dimensions for which time and a large staff are essential. For these enterprises the measuring rod is not whether three decades of uncontrolled industrialisation can be reformed in a fourth decade, but whether fundamental attitudes toward life finding expression in conditions of workers' employment, and attitudes with ancient

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roots social and economic conditions, can easily be changed. 466 ●
China has had a long civilisation. The leisure to enjoy it, and its expression in manners, literature and the arts have been bought for the more fortunate in China, as elsewhere, by the work of others. Low economic standards of the masses have compelled them to serve others, often in return for a meagre reward. Hence it is not surprising that, with the coming of urban industry, the leisured owner of capital has had few compunctions about working employees indefinitely long hours with very few holidays, for a remuneration often inadequate to meet their families' needs, and under completely unsatisfactory physical conditions. Non-Chinese manufacturers, introducing into this country the factory system and machine industry, did not always bring with them the best standards of the west, and it is not surprising therefore that Chinese industrialists who followed them proceeded on unsatisfactory lines. Japanese industrialists also erected modern plants and installed the most modern machinery, but Chinese workers were to them a means of profit. Under these basic circumstances it is not strange that progress was slow.

Yet the picture was not entirely black. Far from being conservative and without adventure, more and more modern Chinese industrialists welcomed new social ideas as well as mechanical concepts. They often desired, once their interest was aroused, to be in the forefront in accepting new principles and in putting them into operation. Possessing the excellent qualities of their race, heirs of the philosophical content of their country's history, they were essentially governed by reason, and in particular frequently showed sympathetic understanding of the modern concepts of employment conditions and relations.

As had been laboured sufficiently in the foregoing chapters, 466
however, the fact was that the normal functions of an administration interested in improving working conditions were beyond 633
reach. Clearly expressed laws and regulations, to which all enterprises must adhere or else be haled into court, are the usual instruments of administration. Until political conditions give the authorities power to exercise control in this way, the most that could be done was to lay foundations for the future, meanwhile achieving whatever improvement might be. The prerequisite for the efficient execution of any administrative programme is a trained staff. This

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was built up. Competent officers were in charge of Sections. A foreign engineer in the Industrial Section, with foreign and Chinese inspection staff, added daily to their knowledge of industrial processes and did what could be done to improve working conditions. Chinese mediation officers in the Industrial Relations Section built up a technique and relationships with both workers and employers. A Chinese statistician, with a staff of assistants, calculated the cost of living indices month by month, and forged instruments to gauge the relative economic position of workers from time to time. And a Chinese woman welfare officer developed, with trained Chinese social workers, programmes in industrial and social welfare including child protection.

Many fundamental issues were not faced by the authorities. Largely this was perhaps because the Council was unduly obsessed by a sense of its lack of constitutional powers. But in imagination it lagged behind the Division—its administrative arm—in making resort to procedures of education and persuasion where force was lacking. Perhaps it was thought politic to leave to the pragmatism of departmental practice—by trial and error—what seemed precluded from enunciation in terms of policy. There was never a Council decision, for example, as to what should be the length of the working day, or how many rest days workers should have each month. No Council committee debated what minimum standards should be recommended to industrial enterprises. Latterly, because of the great rise in living costs, the Council paid close attention to the basis of the people's livelihood; but it did not consider whether any other influence than the publication of facts about the cost of living should be exerted to obtain more adequate wages for workers.

If low standards of employment were in part the result of insufficient capital, this fact should have been recognised. It was not beyond the capacity of Shanghai to supply capital for co-operative enterprise with better conditions of work. A procedure for mediating in disputes existed but its functions were not discussed by the authorities. The attitude of the Council toward labour organisation was not defined, although labour's group activity and power were extensive, even if inchoate. Much more remained to be done in Shanghai.

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At the time of writing almost complete silence rules as to the situation in Shanghai as in other parts of Japanese-occupied China

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575 In rural areas, organizations such as the Red Spear Society (Hung-ch'iang Hui) and the Mutual Protection Society (Lien-ya Hui) existed for the protection of its members against roving bandits. These voluntary associations arose in areas where the government failed to maintain order and peace, and their organization cut across class and occupational lines. When landlords were forced to move into towns during periods of disorder, organized peasants and tenants at times became so powerful that they defied the landlords' demand for exorbitant rents.

467 Among the artisans and workers in China there were for generations both craft guilds (hangs) and regional guilds (pangs). As in Europe, these guilds were not intended to serve the interests of workers as a class but to promote the crafts and guard their monopoly and trade secrets. Both employers and employees were members, but the employers usually dominated the guilds' activities.[7]

484 Another kind of association existed to serve travellers, who were usually merchants, in cities outside their home county or province.

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7. Nym Wales, The Chinese Labor Movement, New York, The John Day Company, 1945, p. 7.

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A. Trade Unions

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467 Trade unions are regarded as the link between the Party and the workers. Since trade unions form the backbone of industrial development, and since East China is one of the most industrialized regions of China, the control of trade unions by the Party is one of the foremost tasks of the Party organizations in East China.

In the East China Region, an East China Trade Union Working Committee was established as the representative body of the All-China Federation of Trade Unions.[39] The chairman of this committee was also in charge of the Shanghai Federation of Municipal Trade Unions, which is no doubt the largest organization in this region. Under the regional committee, local trade union councils reach from the provinces to the towns, an administrative unit equivalent to hsiang; namely, "urban centers" in rural communities.

To destroy the existing labor organizations, the Party associated their elimination with the suppression of counterrevolutionaries and the Democratic Reform Movement. Ever since the Communists seized power in this region,

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39. Text of the Constitution of the All-China Federation of Trade Unions, ibid., May 14, 1953, p. 2; English text will be found in Current Background, No. 248, June 22, 1953.

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they have taken drastic measures to suppress counterrevolutionaries. In larger factories, former labor leaders were singled out for liquidation. They were either accused of being spies in the past or leaders of secret societies. The Democratic Reform Movement directly aimed at the liquidation of old union leadership, was launched at a later date in East China than in other regions. Not as vigorous as in other region it concentrated upon the consolidation of gains after the destruction of the old leadership. The Democratic Reform Movement against privately-owned enterprises in Shanghai did not begin until December 1952.[40]

A trade union organization similar to that of the Party branch is organized by the trade union members working in the same enterprise. As a general rule, a committee is formed whenever the membership reaches twenty-five. The trade union committee sets up a workshop (department) committee to direct the work of its departments. Workshop committees are sometimes divided into trade union teams according to production units and work units. The reason for the closely patterned organization and structure of the trade union is to enhance Party control and, in turn, to convert trade unions into effective and militant organizations.

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40. Report of the Municipal Council of Trade Unions, Liberation Daily, October 1, 1952, p. 1, ibid., December 11, 1952, p. 2.

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467 The methods employed by the Party for political control over other organizations are applicable here, of course. The subjection of trade union affairs to the direction of the Party Commission on trade unions and the placing of Party personnel in key positions in the trade unions are customary practices at all levels.

However, the most effective method of control is the Party directive that Party orders are to be carried out within but not outside of the trade unions.[41] Control involves three steps. First, the Party branch is the starting point for the formulation of directives, working plans, and cadre policies. Secondly, the Party branch suggests to the presidium of the Trade Union Council those policies in need of discussion. Party members elected to the presidium must direct the trade unions meeting and successfully pilot the Party proposal through the presidium. Thirdly, after the resolution is adopted, Party and NDYC corps members must accept it unconditionally and serve as activists to make sure that the resolution is carried out.

C. Federation of Democratic Women (FDW)

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The most active federation in the East

41. People's Daily, May 7, 1953, p. 2.

687 influence of secret societies must have been.
575 These societies will not be easily eliminated even in areas where the Communists have ruled the longest.

While the Land Reform Movement was used to destroy the secret societies in the rural districts, various measures to achieve similar objectives were taken in the cities. The case of Wang Sung-t'ao[35] was publicized as an example of an individual charged with being both the leader of a secret society and a spy. Many such leaders were either arrested or evacuated to the rural areas as "despots and gangsters."

687 Still another suppressive measure taken
575 by the Communists was directed at certain
467 labor organizations where the influence of secret societies was the strongest. Secret societies controlled labor organizations such as Ch'ing Pang, Hung Pang, I Kuan Tao, Huang Niu Tang, Ti Hsieh T'uan, and Lao Kun Tzu. In Shanghai alone 73 of these organizations were known to exist.[36] To eliminate their influence, the Communists placed these labor organizations under state-owned companies established in this region.[37] Wheelbarrow and

35. Ibid., April 12, 1951, p. 2.
36. Ibid., Sept. 19, 1951, p. 2.
37. Directive on the East China Military and Political Committee, ibid., Aug. 30, 1951, p. 1.

687 rickshaw pullers, stevedores, longshoremen,
575 and garbage carriers were organized into
467 unions under strict Communist control. The organization of these service-men was a business transaction between the private owner and the state, similar to that of the "democratic reform movement" in all labor organizations. Three distinct steps were taken: working teams were organized and mass sentiment was aroused for the destruction of "feudal" systems and reactionary elements; preparations were made for the organization of moving companies; and finally the organization and consolidation of all moving companies was completed. During the first stage, the old trade union leaders and the "feudal" bosses were tried, and the activists were encouraged. The qualifications of the workers were checked; "undesirables" were either forced to change their occupations or were evacuated to the rural areas. And finally, qualified workers were organized under new leadership into companies and battalions similar to that of the army.

687 Despite the various measures taken by
575 the Communists, secret societies continued to flourish. Recent reports indicate that their activities are spreading to other parts of China. In the county of Ho-tse, Shantung Province, seven self-styled "emperors" of secret societies were reported active during 1954. Although secret societies base their philosophy on superstition and have often incorporated into their rituals many harmful practices,

Annex "A," Subparagraph 3g,
Economic Background

LABOR

I. LABOR UNION ORGANIZATION AND ACTIVITIES

467 Until recently East China was considered to be the most industrialized region in China. Industry centered around Shanghai, with Hangchow, Soochow, Wu-hsi, Nan-t'ung and Nanking only slightly less important as industrial centers. According to Communist statistics, this area in 1954 accounted for 67 per cent of the spindles of China's cotton textile industry and 33 per cent of China's flour industry. Moreover, one-third of the equipment for China's machine-manufacturing industries was located in Shanghai.[1] There were some 3,600,000 industrial workers in East China in 1951 -- about 28 per cent of the 12,850,000 workers in the country as a whole.[2]

Workers played an important part in the Communists' seizure of East China's industrial cities in 1949. When the Communist army prepared to cross the Yangtze River in April 1949, the workers in Shanghai were organized by the Communist underground, and a People's Peace Preservation Corps of over 60,000 men was formed by Shanghai residents. About 60 per cent of the corps were industrial workers. The corps prevented the retreating Nationalists from removing or destroying the factories in Shanghai.[3] The workers of the

1. Ching-chi Tao-pao [Economic Bulletin] Hong Kong, March 29, 1954, p. 12. (over)

467 Shanghai Power Company remained on duty under fire, and the supply of electricity was not interrupted during the seige of Shanghai.

After the seizure of Shanghai and other industrial cities in the East China Region, the Communists urged the workers to return to their jobs. Many factories were said to have resumed operation while the fighting continued.

According to Communist statistics, among the more than 5,000,000 population in Shanghai there were 1,100,000 workers in early 1950; about 85 per cent of these were unionized. There were 24 industrial trade unions in the city as a whole, and 412 trade unions were organized in factories and other enterprises.[4] The first Shanghai Trade Union Congress was held in February 1950 and was attended by 1,563 delegates representing 953,000 organized workers. The Congress passed four resolutions concerning (1) implementation of democratic management in publicly-owned

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2. The figures are in a report from Formosa; see Kung-fei Min-chung Yün-tung The Mass Movement in Communist China, Taiwan, 1952, p. 28.

3. Chieh-fang Hou Shang-hai Kung-yün Tzu-liao [Materials Concerning the Labor Movement in Shanghai after "Liberation"] Shanghai, 1950, pp. 17-23.

4. Workers' Daily, Peking, June 29, 1950, p. 10.

467 enterprises, (2) labor-capital relations, (3) labor education, and (4) labor safety and sanitation. At the same time, the Shanghai Federation of Trade Unions was formally established.[5]

The second Shanghai Trade Union Congress was held from January 10 to 17, 1955, and was attended by 1,460 delegates. It was reported in a meeting that the trade union membership of Shanghai had grown by over half a million in the past five years since 1950, reaching 1,329,000 at the end of 1954. The meeting passed a report on the "basic conditions of the work of the Shanghai Federation of Trade Unions during the past five years and its future task," boasting that much had been achieved through the efforts of trade union leaders.[6]

Immediately after the "liberation" of Nanking in April 1949, the Preparatory Committee of the Nanking General Trade Union was established. From April to December 1949, preparatory committees for 101 basic trade unions in Nanking had reached 50,000.[7]

According to incomplete statistics, by the end of 1949 there were 1,200,000 workers (including handcraft workers) in the province of Shantung; of these only 188,700 (about 16 per

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5. Ibid., February 10, 1950, p. 1.
6. People's Daily, Peking, June 22, 1955, p. 3.
7. Workers' Daily, January 8, 1950, p. 50.

467 cent) were unionized. Apart from workers in Tsingtao and Tsinan, most of the workers in other cities of Shantung were engaged in handicrafts. They were scattered and could not easily be organized. The situation in Tsingtao and Tsinan, however, was different. Tsingtao had been the second largest cotton textile industry center in Mainland China and the second largest center of light industry in the East China Region. In early 1950, of the 130,000 industrial workers in Tsingtao, 63 per cent belonged to unions. Among the textile workers and workers in publicly owned enterprises, unionized men constituted over 90 per cent of the total.[8] In the same period in Tsinan, there were 58,000 union members (about 56 per cent of the workers in that city), but only 25 per cent of the shop clerks and handicraft workers were unionized.[9]

Because of the relatively retarded development of industry in Chekiang, Fukien, and Anhwei provinces in East China, few workers in these three provinces belonged to unions.

II. ORGANIZATION OF THE BASIC TRADE UNION

According to the regulations governing the organization of the basic trade union issued

8. Ibid., January 5, 1950, p. 4.

9. Chinese Workers' Monthly, May 15, 1950, p. 50.

467 by the All-China Federation of Trade Unions in August 1950,[10] a basic union may be an organization in a factory, a mine, a shop, a farm, a government department or a school where twenty-five or more persons are employed. Organizations where five-hundred or more persons are employed may establish basic union committees in various departments and workshops of a single organization. Under a basic union committee, sub-committees and work groups may be established in accordance with the needs of the work assigned to the basic trade union. A model basic trade union committee, as outlined by Chou Ping-k'un, chief of the Department of Organization of the Shanghai Federation of Trade Unions, consists of twelve sub-committees and forty-five work groups.[11]

Sub-committees	Work Groups
1. Organization	a. Organization.
	b. Cadres
	c. Membership
	d. Statistics
2. Production	a. Emulation
	b. Quota
	c. Technical
	d. Rationalization Proposals
	e. Wages
	f. Statistics

10. Kung-hui Tsu-chih Kung-tso Yu-kuan Wen-chien [Documents Concerning the Organization of Trade Unions] Shanghai, 1951, pp.4-9.

11. Wu, Yuan-li, An Economic Survey of Communist China, New York, 1956, pp.429-434.

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Sub-committees	Work Groups
3. Education and Recreation	a. Propaganda b. Culture and Education c. Recreation and Entertainment d. Statistics
4. Labor Insurance	a. Information and Regulations b. Medical Works c. Inspection d. Statistics
5. Labor Safety	a. Safety b. Sanitation c. Inspection d. Statistics
6. Daily Life	a. General Service b. Public Facilities c. Dormitories d. Public Kitchens e. Statistics
7. Mutual-Aid Fund	a. Accounting b. Cashier c. Investigation of Loan Applications d. Organization e. Statistics
8. Production Security	a. Protection and Security b. Labor Safety Study c. Statistics

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Sub-committees	Work Groups
467 9. Statistics	------
10. Finance	--------
11. Women Workers	a. Liaison b. Sanitation and Welfare c. Family Disputes d. Crêches e. Statistics
12. Workers' Families	a. Organization b. Production c. Sanitation d. Mutual-Aid e. Statistics

The activities of the Communist trade unions are unlike those of their counterparts in Western democracies. Trade unions in Communist China carry out the national production plan and control the life of workers and their families. In a Communist country, trade unions are schools of Communism; in other words, spheres of Party influence and links between the Party and the masses.

468 III. LABOR DISPUTES AND THE LABOR BUREAU

In Communist society, labor and capital are expected to perform different functions

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468 1950 and early 1951. These cases were handled by the trade unions in an attempt to satisfy both labor and capital.

IV. DEMOCRATIC REFORM AND POLITICAL INDOCTRINATION

467 668 In the course of labor organization, the Chinese Communists discovered that many "reactionary and feudalistic elements" still existed in the labor organization, and that the trade union leaders practiced "bureaucratism" and "commandism." Labor bosses in factories were given the title "Number One" in Shanghai and "pa-t'ou" in Tsingtao.[15] The Communists urged the masses to aid in the elimination of reactionary elements, bossism, and remnants of feudalism. To this end, they initiated "democratic reform" in Central-South China in May 1951, and later extended it to other regions. In East China, reform was accelerated in September 1951.

To initiate a "democratic reform" movement in a factory or a mine or among a group of workers, the union cadres called "criticism" and "self-criticism" meetings at which everyone present was urged to make complaints and accusations. The purpose was "to weld together by ties of sympathy and understanding all who work together." After the movement had been established, changes were made in factory regulations and working

15. Gang-labor chiefs had unlimited authority to exploit the workers.

467 668 relations. In the case of textile mills in Shanghai, Tsingtao, Wu-hsi, and Hangchow, the system abolished the practice of searching workers as they left the mills. At the wharves of Shanghai, Tsingtao, Tsinan, the pa-t'ous (labor bosses) were reported to have been eliminated by "democratic reform." In Huai-nan mining district in Anhwei Province, the gang-master system was abolished. But there were also reports of the persistence of bureaucratic practices among trade union cadres. In Shanghai, the deputy chief of the textile workers' trade union encouraged the workers to register complaints by utilizing a suggestion box. One note dropped in the box suggested that the deputy chief change his habit of pounding tables and using abusive language during union meetings. The next day the deputy chief threatened to burn the box if the anonymous writer did not identify himself.[16] This incident suggests that the "Communist spirit" is never as democratic as it has been ordered to be, and that the legislation of equality will have its abuses.

Other campaigns initiated by the Communists included the Resist-American-Aid-Korea Movement, Suppression-of-Counterrevolutionaries Movement, and Three-Anti and Five-Anti campaigns. These movements and campaigns were to assist in the political awakening of the workers.

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16. Chinese Workers' Monthly, September 15, 1950, p. 11.

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633 466 625 the Division. It is doubtful if this success would have been achieved if the substantial power of the police had been challenged by raising the question of a social approach to industrial disputes. Nor is it likely that a Council accustomed to listening to police warnings of possible civil disturbances if such and such a policy were instituted, would have upheld the views of a new social service against police objection. Instead, gradual successful practice of mediation at length established the theory of the appropriateness of the acquired mediation functions and the principle on which they rested.

633 466 625 467 It is admitted that in thus avoiding an open raising of issues the Division lost that chance for educative work which the democratic process would have given, in seeking, despite probable failure, to establish recognition of the theoretical as well as the practical validity of the social aims pursued. But when discussion might have meant inaction, it was better to forfeit it. It was never politic to raise formally with the police, with any chance of success, a proposal that labour unions should be encouraged, the view which the Division held. From 1937 onward Municipal Police required the registration of all organisations. They reserved the right to refuse to register those whose actions in their opinion would not help to maintain public peace. They refused to register labour unions. They permitted the registration of "mutual aid" groups with common occupational interests, but if these attempted to act as unions in formulating demands, their registration was cancelled. Some police officials took the view that all leaders of their fellows in any concerted action, no matter how unsupportable the conditions of work against which they protested, were "agitators." On occasions when informal discussion took place with individual members of police in positions of authority, few could be brought to see that unions encouraged and registered, with accepted leadership, could be a factor in preventing the use of unions by less desirable elements. Their negative recourse was to deny unions the right to exist. As later chapters will show, this attitude did not prevent powerful worker action. It merely deprived workers and the community alike of proper instruments for mediation and the development of experienced and acknowledged leadership.

633 466 511 In one issue where a discussion took place, the Division had to wage not one but several campaigns to preserve for the community

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IN THE CASE OF APPRENTICES, food and lodging were virtually their entire remuneration. Many enterprises operated almost wholly upon so-called apprentice labour. Since in many instances little skill was learned, but repetitive machine processes alone were involved, a young worker learned all there was to learn within a few weeks of entering an enterprise. Yet, for two or three years, he had no earnings other than his food and a place to sleep, and a very small sum for such needs as a monthly haircut. Much of the small-scale industry of the Settlement was built on the work of overworked and unpaid young people.

A study of the health of workers in the chromium plating and polishing trades made in 1936[2] showed something of the situation obtaining among young workers. The report stated:

> The use of young boys in workshops in Shanghai is a common feature. Gear's study of printing works found 63 per cent below 20 years of age: in the plating and polishing trade the percentage was 70. Workers came from no fewer than 28 places in neighbouring provinces; only six belonged originally to Shanghai. Fifty-five per cent have been less than four years in Shanghai: 62.5 per cent have been less than four years in the trade . . . The mode of working hours of the 200 workers examined is 11: that is to say, the greatest number of workers work 11 hours per day . . . the mode of rest days is two per month, but 35 per cent have less than this number.
>
> The apprenticeship system in China, of which this is an example, has often been described, but perhaps nowhere do its evils demonstrate themselves more clearly than in the trade now studied. There is a generally accepted view that the owner of a factory or workshop frequently takes into his service young lads who come from his own town of origin and are known to him, and that on this account he exercises a paternal interest in their whole well-being, even if they have to work very hard. The present study has revealed that while this may be true to some extent, a situation far otherwise exists concurrently. An entrepreneur, who may have paid a visit to the country, may bring back a small boy promising his parents that he will have him taught a trade. He goes from workshop to workshop till he finds a master who is in need of another unpaid assistant. He hands the boy over. The new master may not know his name or any facts concerning him. . . .
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> An enquiry was made as to whether, in the workshops studied, there had been any formality in the drawing up of an apprenticeship contract. Nothing of the kind was found, however. While in older crafts

[2] Under the direction of Drs. Bernard Read and Lee Wei Yung of the Henry Lester Institute of Medical Research, and others, and published in the Special Report Series of the Chinese Medical Association.

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this practice may be more general, it is certain that in the newer occupation here represented this safeguard is absent. The Chinese Government Factory Act, apparently recognizing that in the apprenticeship system the exploitation here described is widespread, requires that all apprentices shall have a contract which shall lay down the terms of employment. Masters are required by the law to provide teaching in the trade, and to provide board, lodging and an allowance. The law places the lower limit on the age of commencement of the apprenticeship at 13 years, and restricts the processes in which they may be employed, eliminating those dangerous to health or likely to subject the young workers to undue hazards. Specifically they must not be employed in places where they are exposed to dust or poisonous gases. Finally the number of apprentices who may be taken may be limited by the authorities. It is obvious that these protective measures should be enforced at as early a date as possible. . . .[3]

This description of the exploitation of young workers under the so-called apprenticeship system needs no comment. From the point of view of the authorities, attainment of the legal standards could make little progress during years of war and economic stress. But the need for improvement remains.

Considering all the controls enumerated above, workers would seem to have enjoyed little freedom either in obtaining employment or afterward. Yet there was self-respect among Chinese workers. Many lived freely outside the precincts of their places of employment, were fathers of families and living with them, happy in their relations with their fellow-men despite earnings which were for the most part insufficient for the full needs of their families. This individual character of workers, which no amount of dependence on others removes, augurs well for the final emergence of a more independent labour force in China.

How can the authorities aid in future in removing some of the evils in employment relations?

As yet, except for the influence which has been exerted in a few instances toward the elimination of employment through contractors, little has been done directly. One administrative instrument which would help to remove some of the more blatant evils,

[3] In Chapter IX, dealing with the education of young workers, will be found reference to efforts to raise standards of employment and training for trade apprentices who are apprentices in the western sense. Chinese apprentices are called *t'u ti*, "young learners"; those learning a skilled trade are *i t'u*, "skilled learners."

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CHAPTER VI

LABOUR ORGANISATION

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COHESION OF INDUSTRIAL labour came late to China—not, in fact, until the 1920's. In 1925 in Shanghai, Hongkong and Canton, workers participated in protracted strikes which had a political, then anti-foreign, character. In 1927, when the Kuomintang armies approached Shanghai from the south, and one month before they entered the city, widespread strikes occurred, an intimation that the organisation of workers had preceded the armies. During the Kuomintang regime in the Shanghai City Government Administration (1927-37) the organisation of labour by the party was steadily pursued.

On October 21, 1929, a Labour Union Law was promulgated by the National Government of China. A careful perusal of the Law indicates that a free development of the labour movement was not contemplated. Granting that labour in China, inexperienced in organisation as it is, cannot easily reach the maturity of western labour movements within a short time, the fact nevertheless remains that the official supervision for which the Law provides suggests that a labour movement developed under its aegis would be carefully controlled. The Law declares that "the Competent Authority of a union shall be the provincial government, or the municipal government . . ." To organise a union "an application in duplicate for registration . . . shall be submitted to the Competent Authority," which "shall give decision within two weeks." "Upon obtaining official sanction for registration, the labour union shall submit to the Competent Authority . . . names, addresses and antecedents of the officers elected." After outlining the permitted functions of a union, the Law states: "If a labour union has not carried out any of the activities of mutual aid . . . the Competent Authority may . . . send a person to assist the labour union in organising such activities."[1] Membership lists must be

[1] Translation by Koo Ping Yuen, in *China's Labor Laws*, Second edition, Commercial Press, Shanghai, 1935.

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submitted to the Authorities twice annually, and a union may be dissolved by the Competent Authority in certain circumstances.

Between 1927 and 1937, when the Kuomintang Government ruled in Nanking, and the Shanghai Chinese City Government was active in the organisation of labour under the Labour Union Law, leftist unions were vigorously suppressed. Hence it appeared that in organising a labour movement, the parties responsible had been concerned at least in part with forging a political instrument.

DURING THE THREE and a half years following the outbreak of Sino-Japanese hostilities in 1937, the organisation of labour saw four distinct phases. The influence of the Kuomintang labour organisation persisted until early in 1940. There were few strikes during the first two years, a period of destruction and recovery, and the Kuomintang organisation had little to do with labour disputes. Early in 1939 an organisation appeared with headquarters outside the Settlement and known as the "Chinese Republic Workers' League," which was associated with disputes in two foreign-owned enterprises in the eastern district in the late summer of 1939. It was dissolved shortly after, and was replaced by the "Chinese Workers' Welfare Association," with an eastern district branch. This organisation was very active, and caused strikes in several undertakings of western ownership. The organisation collected fees from many workers, but after October 1939 ceased to function actively in disputes. These organisations were in fact inspired by Japanese. Every possible means was used to embarrass British and American enterprises.

After June 1939 the influence of labour organisations under several names grew steadily. In November 1939 there arose the "China Labour Movement Association," which for a time confined its activities largely to enterprises in the western district Extra-Settlement area. The first significant dispute with which the Association was involved at this period was a strike among mechanics, conductors and chauffeurs of the China General Omnibus Company, one of the public transportation companies in the Settlement. Its success made it more influential. In June 1939 a first reorganisation took place, after which the "Shanghai General Labour Union" emerged, frankly under the direction of the

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Shanghai Branch of the Social Movement Direction Committee of the Ministry of Social Affairs of the Nanking authorities. Under this master union, the organisation of unions in various trades proceeded. In December 1940 this General Labour Union, together with a body with headquarters in another part of the city and a Workers' Welfare Association, merged in the Shanghai Municipality Labour Movement Adjustment Committee, directed by the Social Movement Direction Committee of the Nanking Ministry of Social Affairs. During the first half of 1941 this Adjustment Committee busied itself with the organisation of labour unions in various industries. These organisations were stimulated by the Nanking Chinese authorities with the dual purpose of increasing their own power and troubling the peace.

It is interesting to note that the new Nanking authorities pursued a course not unlike that of the Kuomintang Government a decade earlier. Labour was regarded by the new regime as a factor in the political movement. Once organised it had to act if the organisation were to retain the interest of the workers. Hence newly formed groups were encouraged by their organisers to initiate a positive programme, in short to present demands. If increased earnings were secured through such united action, the workers would then be bound in gratitude to the group which organised the struggle. The political hold of the responsible party increased over that section of the community which the workers represented.

Thus twice in the space of fourteen years, labour in Shanghai was wooed by a political party. There is no denying the existence of generally unsatisfactory working conditions and inadequate earnings. From this point of view labour should in any case press for improved conditions. Yet the interest of a political party in the welfare of the working classes has had in part a political, not wholly a humanitarian inspiration. A spontaneous self-directed labour movement like that in many western countries did not exist in Shanghai.

The diminution of industrial activity following the outbreak of Pacific hostilities lessened also labour union activity, but it was not eliminated. The Social Movement Direction Committee of the Nanking authorities continued its work and stimulated workers in such trades as continued to flourish, as for example in the leather shoe trade. Here a strong union representation of workers

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was able to obtain through the Division's mediation in August 1942, a collective agreement embodying a minimum monthly pay of CRB$200 whether employees worked or not during slack months when otherwise they would not be able to earn this amount. Unions, too, were active in claiming on behalf of their members adequate discharge allowances. 467 668

It can thus be seen that labour was by no means inarticulate, nor did it necessarily await the stimulation of political groups to lend it cohesion and the power to act in concert. When impelled by a sense of economic needs, workers formulated demands which they pressed upon employers. Leaders emerged to conduct negotiations, often with considerable astuteness, and though in many cases they were almost illiterate, they were often keenly intelligent.

How was the division apprised of imminent industrial unrest? Without compulsory powers to require the submission of a dispute to mediation, it nevertheless arrived at the place where few serious disputes occurred which were not brought to it for settlement. There was a gradual building up of confidence in its fair handling of matters in dispute and one group of satisfied workers passed word to another that application to the Division for mediation would have useful results. Disputes could of course be referred by either party; but as a matter of technique the Division mediated most successfully when workers, not management, presented the request. The reason is obvious: workers may distrust a mediator whose help has been sought by an employer. The Division sometimes waited days after a case was referred by management, in the meanwhile trying through other workers whose confidence had been won, to have the workers involved in the dispute request mediation. 468 633

An obvious principle for the Division in mediation was not to break the strength of the workers. If their bargaining power were weakened, the process became not one of mediation between parties of equal strength, but a dictation of its views on the part of a stronger management. This view of the Division did not always correspond with that held by the Municipal police, who also were associated with the settlement of some disputes, usually those where violence or threat of violence had occurred. The police, whose function was primarily to preserve peace and order, 468 633 625

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On the whole, however, workers exhibited a capacity to think logically about their problems, and a willingness to negotiate rather than to resort to violence. Indeed, violence was rare, while orderly negotiation was very common. 468

Resort to strike-breaking by management was infrequent, but not unknown. In two disputes in 1940 Jewish refugees newly arrived from Europe were called in. However, their lack of the specific skills involved as compared with that of the Chinese workers, and the higher remuneration which they demanded made their employment beyond the emergency period uneconomic for management. In a few instances as in some public utility enterprises, Russian workers were employed on a permanent basis in order to have labour available in the event of a dispute with Chinese workers which would result in the paralysis of an important industry. One German-owned bakery in 1942 asked the Division if it could supply bakers to replace those intending to strike, on the ground that the public interest in the supply of bread was at stake. The management was informed that the Division did not break but mediated strikes, and through mediation the Division averted the threatened stoppage of work to the satisfaction of all concerned. It can be seen that certain employers entertained primitive ideas of employment relations and of the function of authority in the settlement of disputes.

There was little uniformity in the attitude of employers toward the activities of labour. Some western foreign-owned enterprises permitted actual union organisation, and entered into negotiations with duly elected representatives. Others allowed no formal organisation, though they tacitly admitted the right of their employees to collective action by negotiating with them, either with or without an independent mediator. Yet others again permitted no group activity, and many instances were known where workers who led their fellows were dismissed from their employment. Until workers may express themselves without fear of loss of employment, full freedom of workers to act collectively cannot be said to exist. Dismissal for those associated with group activities occurred in plants of Chinese ownership, although the Chinese Government's labour Union Law gives protection to those who organise.[2] This law was 468 467 471

[2] Article 31 states: "An employer or his representative shall not refuse to employ workers or dismiss workers or accord other unfavourable treatment to them because

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468 not applicable to owners of factories with extra-territorial privileges,
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633 Municipal Police as a means of crime prevention was instituted as an emergency measure after the 1937 hostilities, the registration of workers' groups was not encouraged.[3]

468 As stated elsewhere, industry in the past did not pay adequate
633 wages, many workers being employed at remuneration insufficient to meet the needs of a family.[4] There was no effective legal instrument for enforcement of minimum wage standards, but mediation procedure frequently was useful in achieving earnings adjustments. When a dispute occurred a first step was to request from the management the wage sheet of the preceding month, together, if possible, with the wage sheet of the corresponding month in 1936. It was then possible to find the actual earnings indices, and to compute real wage indices, so that the spending power of earnings became apparent. These earnings were further compared with the minimum subsistence costs regularly published monthly by the Division. By these two procedures the parties became aware of the actual wage situation, and efforts were exerted to have adjustments made so as to meet as nearly as possible the published figures.

468 An important instrument to further betterment of conditions
633 was the signing of a collective agreement to which factory manage-
675 ments, workers' representatives, and the Division, were parties. A written agreement is better than verbal promises. Moreover, being an agreement to which the parties had voluntarily agreed, it had the moral force of a contract.

The agreements covered a wide range of conditions of employment including wage increases, allowances of various kinds, provision of annual bonus and profit sharing, provision of hospital

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Legislation passed in 1942 provided, in a time of war, for compulsory membership on the part of all citizens in some organisation. For workers the membership would logically be in a workers' organisation or labour union. The Labour Union Law which has been on the statute book for a decade gives workers the right of association. It provides for supervision on the part of the authorities to a point where freedom in organisation is perhaps lessened. It is to be hoped that in future there can be, through an organ of the city administration designated for the purpose, contact with workers' organisations which will contribute to their free development. It is believed that the Shanghai experience assisted some workers to understand group action. The basic principle enunciated when mediation work was undertaken in Shanghai, "never to do anything which would break the strength of the workers," should prove an important instrument in assisting in the development of the sound organisation which is to be desired. On many occasions workers, greatly satisfied with the adjustment which they had secured through proper mediation procedures, desired to perpetuate in organisational form the coherence of workers for the *ad hoc* purpose of the dispute. It is certain that men who had had this concrete experience would have gone out to create a genuine union, had they been able to do so. Some unions which did exist were strengthened by their education in mediation proceedings. When the same representatives of workers came back year after year on behalf of their fellows, it was obvious that there was a steadiness upon which could be built a satisfactory union structure. Men will themselves be the first to dismiss the demagogues among them and to refuse to have anything to do with those trying to use organisation and strife for their own ends if the chance for free development of their organisation comes to them.

THE SUCCESSFUL ORGANISATION of a city Department of Social Welfare will depend largely on experienced personnel of high calibre and social devotion. They can be found. There is a great urge for social betterment in China, and with it a great capacity for organising and working toward it. Almost all the phases of work which were developed in Shanghai were to a large extent the product of the ideas and the plans and the execution of qualified Chinese

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468 while striving for the same goal, i.e., increased production. Accordingly, labor disputes are not to be allowed to develop into strikes, acts of sabotage, or lockouts which would interrupt production. All disputes are to be resolved in accordance with the interests of both labor and capital (or management, in the case of publicly owned enterprises).

The first step toward settling labor disputes is consultation between the trade union (representing the workers) and the owner (in the case of privately owned enterprises), or between the trade union and management (in the case of publicly owned enterprises). If the consultation fails, the disputes may be brought to the labor bureau for mediation and arbitration. Labor bureaus have been established at all levels of the Communist government.

Shanghai suffered more than most cities as the result of inflation during the last days of the Kuomintang regime. The Communists assumed control of a bankrupt economy and a worthless currency. Factories which had closed down during the seige or immediately after the occupation were forced back into production by the Communists. But because of the lack of raw material and continued inflation, the economic situation was at its worst in the second half of 1949 and early 1950. During this period, 9,027 cases of labor disputes were submitted to the labor bureau of the Shanghai Municipal Government for mediation.[12]

12. Compendium of Gov't Reports, Peking, 1950, p. 591.

468 The factory administration committee was the agency for settling labor disputes in publicly owned enterprises; the labor-capital consultative council settled disputes in privately owned enterprises. Most of the labor disputes which occurred in private business were concerned with wages and the discharge of workers. Accordingly to a report made by Ma Ch'un-ku, director of the labor bureau of the Shanghai municipal government, 503 labor capital consultative councils were established during the first half of 1950 in the factories in Shanghai.[13] Capital and labor were equally represented on the council. Besides settling labor disputes, the consultative councils also sought to improve labor discipline and to raise the rate of production. In publicly owned enterprises in Shanghai, factory administration committees had been established to tackle labor disputes. In one report,[14] however, the Communists admitted that the leadership of the trade union in Shanghai made a mistake in the organization of the labor-capital consultative councils and factory administration committees. They treated the councils and the committees as an opportunity for charges and countercharges, complaints and theorizing.

In Tsingtao, there were reports about disputes in cotton mills in the second half of

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13. Liberation Daily, Shanghai, Oct. 16, 1950, p. 2.

14. Chinese Workers' Monthly, July 15, 1950, p. 51.

468 1950 and early 1951. These cases were handled by the trade unions in an attempt to satisfy both labor and capital.

IV. DEMOCRATIC REFORM AND POLITICAL INDOCTRINATION

467 668 In the course of labor organization, the Chinese Communists discovered that many "reactionary and feudalistic elements" still existed in the labor organization, and that the trade union leaders practiced "bureaucratism" and "commandism." Labor bosses in factories were given the title "Number One" in Shanghai and "pa-t'ou" in Tsingtao.[15] The Communists urged the masses to aid in the elimination of reactionary elements, bossism, and remnants of feudalism. To this end, they initiated "democratic reform" in Central-South China in May 1951, and later extended it to other regions. In East China, reform was accelerated in September 1951.

To initiate a "democratic reform" movement in a factory or a mine or among a group of workers, the union cadres called "criticism" and "self-criticism" meetings at which everyone present was urged to make complaints and accusations. The purpose was "to weld together by ties of sympathy and understanding all who work together." After the movement had been established, changes were made in factory regulations and working

15. Gang-labor chiefs had unlimited authority to exploit the workers.

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[625] 468 633 tended towards the simple formula of taking the line of least resistance by requiring that workers return to work before mediation was undertaken. But workers who, having struck, went back to work, were workers weakened in their struggle. It must not be thought from this that there was any truckling to workers. The mediation officers did not hesitate to state when, in their view, the demands of labour were unreasonable. Equally the viewpoint of management was taken into account. Where it was reasonable it was supported; where it was thought there should be concessions the management was frankly told so. No pressure, however, was brought either to induce workers to resume before they were satisfied that they had obtained the best possible adjustment of their claims, or to induce management to make a settlement which it would regret.

The work of the Industrial Relations Section of the Division became partly mediating, and, as time went on, increasingly consultative. Both workers and management frequently sought advice on their situations before an open break occurred, and a final breach was more frequently avoided than not. But workers were not restrained by the Division from striking, if without the exercise of this instrument they could not obtain a just hearing for their demands. Nor was management, if workers proved unreasonable, over-persuaded not to use the weapon of lockout.

468 625 579 VIOLENCE SOMETIMES accompanied labour disputes. When workers refused to leave the plant, "sat down," or even locked up the management, then the police had to be called in. Every effort was made to avoid clashes with workers, but there were occasions when the police officer in charge believed it necessary to clear the plant. Workers then might seize any handy missile, from iron bars to bricks or garbage, with which they attempted to resist the police. In one strike early in 1941 the management permitted the men to enter the plant each morning for three days and to leave it each evening, without having done any work, in an effort to avoid the necessity for calling in the police. Meantime negotiations were attempted. When on the morning of the fourth day workers tried to enter the compound armed with iron rods, they were prevented from doing so, and the police were informed. In an ensuing melée many workers and policemen were injured, some workers fatally.

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and medical attention and payment of wages to those injured in the course of duty, limitation of hours of work, provision of direct employment by the management and elimination of employment through contractors. Two clauses frequently inserted gave a continuing influence: provision for mediation by the Division in the event of dispute, undertaking of workers not to declare a strike and of the management not to declare a lockout until mediation had been attempted; and provision that a report be first submitted to the Division in the event of necessity for suspension of work and dismissal of workers due to lack of raw materials, trade depression, or other causes. 633 468 675

The aim of the Division was not merely the settlement of an individual dispute, but to use the contact established between workers and management at the time of mediation to permit the exerting of a continuing influence on the employer-employee relations in the firm or trade involved. Most larger enterprises had factory rules to govern these relations. In as many cases as possible, parties to a dispute were asked to submit the existing rules to the Division. Many changes were subsequently agreed upon which contributed to better conditions of work and sounder employment relations. In the absence of a universally applicable law to control conditions of work, wages, hours of work and other matters in employment relations, such piecemeal handling, factory by factory, trade by trade, proved a useful procedure. 633 468

IT CAN BE SAID that, though there was no official encouragement of labour organisation on the part of the Shanghai Municipal Council, and indeed though police discouraged organisation through disallowing registration, there was nevertheless a recognition that workers' group action could not be opposed. The mediation services were undertaken without specific instruction and without specific powers to require that any dispute be submitted to mediation, yet they were in fact a tacit admission on the part of the authorities of the right of group action. In the future when the Settlement comes under the control of the Chinese Government, it is to be presumed that its Labour Union Law will prevail. Under this the right of group action is specifically recognised, though it is hoped that administrative controls over organisation as

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 468 given in the earlier part of this chapter may not mean some lack of freedom of action on the part of unions.

One important result of the years of mediation in Shanghai is the education which many workers underwent in the process. Though there was little formal organisation or union activity, groups of representatives of workers in individual plants learned what group action meant during negotiations. It is not too much to hope that some of those workers who represented their fellows in negotiations, whose right to be heard was so patiently upheld—sometimes through interminable arguments—had an experience which may make of them the labour leaders of the future. This, at any rate, was a conscious aim of those mediating. In the conviction of individual workers that group organisation would serve the interests of the general body of workers lies the germ understanding of what a labour movement means. Perhaps a useful contribution has been made.

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in the Shanghai-Hankow section of the Yangtze River have been cut 50 per cent below railway rates.[17]

The volume of coastal shipping in East China was low in 1950 because of the Nationalist blockade and high shipping rates. In 1951 and 1952, the rates were lowered and the classification of commodities were adjusted, with special emphasis on coal, salt, lumber, and grains on which the rates were fixed below cost in order to increase the volume of traffic.[18]

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B. Navigation Administration and Shippers

The administrative system of navigation in East China can be divided into two categories, the East China Ocean Shipping Administration, governing coastal shipping, and the East China Inland Waterways Administration, governing inland water transportation.[19] These district administrations are under the leadership of the Ministry of Communications. The former China Merchant Steamship Company, with its

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17. Fei-wei Ti Ts'ai-ching Yü Chiao-t'ung [Finance, Economics and Transportation in Communist China], Taipei, The Sixth Section, Central Committee, Nationalist Party, 1953, p. 196.

18. Ibid., pp. 199-200.

19. Ibid., p. 169.

505 head office in Shanghai, was first changed to
471 the People's Steamship Company in 1950 and reorganized into the Ocean Shipping Administration[20] in 1951. The former Min-sheng Industrial Corporation, the largest privately owned shipping company in China, was reorganized into a joint public-private ownership concern in 1952 and changed its name to Min-sheng Shipping Corporation.[21] A number of privately owned inland water transportation firms, including Chung-hsing, Ta-t'ung and Ta-ta, were transformed into jointly owned and operated companies. By 1953, about thirty-four companies had been transformed into jointly owned and operated firms.[22]

V. AIR TRANSPORTATION IN EAST CHINA

509 When the Nationalist were forced to flee the Mainland in 1949, the two aviation companies, the China National Aviation Corporation and the Central Aviation Transport Corporation, took

20. Navigation in Communist China, p. 3.
21. Ibid.
22. Ching-chi Nien-pao [Economic Year Book] Hong Kong, Ching chi tao-pao she 1954, p. 52.

439 The above trend has been further confirmed in a recent report from a Communist paper in Hong Kong which, while alleging a substantial increase in Shanghai's export trade in 1954 as compared with 1936, also stated that the volume of exports exceeded that of imports. Various manufactures were again mentioned as among the exports while former imports such as newsprint, glycerine, caustic soda, and pure soda, were no longer imported.[10]

Nationalization of Foreign Trade

• 471 439 A number of developments in East China under the present regime are especially symbolic of the radical change in China's foreign economic relations in recent years. One of the first things to be noted is the gradual elimination of private business from the foreign trade field. There were, for instance, as many as 1,434 registered private import firms in Shanghai prior to the Communist occupation.[11] By 1952, the total number of registered private importers and exporters had dropped to 800 for the country as a whole.[12] Even prior to

10. Wen-hui Pao [Wen-hui Daily], Hong Kong, June 22, 1955.

11. Far Eastern Economic Review, Hong Kong, April 19, 1951, p. 483.

12. Ching-chi Chou-pao [Economic Weekly], Shanghai, Oct. 2, 1952, pp. 775-76.

439 the Five-Anti Campaign, government trading
•471 already accounted for 67 per cent of Shanghai's exports and 54 per cent of the city's imports. Moreover, only 10 per cent of the private foreign trade business was accounted for by non-Chinese firms.[13] This trend of nationalization and naturalization of foreign trade has by now been carried to its logical conclusion.

In the second place, it may be noted that as early as October 1949, when there was no United Nations embargo against Communist China, a trade agreement was concluded between the USSR and East China, under which 8,000 tons of Russian newsprint and paper pulp were bartered for 1,024 quintals of bristles and 800 bags of raw silk.[14] While no other regional trade pacts have been concluded by East China thereafter, in this case the reorientation of China's foreign trade toward the Soviet orbit can be clearly seen.

Black Market Foreign Exchange

457 However, one would be mistaken if one
439 were to conclude that such East China ports as Shanghai and Amoy, which were focal points

13. Ibid.
14. Economic Weekly, Shanghai, May 25, 1950, p. 9.

162 foreign community. It was only after 1900, when the Japanese became one of the leading groups in the foreign community, that the proportion of foreign women reached even a third.

288 648 The Japanese are Shanghai's nearest foreign neighbors, and with their industrial experience and their drive for economic expansion overseas, they made Shanghai one of their most important industrial centers, especially for the manufacture of cotton textiles, taking advantage of relatively cheap Chinese labor, locally grown cotton, and cheap power to produce for the China market inside the low tariff wall. The Treaty of Shiminoseki in 1895, which ended the war of 1894–5 between China and Japan over Korea, first granted to foreigners the right to establish factories in the treaty ports of China, and this originally Japanese privilege was then taken advantage of by all the other powers having most-favored-nation treaty agreements with China.

288 648 471 Despite foreign investments, however, Shanghai remained a Chinese city, still politically dominated by the handful of foreigners, but economically more and more maintained by the Chinese, as native industrial and commercial capital and management were increasingly added to native labor in the growing industry of the city during the twentieth century.*

Shanghai and China

648 Throughout the period 1843–1937, the foreigners at Shanghai pressed the Chinese authorities for an extension of their own administrative powers and of the area of the two foreign settlements. In this endeavour they found lukewarm support or outright opposition from the foreign diplomatic representatives at Peking and from the foreign offices in the home countries, who shied away from the implications of full sovereignty over Chinese territory and who continually reminded the overzealous foreigners in Shanghai of their precarious and equivocal legal position in asserting "rights" of taxation, defense, and administrative independence. The complex political and economic structure of modern Shanghai was erected primarily on the precedents resulting from bluff, maneuver, and *force majeure* of the assertive foreign residents of the city.

* A majority of the city's industrial enterprises were Chinese-owned by at least 1920.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

128 659 471 These faults are apart from the inherent difficulties of the problem. Until 1945 no one municipal authority had jurisdiction over the entire city, and it was impossible for any one survey to collect complete data, especially on matters such as wages, costs, and capital investment. A much greater difficulty was presented by the fact that something like 80 per cent of the manufacturing establishments in Shanghai employed fewer than 30 workers (and were therefore not liable to regulation or inspection under the National Factory Act of 1929) and operated in private houses. What statistics are used here must be read with the foregoing in mind, realizing that they are in nearly all cases approximations of limited reliability.[1]

471 While perhaps four-fifths of the total number of "factories" in Shanghai employed fewer than 30 workers, probably about two-thirds of the total industrial workers in the city were employed in factories with a labor force of over 30, and perhaps three-quarters of the total industrial production, by value, of the entire city was accounted for by these larger factories.[2] Most of the figures which will be cited here are based on investigations of these larger factories, and while they are to that extent incomplete, they do at least deal with the most important segment of Shanghai manufacturing in terms of labor force and of value of production.

The Pattern of Manufacturing

471 178 Estimates of the degree to which China's industry was concentrated in Shanghai before 1937 differ, but it is clear that Shanghai accounted for about half of the country's large-scale Western-type industrial production. Liu's figures[3] show in 1932–33 136 modern cotton mills in China, of which 64 were in Shanghai, 60 modern tobacco factories, of which 46 were in Shanghai, 83 modern flour mills, of which 41 were in Shanghai, and 2435 modern factories of all kinds in China, of which 1200 were in Shanghai. He estimated that 43 per cent of China's industrial workers in modern manufacturing were employed in Shanghai, and that the city accounted for 51 per cent of the value of China's industrial production.*

* Liu does not define "modern." According to his analysis of "modern" factories elsewhere in his work, the term means factories employing 30 or more persons and using power-driven machinery. However, on this basis his figure of 2435 "modern" factories for the whole of China in 1932–33 would seem too low.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Textile manufacturing was by far the leading industry in Shanghai in the period 1920–36, and included the spinning, weaving, and dyeing of cotton, wool, jute, flax, hemp, and ramie, and the spinning and weaving of silk. The pattern of manufacturing was in most respects typical of the early stages of industrial development, with textiles far in the lead and light consumer goods in general predominant. Shanghai, however, as the primary focus of the Westernization process in China in which a pre-industrial economy was suddenly confronted with the impact of a highly developed industrial economy, was also engaged to some extent in the production of capital goods to supply its own consumers'-goods production and that of most of the rest of China.

For the city as a whole in 1932–33, Liu estimated[4] that the textile industry accounted for 50 to 60 per cent of Shanghai's industrial workers and 40 to 50 per cent of the value of industrial output. Cotton spinning led the textile industries, followed by silk reeling, cotton weaving, wool spinning, and wool weaving in that order. Food industries were second, with 10 to 15 per cent of the industrial workers and 30 to 35 per cent of the value of industrial output. Flour milling was first in this category, closely followed by tobacco (cigarette manufacturing). Most of the rice entering Shanghai was milled in the hinterland collection centers and all of the relatively few rice mills in the city employed fewer than 30 workers.

Clothing industries ranked third, with 3 to 5 per cent of the value of the industrial output, leather and rubber goods fourth, with 2 to 3 per cent, paper and printing fifth, chemical industries sixth (including matches, soap, cosmetics, drugs, and production of industrial chemicals), and manufacture of machinery seventh.*

The Shanghai Municipal Council in its Report for 1935 published figures showing the distribution of factories and workers within the various industries located in the International Settlement, based on surveys conducted in 1934 and corrected to November 1935. In

* These figures for 1932–33 are representative for the period 1920–1936 despite the world depression, which affected Shanghai manufacturing relatively little and whose effect in Shanghai was delayed until late 1933 in most industries, with the exception of silk reeling and weaving, which were heavily dependent on the American market. See Liu Ta-chün, *The Growth and Industrialization of Shanghai* (1936).

471 the latter year, the government of the Chinese Municipality of Greater Shanghai collected similar figures for industries located in the Chinese Municipality (i.e., exclusive of the two foreign settlements).[5] The two sets of figures provide the most reliable indication available of the pre-1937 industrial pattern in Shanghai.

For the International Settlement

Industry	*Number of Factories*	*Number of Workers*
textiles	567	75,242
food, drink, and tobacco	155	35,886
machinery	1108	19,051
paper and printing	663	17,730
clothing	226	13,765
chemical (including soap, drugs, matches, and industrial chems.)	191	4,225
metal working	167	2,602
woodworking	98	2,010
bricks, pottery, and glass	45	1,637
vehicles (including boats)	20	1,292
leather and rubber goods	36	1,039
furniture	23	912
scientific and musical instruments and jewellers	22	640
public utilities	5	362
others	95	4,311
Totals	3421	170,704

471 392 The discrepancies of this list with Liu's figures on page 167 will be noted, in particular the relatively high place which it gives to machinery. It is obvious from the totals that the figures are not limited to factories employing over 30 workers, but the Council's Report indicates that they do not cover all the industrial establishments in the Settlement and are in general limited to those using power-driven machinery. This would help to account for the relatively higher place of machinery manufacturing, since the figures show that the average number of workers per factory pro-
471 ducing machinery recorded in this survey is only 17. The figures also indicate the relatively larger-scale production in the textile, food-drink-tobacco, clothing, bricks-pottery-glass, vehicles, furniture,

2: Murphy G-4 (no date) 1953 AF15 East China AF15

and public utilities industries, and relatively smaller-scale production in the paper-printing, chemical, metal working, wood working, leather-rubber, and scientific-instruments-jewellers industries. 471

For the Chinese Municipality

Indu	*Number of Factories*	*Number of Workers*
textiles	690	73,448
vehicles (including boats)	46	50,472
food, drink, and tobacco	84	32,379
clothing	344	16,621
machinery	720	16,708
rubber and leather	78	11,845
chemical (including soap, matches and industrial chems.)	121	7,426
power generating	8	5,267
wood working	25	4,101
brick, tile, cement and glass	61	3,370
iron works	169	3,224
building materials	31	1,796
scientific apparatus and jewellery	72	1,779
furniture	46	(no figures)
others	181	17,023
Totals	2676	245,664

Machinery is high on this list also, but the figures show an average of only 23 workers per factory producing machinery. The [396] relatively high place of vehicles and the apparently large scale of production in this industry are presumably accounted for by the two shipyards attached to the Kiangnan Arsenal and by the five foreign-owned shipyards on the right bank of the river.[6] Power [377] generating is necessarily a large-scale industry, but it may be doubted whether six of the eight plants listed here are independent establishments rather than adjuncts, and particularly whether as many as 5,267 workers are employed directly in this industry or whether at least half of this figure represents auxiliary labor outside the plants themselves, such as linesmen, service men, etc.

The relative importance of the other industries listed here is about the same as listed for the Settlement, despite slight differences

471 in the categories. This second list also clearly includes many factories employing less than 30 workers, but again does not include all of the industrial establishments in the Chinese Municipality. We may assume that it too is largely limited to factories using power-driven machinery, but not necessarily that it includes all of these. 169 seems a large number of iron works, especially since this means an average of only 19 workers per factory; when it is considered that the Kiangnan Arsenal is included in this survey and that it alone employed about 700 men in 1932,[7] one may question the accuracy of these figures, or at least the nature of most of the other 168 iron works.

On the basis of an independent survey which he made in 1934, Liu estimated[8] that the eleven leading industries of the city as a whole, according to estimated annual value of output, were as shown in the table below.

Industry	*Estimated Annual Value of Output in CNC$*
cotton spinning	5,500,000
flour milling and wheat products	4,400,000
cigarettes	1,300,000
matches	720,000
silk reeling and spinning in steam filatures	430,000
chemical (soap, industrial chemicals, cosmetics, drugs)	330,000
cotton weaving	240,000
rubber goods	230,000
silk weaving	130,000
knitted goods	110,000
machinery	70,000

This list of course uses a different method of evaluation, and discrepancies with Liu's earlier estimates of 1932–33 will also be noted (see above, p. 167), but it re-emphasizes the major outlines of the city's industrial pattern as revealed in the other two lists above, namely, the preponderant position of textiles and of light consumers' goods generally, and the inclusion of some capital goods production among the leading industries.

One of the notable features of Shanghai manufacturing is the prevalence of small-scale production in private houses, or in dwell-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ings slightly altered to house machinery which is tended by the residents of the house, often members of one family. These small industries are engaged in a bewildering variety of production, and despite their universal under-capitalization, most of them use electrically-driven machinery. "Factories" of this kind produce, for instance, machine tools, cast iron, electric appliances, soap, acids, textile machinery, power presses, boilers, and telephone parts, as well as a long list of light consumer goods, such as flashlights, light bulbs, thermos flasks, clothing, lamps, electric fans, and food products.[9] Despite crowding and poor working conditions, the quality of production in these plants was apparently high. American orders for telephone parts were placed in Shanghai from 1932 to 1935 for export to South America, and the contracts went predominantly to these small household operators.[10] There was a very high rate of turnover among these "factories"; their small scale and small capitalization enabled them to react with great sensitivity to market changes and to crowd or evacuate lines of production alternately as profits varied.*

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Market and Raw Materials

Market considerations are the leading factor in the concentration of manufacturing as a whole in Shanghai. As the primate commercial and industrial center of China, not only were capital, relatively trained industrial labor, and electric power available there more abundantly and in most cases more cheaply than anywhere else in China, but Shanghai includes in its trade hinterland half of the country. With the notable exception of the textile industries, most of the raw materials necessary to maintain Shanghai's manufacturing were not available locally in its immediate hinterland. It was the market which attracted and held most manufacturing.

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We may logically begin with the exception, the textile industries. Shanghai is located near the center of China's chief cotton-producing

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* The *Chinese Economic Bulletin*, published in Shanghai, records many of these changes. For example, there were 11 industrial establishments in Shanghai in November 1930, producing "gourmet powder" (made mainly from wheat flour), 9 in October 1931, and none in June 1932, according to the *Bulletin's* weekly industrial news columns.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Among the food industries, Shanghai's flour mills, as we have seen above in Chapter Nine, depended more heavily on foreign wheat imports than on what they drew from China. The six plants in Shanghai in the 1930's producing dried, powdered, or frozen eggs were all foreign-owned and all large-scale, employing an average of about 350 workers per plant.[16] The area from which they drew their eggs has already been outlined in Chapter Nine. While local sources were important in this industry, they did not fill the entire demand, and it was necessary to bring eggs from as far as Hankow. Shantung was also a large egg-producing center, but the factory production of preserved eggs in Tsinan and Tsingtao combined was less than a third of Shanghai's.[16] It is reasonable to suppose that a measure of this difference was accounted for by the water transport network feeding Shanghai and the lack of it in Shantung.

Of all the food industries in Shanghai, tobacco manufacturing was most notably divorced from major sources of supply. The cigarette industry in China had been started on a large scale by the American Tobacco Company in the late 1890's (it merged with British interests in 1902 to form the British-American Tobacco Company, the largest producer of tobacco products in China). During the first decade of the twentieth century, its foreign tobacco experts surveyed soil and climatic conditions in China and fixed on three main areas where American tobacco seed would grow best so that its leaf could be blended with the native Chinese leaf (which was produced in small quantities in most parts of central and north China but with the best quality leaf coming from the three areas selected by the foreign experts) to produce an inexpensive but good quality smoke. The three areas were located in south central Shantung, northwestern Anhwei, and central Honan. Large Chinese cigarette producers entered the field after 1905, drawing on the increasing domestic production of foreign-type leaf and blending it with Chinese leaf.[17]

In spite of the presence of large industrial centers (by Chinese standards) in or near these main producing areas (Kaifeng and Hankow for Honan, Kiukiang, Wuhu, and Nanking for Anhwei, Tsingtao and Tsinan for Shantung), approximately 60 per cent of

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Cotton production is gradually increasing, and the expectation is that within the next two or three years enough will be available domestically (mainly in the delta area) to occupy Shanghai's full textile potential, which is still the largest of any city in the country. 288

Much shuffling around of the industrial pattern has resulted from government regulations on the types of manufacturing which may be licensed and may obtain the necessary power and supplies. During 1950 nearly 500 "factories" closed down, through financial failure and through inability to obtain licenses because they were considered non-essential under the new regulations. Most of the casualties were presumably small-scale manufacturers operating in private houses, who were before the war engaged in a great variety of production, mostly of consumers' goods. Many of these have since reopened, but in different production lines more in keeping with the government's new policy, and for which a market is available under the current austerity program. The government has for example refused reopening licenses to tobacco manufacturers, restaurants, hotels, and funeral establishments.[5] 471 656

The problem most frequently referred to in Chinese reports on economic Shanghai since 1949 is that of keeping pace with increased rural demand and rural purchasing power. This may be designed as an advertisement of the accomplishments of the land reform program in raising rural living standards, but it is repeatedly stated that industrial production in the city runs behind the demand in the country. Industries in the city showing the greatest profits during this period have been those producing light consumers' goods for which there is a ready local market. Dyeing leads the list, since the delta peasants are now sufficiently well off, if one may take the published reports at face value, to buy colored and printed clothing made in Shanghai. Western-type medical supplies are also listed, which would indicate a revolution indeed in the *mores* and income of the Chinese peasant. One report gives as an example of increased 434

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of cotton textiles for China as a whole in 1950 and in the first six months of 1951 was between 20 and 30 per cent greater than the pre-1937 peak, domestic production of raw cotton is still inadequte to meet the demands of the textile industry. For an earlier post-war report, see Shen Wen-fu, The Increase in Cotton Production, (1948).

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 tion. Foreign voters were not willing to force a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition. Following the failure to secure the proposed byelaw, the Council decided that, until the Chinese authorities themselves moved to regulate conditions of industrial employment, it would make no further attempt to concern itself with these issues. Larger forces, however, were at work. While the Settlement authorities were
665 attempting to limit the work of children, the Kuomintang, the National People's Party of China, met in Canton and adopted a much more extensive platform of social measures. In the late summer of 1926 the Kuomintang army began its march northward from Kwangtung Province and, by March 1927, had entered Nanking, which was to be the capital of the National Government for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

claimed the right to "inspect factories in the Settlement," aiming, however, at eventual control of all questions relating to labour in Settlement enterprises. The Council, on the other hand, held the view that, because of fundamental differences in systems of administration of law, the operation of officers of the Chinese Government in the International Settlement was not acceptable.[2] The fear was also entertained that, should regulation of industrial conditions be introduced into, and thoroughly enforced in, the Settlement, unequal competition would result with enterprises outside the Settlement where, it was felt, enforcement would be less complete. On August 1, 1931, when the formal statement of the Chinese Government declaring the Factory Act in force was published, there appeared also a statement by the Shanghai Municipal Council endorsing the principles of industrial regulation and indicating its intention of working toward safe and healthful working conditions. The outbreak of Sino-Japanese hostilities in January 1932 postponed the consideration of means to implement this general statement of principle until 1933, when it was decided to employ the Council's licensing powers to gain the desired ends.

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In 1933, a special meeting of ratepayers was again convened, this time to change the general licensing byelaw (Byelaw 34)[3] to include industrial undertakings among the enterprises which the Council might license and hence regulate and inspect. This time the approval of the ratepayers, and subsequently of the Consular Body in Shanghai and of the Diplomatic Body in Peking, was secured by the Council. It then felt it had a constitutional right to license factories and, by this means, to enforce certain conditions. The Chinese view was still that such a byelaw was beyond the Council's powers under the Land Regulations.

The Chinese authorities in the metropolitan areas outside the two foreign-administered areas, having strengthened their position in the five years since the establishment of their municipal government, by now known as the Shanghai City Government, registered their protest at the passage of the amendment to the byelaw. In the eyes of the City Government the International Settlement was the "First Special District" and the French Concession the "Second

[2] "Regulation of Industrial Conditions," *Annual Report*, Shanghai Municipal Council, 1933.

[3] *Land Regulations of the Foreign Settlement of Shanghai*, Shanghai Municipal Council.

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Special District," areas temporarily beyond, but ultimately to be restored to, its own jurisdiction. The claim was made that only the City Government could regulate Settlement industrial conditions, by enforcing the Factory Law of the Chinese National Government.

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An event of importance to the whole problem of law enforcement was the Court Rendition Agreement of 1930[4] between the Council and the local Chinese authorities, which provided for the return to complete Chinese control of the Provisional Court exercising jurisdiction over Chinese citizens of the Settlement and over those residents belonging to nations without extra-territorial rights. From the 1911 Revolution until 1927 there had been a Mixed Court under foreign influence, expressed in part by the sitting of foreign assessors with the Chinese judges in the hearing of cases. Between 1927 and 1930 a Provisional Court functioned, giving place in 1930 to the Shanghai First Special District Court, completely under the direction of the Ministry of Judicial Administration of the Chinese Government. The new agreement provided that the Court should exercise jurisdiction over cases brought in by the Municipal Police of the International Settlement and arising out of infractions of all duly enacted laws of the Chinese Government, together with cases arising from breaches of municipal bye-laws. In limiting the laws which the Court would apply to those duly enacted by the Chinese Government, the agreement excluded the application of regulations promulgated by the various Chinese ministries.

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Since the labour laws referred to above in each case state that the competent authority is the municipal government in municipalities and the *hsien* (or county) government in *hsiens*, and since the enforcing municipal authority in Shanghai recognised by the Chinese Government was the Chinese municipal authority, it was logical for the Court owing allegiance to the Chinese authorities to refuse to try a case brought in by a Shanghai Municipal Council organ under any of the labour laws.[5] In the eyes of the Court the

[4] *Municipal Gazette of the Foreign Settlement of Shanghai*, 1930 volume.

[5] All possible means of using the Court as an instrument of enforcement under laws other than labour laws were explored. In 1939 seven workers were burned to death when an apprentice spilled inflammable thinner over a charcoal stove which the owner of the factory had been specifically instructed by Council officials to remove from the workroom. The Municipal Advocate advised that no case would lie under Article 276 of the Chinese Criminal Code which prescribes a five-year

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

Council was not a competent authority within the meaning of the Chinese Government acts. 648 633

The matter was still further complicated by the fact that many owners of industrial enterprises in the Settlement enjoyed extra-territorial rights. While Chinese legalists argued that extra-territorial rights were of the person and not of the undertaking, in practice Chinese law could not be applied against foreign enterprises owned by those with these rights. At the same time the authorities of the countries with extra-territorial rights held in general that the labour codes of their respective countries did not apply in their Shanghai courts.[6] 692 466 471

sentence or heavy fines for negligence causing the death of others by neglecting the degree of care required in an occupation. The proximate agent only is held liable by the Chinese Courts, and in this case he, in the person of the apprentice, was dead. A case was, however, instituted under Article 33 of the Law Governing Penalties for Police Offences, which prescribes detention or fine for one who "undertakes any work or business contrary to mandate or regulations." Judgment was obtained against the factory owner. When, however, later cases were instituted against other factory owners failing to carry out instructions, the cases were dismissed.

[6] Two cases were heard in the United States Court for China in which application of American law was involved. In the first, in 1936, the widow of a linesman brought an action for damages against an American company for alleged negligence on the part of the company which resulted in death by electrocution of her husband. The case was dismissed. In his judgment the Judge stated that cases similar to the one in question were now rare in the United States because of the almost universal adoption of Workmen's Compensation Acts. Counsel for the plaintiff suggested the novel possibility of the Compensation Act of the District of Columbia being applicable. This, the Judge stated, required study. But he expressed the view that "it may not be impossible, even in this difficult jurisdiction, through reasonable construction and elimination of unsuitable portions to preserve the substance of the law in some fair and workable system which would be welcomed by both employers and employees."

A second case arose later in the same year. A non-American employee of an American corporation slipped on the floor of the employer's premises sustaining an injury for which damages were sought in a common law action based on the theory of negligence. The plaintiff contended that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in this action from maintaining the defences of contributory negligence and assumption of risk. The defendant contended that the District of Columbia Workmen's Compensation Act was not applicable in the Shanghai jurisdiction on the grounds of inherent unsuitability.

The Court ruled that the literal compliance with the District of Columbia Compensation Act would be impossible in the Shanghai jurisdiction, but expressed its belief that the principle of the law of the United States should not be ignored. The judgment referred to the "congressional will manifest in the passage of the District of Columbia Compensation Act" and believed that the "Court might award remedies to injured employees consistent with the spirit and objectives of federal legislation."

Judgment was entered for the plaintiff in the sum of US $1,200.

The Court later temporarily withdrew its Opinion pending further study. It was later restored, and the amount of the award to the plaintiff increased to US $2,200.

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How was such a complicated situation to be dealt with? How could a way be found to improve industrial conditions through administrative action? Fortunately the personal relations between the officers of the Chinese City Government and those of the Shanghai Municipal Council were cordial, despite official differences in viewpoint. The Council welcomed the suggestion of the Shanghai City Government that negotiations should be undertaken to discover if a solution could be found to the impasse. Communications on the subject actually began prior to the special meeting of the ratepayers in 1933, and discussions were continued actively immediately after the alteration to the licensing byelaw which had been approved by the Shanghai Consular Body, and before it had received the approval of the Diplomatic Body in Peking. The licensing power, though it had been obtained, was not immediately invoked. It was felt that its use at the time would probably have brought to a head resistance on the part of Chinese industrialists and others. Moreover, if by negotiation a method might be found by which the requirements of the Chinese Government's Factory Act could gradually be applied in the Chinese Courts against citizens of nations amenable to these Courts, and through some other procedure to those of other countries, the status of the national law would be upheld: it would not be replaced by local regulations. A more comprehensive instrument than license was felt to be desirable.

Conversations extended over four months in 1933, but no agreement was reached. In 1934 the Director of the Shanghai Branch Office of the International Labour Office attempted to use his good offices to find a way out of the deadlock, laying useful foundations. Chinese Government delegates to the International Labour Conference in Geneva in 1934 and 1935 raised the question of a solution to the jurisdictional difficulty in Shanghai. Subsequently, the Director of the International Labour Office in Geneva met with government representatives of Great Britain, the United States, Japan, France and Italy, who agreed to discuss the problem with their governments.

Between 1935 and the outbreak of the Sino-Japanese hostilities in 1937, negotiations between the Shanghai Municipal Council and the Shanghai City Government continued. At one point it appeared that a *modus operandi* had been reached, whereby the Council,

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under authority delegated by the Chinese authorities, agreed to apply in the Settlement those portions of the Factory Act which were enforced in Chinese territory. The Consular Body, however, fearing that such an agreement would imply the partial abrogation of extra-territorial privileges, stated that it could be made applicable only to industrial interests within the Settlement which were subject to Chinese jurisdiction—i.e. to foreign residents without extra-territorial rights, and to Chinese. In that case, the Consular Body held, there would be no objection to a clause stating that the Council would, with the consent of the authorities concerned, apply a similar inspection procedure to all other factories by means of the powers vested in the Council by the Land Regulations.[7] No real progress had been made in the negotiations by the autumn of 1937 when, as a result of Sino-Japanese hostilities, the City Government ceased to function and its personnel withdrew from Shanghai.

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WHILE THE FRONT STAGE had been given over to negotiations, the Bureau of Social Affairs of the City Government and the Industrial Section, the organ of the Council which had been created to deal with the regulation of industrial conditions, had not been idle. The Bureau had exercised a considerable influence within the Settlement even prior to the 1933 licensing byelaw amendment, and it continued to do so. Its officials did not inspect industrial premises, but they were active in mediating industrial disputes which were frequent and often bitter. Even foreign owners of industrial enterprises, who were most vocal in insisting that inspection of factories should remain in the hands of the Shanghai Municipal Council, in the absence of facilities provided by the Council to assist them in the settlement of industrial disputes yielded to the force of organised labour and in some cases gladly accepted the offer of mediation by officials of the Bureau of Social Affairs. Furthermore, the Bureau established a Statistical Section, which began to collect basic information concerning wages and hours of work, and instituted an intensive study of the cost and standard of living of Chinese workers inside and outside the Settlement. This programme finally produced cost of living index figures which were to play an important part in the adjustment of workers'

[7] *Municipal Gazette of the Foreign Settlement of Shanghai*, August 1936.

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earnings in the period of inflation following the 1937 hostilities.

The Council's Industrial Section worked steadily at improving health and safety in the Settlement's industrial enterprises. In its desire that nothing should interfere with a possible agreement with the Chinese authorities, it did not, prior to 1937, compete in the mediation of disputes but remained in the less controversial field of hygiene and safety promotion. The concentration of factories and workshops within an area of some nine square miles placed them within easy reach of inspection and made transport a much less difficult problem than was the case for the Chinese authorities, in whose extensive territory factories were widely scattered. While the frequent use of dwelling houses as factories and workshops in the Settlement limited the improvements which could be made, there was a general rise in standards between 1933 and 1937.[8] Trade by trade, a steady drive improved machine safety, safety in the use of pressure vessels, provisions for industrial hygiene, and general working conditions. Relying only on the general authority of the Council and on reason and good will, the Industrial Section used educational means to induce employers to take steps toward factory improvement. The Court could not be invoked, but considerable success was nonetheless achieved.

WITH THE OUTBREAK of Sino-Japanese hostilities in 1937, all industrial enterprises in the Settlement closed. In the western district Chinese and non-Japanese foreign-owned undertakings re-opened shortly after. Those in the eastern district, which was held by the Japanese Naval Landing Party, were in the area of heaviest fighting where blocks of Chinese-owned undertakings were destroyed. Five months after the hostilities had commenced, foreign-owned plants were found to be "islands in a sea of destroyed Chinese enterprise." Comparatively few foreign factories suffered much injury, but they remained closed until the spring of 1938. By the end of 1938 all foreign-owned and many smaller Chinese-owned plants in the eastern district had been re-occupied. Larger Chinese-owned plants were operated by Japanese occupiers. Although Japanese offers of restitution to legal owners with the object of co-operation in their management were made, there was little response by Chinese.

[8] See Chapter III.

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A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China; however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

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466 and Industrial Division to secure improved industrial conditions.
471 Two contrary tendencies were observed. Owners of destroyed enter-
178 prises, previously operating either in the eastern district of the
633 Settlement or in provincial cities, in many cases showed a dis-
648 position to take advantage of new construction to erect better and more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

[9] See Chapter III.
[10] See Chapter IX.

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection. 466 633 648 471

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

WHEN PACIFIC HOSTILITIES developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to 471 722 439 [457]

[11] In subsequent pages frequently referred to simply as the "Division."

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471 [439] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

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to secure a better arrangement. Indeed, many employees of foreign 471
firms taken over by the Japanese had to accept, under threat, allow- 723
ances considerably short of this scale. [466]

Thus very soon after the commencement of the Pacific hostilities, the former bustling industrial Shanghai died. The air, once polluted with the smoke of countless chimneys, cleared miraculously. Streets formerly grimed with coal dust became strangely clean. But these were improvements which boded ill for the people's livelihood. To the streets instead came to die many who could not find food or shelter.

Little detailed information is available as to conditions in 633
Shanghai after August 1942. But the social problems of the city 648
are substantially the same whether there is Japanese direction of the former administration or not. The Division will probably be forced during the period of isolation from the outside world, and through the proposed pseudo-changes in the Land Regulations referred to above, to use the Japanese-instructed Nanking Government Courts in enforcement. This may have one useful effect, that of removing those dangers of inequity and lack of evenhanded justice which exist when every factory engaged in the same trade is not subject to the same official scrutiny on the basis of clear regulations. The work of the Division in the last decade has shown that specific formal authority is not essential for useful achievement. The power of accurate facts has been very great. The appeal to reason has not been without result. While industrial conditions at the close of the decade were in many cases still thoroughly bad, within the limits of authority and capacity a not inconsiderable progress had been made prior to December 1941, laying the foundations of improvement in the lives and livelihood of workers in Shanghai.

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These principles were the expression of the spirit with which the work was begun and carried through: that Chinese and foreign members of staff were equal partners in a high adventure. There was a real comradeship based on mutual respect for the capacity and the motives of each individual of whatever nationality. The especially fine minds and wise judgment of Chinese colleagues, steadily creating their own work in their own fields, found appreciation among the foreign staff; the generous sharing of experience and the friendship of British, Austrian, Danish and Japanese staff members with their Chinese colleagues was equally welcomed. In short, a comradeship, consciously aimed at and greatly desired in advance in the early years of the Division's life, was achieved.

As members of the staff were sent out to make initial contacts with factory owners in the early years they had one instruction: to make friends. In the absence of powers of entry, with the possibility that they would be refused, nothing could be done unless they could make themselves wanted. To a large extent the staff succeeded. As time went on and contacts widened, the Division staff earned an enviable reputation for knowledge in their field, so that they were welcomed on this account as well as personally. Moreover, the absence of power to enforce court action has some compensations. Staff members knew that on themselves alone and on the vigour they were able to bring to their work depended their success. Unless a factory owner could be convinced of the reasonableness and rightness of the request made, the possibility of obtaining compliance was remote. And, further, the lack of power to hale into a Court meant that it was seldom considered worthwhile by an employer to offer to suborn a member of the staff so as to escape the necessity of carrying out his requirements. The total effect of these factors was to give to the Division staff a satisfactory status in the community and a useful relationship with the majority of Chinese employers.

Foreign employers reacted somewhat differently to the Division's efforts. For the most part physical conditions were considerably better in British, American, German and Japanese plants than in Chinese-owned enterprises. In consequence in the efforts to achieve safety and better hygiene, less had to be done in foreign enterprises. Many western employers had the same attitude to "government

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466 interference" as employers in their home countries had entertained
633 decades before. Both western and Japanese employers knew that
471 no specific power lay in the hands of the Council to enforce standards. But in general they, too, welcomed the Division staff, submitted with good grace to suggestions for improvement, and carried out the recommendations made. Japanese employers were punctilious in installing safety devices suggested. They were not unwilling to meet Japanese standards in safety and hygiene generally. But neither Japanese nor Western nor Chinese employers were ready to consider modifications of hours of work, or rest days, matters in which—especially in the textile industry—reform was greatly needed.

In the absence of enforcement powers it was sometimes necessary to use something more than sweet reasonableness. A Chinese member of staff would report inability to secure compliance from a Chinese factory owner. Then the device of sending a foreign member would be resorted to. Or a foreign member would report he could do nothing with a certain Chinese owner: and the device of "changing the record," sending a Chinese voice, would be used. Or a man member of staff would fail; and then the eloquence of a Chinese woman, to which no mere Chinese man can stand up, would be used. Or again, failing to achieve success by talking on the premises of the industrialist where he was at home, he would be invited to the office of the Division, and, strangely, would most frequently comply. Then the staff, being in turn at home and hence with a psychological advantage, would urge its point of view. In most cases and by the use of one or other device, success was recorded. It cannot be denied, of course, that this was achieved at the expense of much effort, much waste effort, which the possession of ordinary powers of enforcement would have made unnecessary. It is thought, however, that more education was done through the means that had to be adopted than would otherwise have been the case. The one basic principle was belief that always there was *some* way in which a situation could be bettered.

466 EVENTS DURING THE decade in which the work described in this
633 monograph took place induced a certain change in general attitudes. When, in 1940, it was decided to set up a regular Council committee to be concerned with the Division's work, a Councillor

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approached for their views on an industrial census, the last-named as to their willingness to supply needed information. With world-wide hostilities raging, the usual reluctance to supply confidential information was enhanced in most national groups. It was necessary therefore to abandon the plan, and in consequence no accurate measuring rod exists with which to assess Shanghai's industry.

During the first half of 1942, the Asia Development Board, the organ of the Japanese Military which dealt with economic questions, undertook a complete study of all industry, of whatever national ownership, with a view to its use in Japan's war effort. The results have naturally not been made available.

The great majority of factories and workshops in the Settlement were, prior to December 1941, of Chinese ownership. The larger plants and those employing the most workers were generally in foreign (Japanese and western) hands; and, of these, western interests owned the comparatively few plants which approximated "heavy industry." In general, foreign-owned plants were modern and well-operated. Except in the textile industry their hours of work were shorter than in Chinese plants. Earnings were somewhat higher also. It is believed that in Shanghai there were some 1,800,000 spindles in 38 Japanese-owned or Japanese-controlled cotton textile enterprises, 240,000 in five British, and 650,000 in 21 Chinese-owned cotton mills.[2] Individual cotton mills employed as a rule from 1,000 to 4,000 workers, some more. There were few other Chinese-owned plants with as many as 1,000 employees, and though a larger number of medium-size Chinese-owned industries existed, many of them were but extensions of domestic industry.

In the absence of sufficient small buildings erected for industrial purposes, hundreds of small Chinese factories and workshops were housed in buildings originally designed as dwellings and converted to industrial use. In the majority of cases, those who worked in these buildings lived in them without sleeping accommodations separate from their working quarters. A workshop by day was a dormitory by night; untying a bedding roll and spreading it out made sleeping quarters of the same few square feet in which the daytime tasks were performed. The housing congestion which is de-

[2] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,322,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

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worker claimed his right through the Court; indeed, the fact that they had rights under the law was known to comparatively few. In consequence the families of many workers killed in industrial accidents accepted less than their legal due, and many temporarily or permanently incapacitated received none of the benefits which the law intended they should have. While in most countries claiming of compensation is left to the worker or his family, in others where the general educational level of workers is not high, it is part of the administrative function to see that compensation payments are made. It would appear that the Chinese Government, in outlining the duties of factory inspectors in the Factory Inspection Law promulgated February 10, 1931, excluded concern with compensation payments of the Factory Act from the duties of inspectors. A programme for the enforcement of factory inspection approved by the Ministry of Industries in April 1934 stated "the factory inspector shall limit himself to the investigation of the actual conditions in which a worker is injured, falls sick, or is killed in the performance of duty."

Commencing where the family loss is greatest, the Division for some years acquainted employers of workers killed in the line of duty with the standards of the Chinese Government Factory Act. Later cases involving workers seriously injured were also taken up. This law was not applicable to foreign employers who were citizens of countries with extra-territorial rights.[8] It was found that the

the average wages of three years, nor be less than the average wages of one year;

(3) For the worker killed in the course of his or her employment, the factory shall, besides giving fifty dollars for funeral expenses, pay to the legal heirs a compensation of three hundred dollars and two years' average wages.

The average wages mentioned above shall be calculated on the basis of the wages for the last three months of his or her employment in the factory.

Funeral expenses and compensation shall be paid all at once, while allowances for injury or sickness or disability may be paid by instalments.

[8] See pp. 8, 9 for cases involving United States companies and the viewpoint of the U.S. Court for China. In enunciating the principles underlying compensation the Court stated: "It has long been recognized that accidents to workmen in industries are bound to occur where no actionable negligence can be attributed to the employer under common law principles. The hardship and suffering entailed by inevitable accidents, the burden of litigation to poor workmen and their families, and the harassment of unfounded litigation to employers where there was no legal liability, are all factors which helped to bring about the compensation acts. However, the most compelling reason was the conviction that social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities regardless of who was or who was not negligent."

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466 633 471 law was an instrument in inducing payments somewhat more adequate, and standards improved year by year. Rising costs of living and falling dollar values made the actual dollar standards of the Act inapplicable. Employers showed a willingness to adjust to changing economic situations in amounts of compensation paid.

In 1940 amounts of compensation were known in 35 cases, 21 of which were Chinese-owned enterprises, nine Japanese, two each American and British, and one German. Amounts ranged from $500 to $2,000. One American enterprise regularly paid compensation based on the number of months of service together with cost of living percentage allowance in force at the time of death, and a sum of $15 per month payable till the eldest son was 14 years. Another, a Chinese enterprise, agreed to pay $30 per month during 12 years till the eldest son should earn.

In 1941 compensation for accidents resulting in deaths was known in 19 cases, and for serious injuries in 12 cases. Of the total of 31, 19 were in Chinese concerns, six in Japanese, three in British, two in American and one in a Swiss enterprise. Amounts ranged from $500 to $6,000 in cases where death occurred. Five months' wages were paid by a Chinese concern where a worker lost fingers; another Chinese plant paid a year's wages for loss of an arm. A silk weaving factory, Chinese owned, paid $500 to an apprentice who had lost an arm; a Swiss metal industry drew, from an insurance company, 1½ years' pay and allowances for a worker who had lost his leg.

466 633 A compensation arrangement such as probably never occurred elsewhere was made in the case involving the breaking of a leg of a young girl of eleven years of age. She had been employed as a substitute by a somewhat older girl to work in a stocking factory and had fallen over a horizontal shaft, causing the injury mentioned. The management claimed it had no responsibility for her presence in the factory—a view which it was not allowed to maintain. The Division finally induced the management to pay hospital expenses and to provide compensation in the form of one pound of soya bean milk per day delivered to her home for a period of six months. The Division saw the receipt for the account for the milk, which was paid in advance.

466 Looked at in the light of the relation between compensation payments in the case of death of a worker and the needs of a family

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On the whole, however, workers exhibited a capacity to think logically about their problems, and a willingness to negotiate rather than to resort to violence. Indeed, violence was rare, while orderly negotiation was very common. 468

Resort to strike-breaking by management was infrequent, but not unknown. In two disputes in 1940 Jewish refugees newly arrived from Europe were called in. However, their lack of the specific skills involved as compared with that of the Chinese workers, and the higher remuneration which they demanded made their employment beyond the emergency period uneconomic for management. In a few instances as in some public utility enterprises, Russian workers were employed on a permanent basis in order to have labour available in the event of a dispute with Chinese workers which would result in the paralysis of an important industry. One German-owned bakery in 1942 asked the Division if it could supply bakers to replace those intending to strike, on the ground that the public interest in the supply of bread was at stake. The management was informed that the Division did not break but mediated strikes, and through mediation the Division averted the threatened stoppage of work to the satisfaction of all concerned. It can be seen that certain employers entertained primitive ideas of employment relations and of the function of authority in the settlement of disputes.

There was little uniformity in the attitude of employers toward the activities of labour. Some western foreign-owned enterprises permitted actual union organisation, and entered into negotiations with duly elected representatives. Others allowed no formal organisation, though they tacitly admitted the right of their employees to collective action by negotiating with them, either with or without an independent mediator. Yet others again permitted no group activity, and many instances were known where workers who led their fellows were dismissed from their employment. Until workers may express themselves without fear of loss of employment, full freedom of workers to act collectively cannot be said to exist. Dismissal for those associated with group activities occurred in plants of Chinese ownership, although the Chinese Government's labour Union Law gives protection to those who organise.[2] This law was 468 467 471

[2] Article 31 states: "An employer or his representative shall not refuse to employ workers or dismiss workers or accord other unfavourable treatment to them because

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468 not applicable to owners of factories with extra-territorial privileges,
467 to American, British, or Japanese owners.

● 471 The attitude of the Shanghai Municipal Council toward labour organisation was not specifically formulated. While a procedure of
467 registration of organisations with the Special Branch of the
633 Municipal Police as a means of crime prevention was instituted as an emergency measure after the 1937 hostilities, the registration of workers' groups was not encouraged.[3]

468 As stated elsewhere, industry in the past did not pay adequate
633 wages, many workers being employed at remuneration insufficient to meet the needs of a family.[4] There was no effective legal instrument for enforcement of minimum wage standards, but mediation procedure frequently was useful in achieving earnings adjustments. When a dispute occurred a first step was to request from the management the wage sheet of the preceding month, together, if possible, with the wage sheet of the corresponding month in 1936. It was then possible to find the actual earnings indices, and to compute real wage indices, so that the spending power of earnings became apparent. These earnings were further compared with the minimum subsistence costs regularly published monthly by the Division. By these two procedures the parties became aware of the actual wage situation, and efforts were exerted to have adjustments made so as to meet as nearly as possible the published figures.

468 An important instrument to further betterment of conditions
633 was the signing of a collective agreement to which factory manage-
675 ments, workers' representatives, and the Division, were parties. A written agreement is better than verbal promises. Moreover, being an agreement to which the parties had voluntarily agreed, it had the moral force of a contract.

The agreements covered a wide range of conditions of employment including wage increases, allowances of various kinds, provision of annual bonus and profit sharing, provision of hospital

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467 of their affiliation with the labour union . . . shall not make it a condition of employment that the worker shall not take charge of any business of the union or that he shall not enter a union or that he shall withdraw from the union." Translation by Koo Ping Yuen, *Chinese Labor Laws*, second edition, Commercial Press, Shanghai, 1935.

[3] See Chapter II.

[4] See Chapter III.

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disposed of by the benevolent society or a public agency. The issue is at base that laboured sufficiently in preceding pages—low earnings of employed workers. 766

THERE IS A GROUP OF workers in Shanghai whose conditions of employment were such that the public called for special investigation of them. These are the pullers of public rickshas, one of the many groups of workers engaged in transportation—an industry which in China even prior to December 1941[3] depended more on human labour than on mechanized vehicles. The pullers of hand-carts, and those who use a pole on their shoulders for carrying loads, are also transportation workers, but there was little public interest in the latter groups, even though their work is in some respects as arduous as that of the ricksha pullers. 494 466 471

In 1933, at the suggestion of the Rotary Club, the Council undertook an enquiry into the working conditions of public ricksha pullers. This group of pullers does not own rickshas but hires them on a twelve-hour shift. The conviction of the community was that the pullers were being exploited by the owners of the rickshas or by their agents, sub-contractors through whom the rickshas were leased. The committee of enquiry examined the advisability of centralising the public ricksha industry in a utility company, and did in fact finally recommend that a beginning be made by the organisation of one company to operate a fleet of two thousand vehicles. The committee felt that little could be hoped for in the way of better care of vehicles and better conditions of operation for the pullers as long as the rickshas were owned by more than a thousand individuals.

It transpired that since the number of public rickshas was limited to about ten thousand, the Council's ricksha licence to operate a ricksha had acquired a fictitious value of several hundred dollars. Owners sought to recover as rent an investment return, not on the price of the ricksha and the cost of a licence, but rather on the money paid by them to the holder of a licence based on the enhanced value of the licence itself. Hence pullers were paying a rental out of all proportion to their earning capacity.

[3] After this date no further importations of gasoline took place and motor traffic disappeared largely from the streets except for vehicles on public service. Some were converted to be used with substitute fuels.

1:Stanford U. S-4, 5 1956 AF15 East China
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C. Private Companies

472 438 This category includes private traders and individual dealers who, according to government policy, are led gradually along the road to state-capitalism. As the result of the growing monopoly of state-owned companies, the private wholesale dealers will be squeezed out of business or transformed into retail traders acting as agents of the state trading companies. All retail traders must undergo socialistic transformation. According to the most recently available report, about one-third of Shanghai's retail traders have been "transformed" under state capitalism.[34] For example, the Wing On Company, the "Marshall Field of Shanghai," has been forced to maintain its business at the lowest subsistence level. According to the report of Kuo Lin-shuang, general manager, the company's business has dropped sharply since 1950. The total volume of sales decreased 52.87 per cent in 1954 from the previous year, and at one point during 1954 income was not sufficient to pay employees' wages[35] By the beginning of 1955, proper adjustments were made and a petition had been

34. Ta-kung Daily, Hong Kong, July 15, 1955.
35. Industry and Commerce, Peking, June 10, 1955, No. 6, p. 17.

472 438 submitted to the Central People's Government asking that the Wing On Company be made an agent of the state trading companies. In March 1955, the petition was approved. The Wing On Company signed contracts to sell forty-eight classes of commodities, and agreed to sell fourteen additional kinds of commodities on a commission basis on behalf of the state companies. Under these arrangements the business showed considerable progress in April 1955, with a sales increase of 98 per cent over the same period in 1954.[36]

In the campaign for the socialistic transformation of domestic trade, East China showed remarkable progress. Among the thirty-nine principal cities of the region, about 5,928 wholesale dealers were chosen for transformation in 1954. By November 1954, some 4,573 dealers (76 per cent) had been transformed, and most of the employees of these wholesale firms were reassigned to other jobs after a few months of thorough training.[37] Over 90 per cent of the retailers had been transformed.[38]

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36. Ibid., p. 18.
37. Ibid., Jan. 10, 1955, No. 1, p. 36.
38. Ibid.

472 438 The Communist authorities have adopted several types of "socialist transformation": (1) the agency, (2) purchase or sale on behalf of state trading companies or supply and marketing co-operatives, (3) combined operation of a few similar retail traders, with separate accounting and finance, and (4) co-operative operation and management. In most of the rural areas throughout the East China provinces, retail traders and peddlers were transformed under these terms.[39] The income of an ordinary retailer remained low and was hardly sufficient to maintain a family on the lowest subsistence level. For example, in April 1955 in Chen-hai, Chekiang Province, the average per capita income[40] of the retail dealer in bamboo-products was only ¥16 (US$ 6.4). Private traders, unable to subsist, will change their profession sooner or later.

D. State "Capitalism"

475 438 Under state "capitalism," the state trading companies or the supply and marketing co-operatives designate private commercial

39. Ibid., May 10, 1955, No. 5, p. 23.
40. Tsu-kuo [China Weekly], Hong Kong, Aug. 22, 1955, No. 138, p. 12; Ta-kung Daily, Tientsin, June 21, 1955.

1:Stanford U. S-4, 5 1956 AF 15 E. China
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Annex "A," Subparagraph 3f, Economic Background

SOCIALIST TRANSFORMATION OF PRIVATE INDUSTRY AND COMMERCE IN EAST CHINA

472 The socialist transformation of private in-
475 dustry, i.e., its gradual nationalization, was accomplished both slowly and cautiously in East China during the early years of the Communist regime. Extreme cautiousness was dictated by the following conditions, which could help or hinder the successful completion of the Communist campaign.

1. Three of China's largest industrial cities, Shanghai, Tsingtao, and Wuhsi, are in East China; Shanghai particularly has been the stronghold of private enterprise. At the time Shanghai fell, over half of the 2.3 million cotton spindles in Shanghai were privately owned; private ownership accounted for an even larger proportion of private enterprise in dyeing and weaving, machinery and chemical industries. Shanghai, the site of more than half the factories in China, also served to train technicians, managers, and skilled workers who later sought jobs in industry in other areas.

2. The accumulation of capital in East China's industry could provide a foundation for China's industrialization.

3. Lack of capital and the lack of managers and skilled technicians among the party cadres has often proved a handicap to the program of the Communist government both in China and in the Soviet Union.

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475 The conflict in Korea further slowed the pace of socialization for the duration, because the Communist government discovered its immediate need for the production of private industry. But the cautious policy with which the Communists extend state control over industry was accompanied by a deliberate two-way policy of infiltration: government orders were filled by private industry, and the state purchased and marketed the products of private industry. By the end of 1953, an estimated 58 per cent of the output of Shanghai's private industry was either produced for the state or marketed by it.[1] The Communists regarded the increasing dependence of private industry on the state as a preliminary step to state capitalism.

Introduction of Joint State-Private Enterprises

After the beginning of the First Five-Year Plan (October 1953) the government began to exert pressure by converting private enterprises into "joint state-private enterprises." According to the interim regulations governing joint state-private enterprises, issued in September 1954, the legal rights of private shareholders were to be protected; profits after taxes were to be allocated for reserves, workers' benefits and bonuses, interest, and shareholders' dividends; and shareholders' dividends plus remuneration for top management were to be equal to one-fourth of the

1. Ta-kung Pao [Ta-kung Daily], Tientsin, June 12, 1953.

472 gross profits. Management was shared by govern-
475 ment and private shareholders; workers also shared in the administration.

Not all private enterprises were forced to become joint state-private enterprises. All industries had to go through the procedure of application and investigation before formal approval was granted -- which permitted the government to choose only those companies it wished to transform, forcing others to declare bankruptcy or merge with larger concerns. Transformation had to be "voluntary," industry has to be "beneficial" to the national economy, and the company had to be ready for reorganization and for further improvements.

Thus, by avoiding the semblance of straight nationalization, the Communists have tried to maintain the co-operation of private industrialists. It is possible that the Communists expect the industrialists to exhaust their resources by investing all their available funds, and at the same time treat their competitors ruthlessly in order to maintain their own margin of economic security.

Socialization by Regions and by Industries

Shanghai. In Shanghai, site of the largest number of factories, the Communists first moved against key industries such as textiles, metallurgy, machinery, and chemicals; and they first picked moderate-sized concerns rather than large ones. Four well-known companies, the T'ien-yüan Electrical Chemical Works, the T'ien-li Synthetic

472 Nitrogen Product Company (owned by Wu Yün-ch'u,
475 a promoter of the chemical industry in China), the Shanghai Cement Plant (owned by O. S. Liu, prominent Shanghai entrepreneur), and the Nan-yang Tobacco Company (owned by overseas Chinese and managed by Chien Yü-chieh, first overseas Chinese to return to China to promote industry), became joint state-private enterprises as early as 1950. Perhaps these companies did not suspect that they might be used as decoys when they accepted government participation, believing that the Communists sincerely solicited their co-operation in the development of China's industry.

The following large businesses became joint state-private enterprises in the period 1953 to August 1955:

(a) all the 50 cotton mills in Shanghai, including Shen-hsin Textiles and [illegible] Textiles, largest and second-largest textile companies in Shanghai, which accounted for one-fourth of the cotton textile equipment in China;
(b) dozens of metallurgical and machine plants, including Ta-lung Machinery Works and T'ai-li Iron Works, two of Shanghai's largest;
(c) about one dozen chemical works, including the Ta-chung-hua Rubber Manufacturing Plant (largest in China), and the Kofa (K'o-fa) Pharmacy and the International Dispensary (the two oldest pharmaceutical and cosmetics manufacturers);
(d) about six electrical-equipment manufacturing plants, including the Hua-ch'eng Electrical Equipment Manufacturing Plant and the Hsin-an Electrical Equipment Manufacturing Works.

472 475 More than two-hundred factories were approved for transformation in July and August 1955, including many smaller manufacturing industries. It is expected that the total number to be transformed will be considerably greater.

By November 1955, about 45 per cent of the total output in value of Shanghai's private industry has become joint state-private enterprises.[2]

Enterprises which the Communists consider less essential, owned by capitalists with other properties in China and with funds abroad as well as by overseas Chinese, are subject to other tactics in an effort to hurry their bankruptcy. They are forced to keep operating with undiminished payrolls, despite the heavy financial burden this entails. The Shanghai Wool Textile Mill, for example, owned by a Chinese now residing in California, has been operating at losses exceeding US 1.5 million for the last four years. Two hundred idle employees remain on the payroll. The plant is not allowed to close or to fire workers. The owner has other properties in Shanghai and probably has funds in the United States. When all his resources are exhausted, he may "voluntarily" ask the government to take over his factory.

Foreign-owned enterprises, if profitable, must meet the demands of the workers for elaborate benefits; they must also pay high prices in order to buy sufficient raw materials to maintain production. High taxes and the impossibility of

2. New China News Agency, Shanghai, November 21, 1955.

472 remitting profits abroad add to the woes of "profit-
475 able" firms; if unprofitable, plants are kept in operation with funds from abroad until, at last, they find it necessary to surrender to the government.

Other Districts. In other parts of East China, as many private enterprises as possible were converted into joint state-private enterprises. In Kiangsu,[3] 261 industries including three big enterprises near Nanking -- the Yung-li Chemical Industries, the Chiang-nan Cement Plant, and the China Cement Plant -- have been transformed; and 330 joint enterprises in Tsingtao and Tsinan, Shantung Province, were in operation by the end of 1954. Most of these were small in assets and in size, with the exception of one cotton mill in Tsingtao and another in Tsinan.

A total of 338 industries in Chekiang,[4] from the Hangchow Power Plant, the largest, to the smallest, the handcraft scissor-making industry, have been transformed. All of the few enterprises in Fukien and Anhwei have become joint state-private concerns.

Elimination of Private Commerce

Ultimate elimination of private commerce is part of the Communists' plan for a socialist economy. This partial goal has been achieved by the gradual ousting of traders, following the establishment of a government monopoly over all foreign and most internal trade.

3. Hsiang-kang Shih-pao [Hong Kong Times], Dec. 6, 1955.
4. Ibid.

472 Import-export firms were the first victims.
475 Foreign trade was first controlled and then monopolized by the government. Private firms could do no more business, but were not allowed to close, and were continually pressed to surrender their foreign funds. Not until recently was a group of 300 Shanghai firms allowed to close, under a "collective reform" movement.

Following the establishment of the government import monopoly, wholesalers of imported commodities were forced to become agents of state trading organizations. The same fate befell former traders of "essential commodities;" 24 categories of food, edible oil, and cotton cloth were placed under unified state purchasing and marketing. The traders' capital was forcibly transferred to industry in the name of "government guidance and relief." Through the latter part of 1955, there were 621 trading firms in Shanghai which had been so affected; the capital of 157 of these, amounting to 23 million yuan, was transferred to Anhwei, Chekiang, and Hunan for use in manufacturing, animal husbandry, hotels, etc.

Of the four largest Shanghai stores, the Wing On Company, the Hsin-hsin Company, the Sincere (Hsien-shih) Company, and the Tai Sun (Ta-hsin) Company, only the first survived until November 1955, chiefly because the owners had real estate and cotton mills in Shanghai which provided funds to cover the store's deficits. The store's sales were confined to domestic products, mostly supplied by national trading companies. Heavy taxes, high wages, and lack of profit closed the other three stores shortly after the Communist took

472 over Shanghai; their business premises were con-
475 fiscated for defaulted taxes.

According to Communist statements, half of all retail shops in Shanghai (about 21,000) were eliminated, and 17,467 peddlers and stall-keepers were made salesmen for governmental trading organizations.[5]

Reactions of Industrialists and Shareholders

The Communists have used two tactics to induce enterpreneurs to co-operate with the government and to mitigate shareholders' chagrin because of their loss of income. One is to offer distinguished positions to prominent industrialists; the other is to promise 8 per cent dividends to shareholders.

The three industrialists in Shanghai who first accepted government participation in their enterprises, O. S. Liu (general manager of the Shanghai Cement Company, the Great China Match Manufacturing Company, and the Chang Wah Wool Company); Wu Yün-chu (general manager of the T'ien-yüan Electro-chemical Works and the T'ien-li Synthetic Nitrogen Products Company), and Chien Yü-chieh (general manager of the Nanyang Tobacco Company), were appointed members of the National Committee of Political Consultative Conference.

N. Z. Yung (of Shen-hsin Cotton Textiles) and Kuo Ti-huo (David Kwok of Wing On Cotton Textiles) were given similar positions. In Kiangsu Province Hou Te-pang (chairman of the board of Yung-li Chemical Industries of Nanking), Chang Ching-li (of Ta-sheng Cotton Mill, Nan-t'ung) and Yung Te-sheng (of Shen-hsin Cotton Mills, Wu-hsi)

5. Hsing-tao Jih-pao [Hsing Tao Daily] Hong Kong, June 6, 1955.

472 were appointed members of the National Committee
475 of Political Consultative Conference. Liu Kuo-chün (Ta-ch'eng Cotton Mill, Ch'ang-chou) was appointed a member of the Kiangsu Provincial People's Council.

These industrial leaders had hoped that by accepting government positions they might be able to maintain independence of management under the general plan mapped out by the government; but the experience of "joint enterprise," as the Communists interpret it, has disillusioned them.

Shareholders, too, have seen that the government's promise of an 8 per cent dividend is a ruse. Whenever a sharehold's total dividends reach a fair amount he must buy non-negotiable government bonds; this is not much different from straight confiscation.

208 lectures on sanitation, and, sometimes with the
873 help of radio, films, and mobile theatrical units dramatizes the issues of the day, the need for the farmer to sacrifice, to send his sons to the army, to contribute labor to community projects, to inform on his neighbors, to buy bonds, and so forth. The cadre establishes "winter schools" in which the peasants are given intensive political indoctrination practical training, and instruction in reading and writing. Hunan reported that 2,500,000 peasants were enrolled in these schools in the winter of 1955.[18]

425 The age-old drive of the vigorous peasant to
668 increase his family's land holdings is checked by fear lest he be re-classified as a "rich peasant" and be subject to higher taxes and other pressures. Yet what the Communists deplore as the peasant's "spontaneous capitalistic tendency" has not been crushed and the landholdings of the more enterprising grow in size.[19]

474 The effort to force various forms of co-opera-
668 tive work has not been completely successful.

> "... when a serious team-use of labor, tools and farm animals was attempted, a variety of unsatisfactory results emerged; quarrels among the families intefered with efficient output; no one assumed responsibility for the upkeep of communal property; the claims of inefficient members violated the sense of equity of the more efficient..."[20]

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18. People's Daily, Jan. 30, 1955; SCMP 984, pp. 30-31.

19. Rostow op. cit., p. 152, cites the Peking People's Daily, Feb. 15, 1954.

20. Rostow, op. cit., p. 84.

[p. 223]

III. COLLECTIVIZATION IN EAST CHINA

474 185 The number of agricultural producers' co-operatives in Communist China was 400,000 at the end of 1954, but it had been increased to 670,00 by the time of the "spring plowing" of 1955, as reported by Li Fu-ch'un, Vice-Premier of the People's Republic of China.[11] The information concerning the regional development of the agricultural producers' co-operatives was not available. If we calculate according to the percentage of rural population, East China should have developed, approximately, 187,600 units[12] by the spring of 1955, with a membership of 4,200,000 farm households, representing 15 per cent of the total households of the region. It was reported that the speed of development was too rapid for the peasants to follow, and most of the cadres were lacking in serious study of the wo and became blindly optimistic and impatient. Some peasants were forced into "co-operativization" and afterwards withdrew from it.[13] Therefore, the training of competent cadres to direct the work seems to be the key to success of the whole movement. Special attention is given to education in the Party line in rural districts.[14]

Regarding the state-owned and state-operated farms in East China, the Communists claim that

11. NCNA, Peking, July 11, 1955.

12. East China's rural population is about 28 per cent of that of the whole country.

13. Far Eastern Economic Review, Hong Kong, July 28, 1955, Vol. XIX, No. 4, p. 104.

14. Ibid.

474 the progress made since 1950 is considerable.
185 As of 1952, there were 718 different types of state farms in the region, including 6 large-sized mechanized farms, 347 middle-sized "district farms," and 371 hsien and municipal farms.[15] According to the Communist directives, the development of hsien farms has recently been greatly encouraged. At present (1955), there is at least one state farm in each hsien and the number of large-sized state farms must have been increased.

The data on the six large state farms of East China are tabulated below.

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15. Kung-fei T'u-kai Pen-chih Chi Ch'i Yen-pien [The Nature and Development of Communist Land Reform] Sixth Section of the Central Reform Committee of the Kuomintang, Taipei, 1952, p. 31.

1:Stanford U. S-4, 5 1956 AF 15 East China
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Table 4. The Leading State Farms of East China, 1952*

Name of Farm	Location	Area Shih-mou	Area (Acres)	Description
Kuang-pei State Farm	Shantung	-	-	Largest of the region and mechanized
Tung--hsin State Farm	Northern Kiangsu	16,000	(2,667)	Mechanized and best-managed
P'ang-shan-hu State Farm	Southern Kiangsu	9,307	(1,551)	With fertile lands
Lien-hu State Farm	-	-	-	Has electrical irrigation system
Huang-t'ien State Farm	Hangchow	8,000	(1,333)	Mechanized and best in Chekiang
Lai-wu-hsien State Farm	Shantung	-	-	Best-managed; received award from the Ministry of Agriculture

*/ Kung-fei T'u-kai Pen-chih Chi Ch'i Yen-pien [The Nature and Development of the Communist Land Reform], Taipei, Sixth Section of Central Reformatory Committee of the Kuomintang, 1952, p. 60.

1:Stanford U. S-4, 5 1956 AF 15 East China AF15

474 185 In order to push the collectivization movement more effectively, the Communists made much use of propaganda claiming the superiority of the co-operative type of farming over that of individual farming. Table 5[1] below shows the production results of these methods of farming.

[1] [Table 5 is missing. -- Analyst]

474 433 According to this table, the per shih-mou (1/6 acre) yeild of the Chang Lai-sheng Agricultural Producers' Co-operative was 12 per cent higher than that of the Ting Ta-sheng Mutual-aid Team and 15 per cent higher than that of the Ting Yin-sheng farm in Ya-t'ien hsiang, Wu-chin hsien, Shantung Province, the output of Sung Tsung-kuo Agricultural Producers" Co-operative per shih-mou was 21 per cent over that of Sung I-pin's Mutual-Aid Team and 47 per cent over that of the Sung Pao-jen farm. The average per shih-mou output of cotton of the 3 year-round mutual aid teams of Chu-chai hsiang, Shanghai, was about 10 per cent higher than that of 2 temporary mutual-aid teams and 50 per cent higher than the average of 14 individual farms.

IV. AGRICULTURAL PRODUCTION OF EAST CHINA

241 The agricultural production of East China includes grains, raw cotton, oil-bearing crops, silk, tea, ramie, hemp, tobacco, and fish. Other agricultural products which bear little significance are not included in the present discussion.

A. Grain Production

241 433 East China produced 23.8 per cent of the country's grains, with rice heading the list, constituting about 45.4 per cent of the total grain production[16] in 1953. Wheat came next, representing 13.5 per cent of the total output in the same year

16. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, March 10, 1953, No. 309, p. 12.

453 The Joint State-Private Bank has
652 branches in Shanghai, Nanking, Hangchow Tsingtao, and Amoy. Under the Shanghai branch there are twenty-seven agencies within the city. The functions of the Joint State-Private Bank are (a) the handling of accounts of private enterprises; (b) the extension of short-term credits to private enterprises, subject to approval by the People's Bank; (c) the handling of overseas Chinese remittances and inland remittances for the account of the Bank of China through the branches of component banks still operating in Hong Kong; (d) the acceptance of savings deposits for the account of the People's Bank.[7]

G. Credit Co-operatives

452 The credit co-operatives, the basic level
474 of the People's Bank in rural areas, are of three types -- credit co-operatives, credit departments, and mutual-aid teams.

The credit co-operative is a high-level organization with members and a board of directors; capital shares are subscribed by the members, and these deposits become the co-operatives's main financial source.

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7. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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452
474 The credit departments of supply and marketing co-operatives have neither separate membership nor independent capital. Their operating funds are derived from deposits and some special funds appropriated by the co-operatives concerned.

Credit mutual-aid teams are small, simple organizations. Developed from the traditional loan medium in rural areas, they consist of twenty to thirty farmers, each of whom subscribes an equal amount of capital to be used to help any member who may be in need of assistance. Credit is granted by the agreement of subscribers and is redeemed in installments.

In East China there were about 15,000 credit co-operatives (about 19 per cent of the total in the country) at the beginning of the fourth quarter of 1954. Of these, 6,083 co-operatives were in Shantung Province, 4,355 in Chekiang Province, 1,578 in Fukien Province, 1,566 in Kiangsu Province, and 1,481 in Anhwei Province. At the same time there were 41 credit departments in Kiangsu and 101 in Anhwei, and 7,689 mutual-aid teams in Anhwei, 5,179 in Fukien, 2,987 in Kiangsu, and 1,397 in Chekiang.[8]

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8. Ta-kung Pao [Ta-kung Daily], Tientsin, Dec. 14, 1954.

438 Native Products Company have established
655 branches in the rural areas. The trade volume of state-owned concerns has grown very rapidly. If we take the trade volume of 1950 as 100, the index for 1952 was 397 for the country as a whole. The regional trade of East China was proportionally higher during the same period.[30] According to the first Five Year Plan, as reported by Li Fu-ch'un,[31] the Communists estimate that by 1957 the total volume of trade will be 133.2 per cent over 1952.

State trade is expanding day by day while private trade diminishes. Eight large trading companies in Shanghai have signed contracts with 116 different fields of industry (over 8,000 factories) to purchase commodities for domestic supply and for foreign trade. According to a report in the Ta-kung Daily, Tientsin, at least forty-six industries in great financial difficulty were benefitted by advanced contracts with the eight state trading companies in Shanghai.[32]

B. Co-operative Companies

474 The supply and marketing co-operative in
438 Communist China is a co-operative organization
443 formed under government directives. Its

30. People's China, Peking, Jan. 16, 1954, p. 5.
31. Kung-shang-chieh [Industry and Commerce] Peking, Aug. 10, 1955, No. 8.
32. Ta-kung Pao [Ta-kung Daily], Tientsin, June , 1955.

•474 capital is made up of shares contributed by
438 members. It supplies members with farm
443 implements, fertilizer, and other daily necessities and markets their agricultural produce and the products of rural industries. The state trading companies and the branches often make advance contracts with the co-operatives by supplying them their products at fixed low prices. The exact number of the supply and marketing co-operatives in the East China area is not known, but a rapid development was certainly carried out during the period 1953-55. Up to the end of the third quarter of 1955, all of the cities of East China had established supply and marketing co-operatives and each hsiang of the region had at least one such co-operative. According to the latest information available, these co-operatives did one quarter of the total national retail trade in 1953, or 18 per cent of the retail trade in cities and 30 per cent in the rural areas; and about 75 per cent of all the purchases made by the co-operatives were on behalf of the state.[33] The percentage of the total retail trade done by these co-operatives must have at least doubled by 1955.

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33. Far Eastern Economic Review, Hong Kong, May 12, 1955, Vol. XVIII, No. 19, p. 597.

288 constituting 70 per cent of the total production
433 of the whole country. In 1953, the output reached 25,561,770 bales,[33] more than double the 1949 output, but only about 65 per cent of the country's total production in that year.[34] East China again takes the lead in the production of cotton cloth. Though complete data are lacking, considerable growth has been reported under the Communist regime. If we take the production of 1947 as 100, it increased to 133 in 1950 and to 157 in 1951.[35]

288 Considerable progress has been made in
433 the development of textile machinery plants
475 since 1950. There are, at present (1955), seven plants for manufacturing textile machinery in China, of which five are state-owned and two are joint state-private enterprises. In East China, the Shanghai No. 2 Textile Machinery Works is state-owned and the China Textile Machinery Works and the Far Eastern Card Clothing Manufacturing Plant, both located in Shanghai, are joint

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33. 400 pounds each.

34. Economic Weekly, Shanghai, Feb. 26, 1953, pp. 16-18; Chinese Industry, Peking, Jan. 1950, p. 37; Wen-hui Daily, Hong Kong, Oct. 1 and 6, 1953.

35. Survey of China Mainland Press, Hong Kong, U. S. Consulate General, No. 220, p. 30.

1:Stanford U. S-4, 5 1956 AF15 East China
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288 state-private industries.[36] Data on the
433 textile-machinery production of East China
475 are not available, but the total production of the seven plants during 1951-53 was reported to be 600,000 spindles and 18,500 automatic looms, with which 9 state-owned cotton textile mills have been equipped.[37]

V. CONCLUSION

178 Although East China remains a vitally important part of Communist China's industrial life and will be expected to supply both capital and consumer goods to a large segment of the country's population during the Five-Year Plan, it is no longer scheduled for intensive development in the future. There may be exceptions to this general statement, particularly in certain parts of Shantung, and possibly also in Fukien, once railway construction has established an effective overland route between Amoy and the Chekiang-Kiangsi Railway. However, on the whole, it may be said that East China's heyday in Chinese industry is over. The statement is especially true in the case of Shanghai.

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36. New China News Agency, Peking, Nov. 1, 1954.

37. Hsin-hua Yüeh-pao [New China Monthly], Peking, Feb. 1954, No. 2, pp. 169-70.

1:Stanford U. S-4, 5 1956 AF15 East China
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39. Ibid., May 10, 1955, No. 5, p. 23.
40. Tsu-kuo [China Weekly], Hong Kong, Aug. 22, 1955, No. 138, p. 12; Ta-kung Daily, Tientsin, June 21, 1955.

475 firms as distributors for their products on
438 a commission basis. Private merchants purchase commodities from state trading companies at wholesale prices and resell them to the consumers at retail prices fixed by the state. Joint state-private ownership replaces private capitalist ownership, and the state usually invests capital in trading firms under joint management.

Early in 1955 in Shanghai, the largest city in the eastern hemisphere, wholesalers dealing in lumber, salt, and miscellaneous grains and oil cakes carried out the process of state capitalism for the trade. Through labor-capital consultations, 175 out of 220 wholesalers of the above-mentioned trades petitioned for suspension of business. Some 35 changed to retail trade, 6 changed their profession, and 4 have continued in business under state guidance.[41] Other Shanghai wholesalers dealing in steel, iron, other metals, oils, fats, pharmaceutical products, ham, preserved meats, stationery, and precision instruments underwent "socialist transformation" in the period January-April 1955.[42] It was estimated[43]

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41. NCNA, Shanghai, May 14, 1955.
42. Survey of China Mainland Press, May 20, 1955, No. 1052, p. 20.
43. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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475 438 that some 52.3 per cent of all private wholesalers would have been transformed during the first six months of 1955.

VII. FOOD RATIONING AND GRAIN TRADE

434 Rationing was first applied to food grains on November 19, 1953, in a government order for the enforcement of "planned purchase and planned supply of grains," designed to secure foods required for people's livelihood and national construction and in order to stabilize food prices and eliminate food profiteering. Under this order, all businesses engaged in the sale of grain or other essential foodstuffs were, in principle, to be taken over by the state, which would determine rations and fix the official purchasing price as well as the retail selling price of various kinds of grains.[44]

In order to facilitate the work of rationing in all cities, industrial and mining districts, and in rural areas where grain is not produced in surplus, state grain markets were set up throughout the whole country. As of July 1954,

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44. Far Eastern Economic Review, Hong Kong, May 12, 1955, No. 19, p. 604.

1:Stanford U. S-4, 5 1956 AF 15 East China AF15

Annex "A," Subparagraph 3f, Economic Background

SOCIALIST TRANSFORMATION OF PRIVATE INDUSTRY AND COMMERCE IN EAST CHINA

472 425 The socialist transformation of private industry, i.e., its gradual nationalization, was accomplished both slowly and cautiously in East China during the early years of the Communist regime. Extreme cautiousness was dictated by the following conditions, which could help or hinder the successful completion of the Communist campaign.

1. Three of China's largest industrial cities, Shanghai, Tsingtao, and Wuhsi, are in East China; Shanghai particularly has been the stronghold of private enterprise. At the time Shanghai fell, over half of the 2.3 million cotton spindles in Shanghai were privately owned; private ownership accounted for an even larger proportion of private enterprise in dyeing and weaving, machinery and chemical industries. Shanghai, the site of more than half the factories in China, also served to train technicians, managers, and skilled workers who later sought jobs in industry in other areas.

2. The accumulation of capital in East China's industry could provide a foundation for China's industrialization.

3. Lack of capital and the lack of managers and skilled technicians among the party cadres has often proved a handicap to the program of the Communist government both in China and in the Soviet Union.

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475 The conflict in Korea further slowed the pace of socialization for the duration, because the Communist government discovered its immediate need for the production of private industry. But the cautious policy with which the Communists extend state control over industry was accompanied by a deliberate two-way policy of infiltration: government orders were filled by private industry, and the state purchased and marketed the products of private industry. By the end of 1953, an estimated 58 per cent of the output of Shanghai's private industry was either produced for the state or marketed by it.[1] The Communists regarded the increasing dependence of private industry on the state as a preliminary step to state capitalism.

Introduction of Joint State-Private Enterprises

After the beginning of the First Five-Year Plan (October 1953) the government began to exert pressure by converting private enterprises into "joint state-private enterprises." According to the interim regulations governing joint state-private enterprises, issued in September 1954, the legal rights of private shareholders were to be protected; profits after taxes were to be allocated for reserves, workers' benefits and bonuses, interest, and shareholders' dividends; and shareholders' dividends plus remuneration for top management were to be equal to one-fourth of the

1. Ta-kung Pao [Ta-kung Daily], Tientsin, June 12, 1953.

472 gross profits. Management was shared by govern-
475 ment and private shareholders; workers also share
in the administration.

Not all private enterprises were forced to become joint state-private enterprises. All industries had to go through the procedure of application and investigation before formal approval was granted -- which permitted the government to choose only those companies it wished to transform, forcing others to declare bankruptcy or merge with larger concerns. Transformation had to be "voluntary," industry has to be "beneficial" to the national economy, and the company had to be ready for reorganization and for further improvements.

Thus, by avoiding the semblance of straight nationalization, the Communists have tried to maintain the co-operation of private industrialists. It is possible that the Communists expect the industrialists to exhaust their resources by investing all their available funds, and at the same time treat their competitors ruthlessly in order to maintain their own margin of economic security.

Socialization by Regions and by Industries

Shanghai. In Shanghai, site of the largest number of factories, the Communists first moved against key industries such as textiles, metallurgy, machinery, and chemicals; and they first picked moderate-sized concerns rather than large ones. Four well-known companies, the T'ien-yüan Electrical Chemical Works, the T'ien-li Synthetic

474 Nitrogen Product Company (owned by Wu Yün-ch'u,
475 a promoter of the chemical industry in China), the Shanghai Cement Plant (owned by O. S. Liu, prominent Shanghai entrepreneur), and the Nan-yang Tobacco Company (owned by overseas Chinese and managed by Chien Yü-chieh, first overseas Chinese to return to China to promote industry), became joint state-private enterprises as early as 1950. Perhaps these companies did not suspect that they might be used as decoys when they accepted government participation, believing that the Communists sincerely solicited their co-operation in the development of China's industry.

The following large businesses became joint state-private enterprises in the period 1953 to August 1955:

(a) all the 50 cotton mills in Shanghai, including Shen-hsin Textiles and)Textiles, largest and second-largest textile companies in Shanghai, which accounted for one-fourth of the cotton textile equipment in China;
(b) dozens of metallurgical and machine plants, including Ta-lung Machinery Works and T'ai-li Iron Works, two of Shanghai's largest;
(c) about one dozen chemical works, including the Ta-chung-hua Rubber Manufacturing Plant (largest in China), and the Kofa (K'o-fa) Pharmacy and the International Dispensary (the two oldest pharmaceutical and cosmetics manufacturers);
(d) about six electrical-equipment manufacturing plants, including the Hua-ch'eng Electrical Equipment Manufacturing Plant and the Hsin-an Electrical Equipment Manufacturing Works.

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475 More than two-hundred factories were approved for transformation in July and August 1955, including many smaller manufacturing industries. It is expected that the total number to be transformed will be considerably greater.

By November 1955, about 45 per cent of the total output in value of Shanghai's private industry has become joint state-private enterprises.[2]

Enterprises which the Communists consider less essential, owned by capitalists with other properties in China and with funds abroad as well as by overseas Chinese, are subject to other tactics in an effort to hurry their bankruptcy. They are forced to keep operating with undiminished payrolls, despite the heavy financial burden this entails. The Shanghai Wool Textile Mill, for example, owned by a Chinese now residing in California, has been operating at losses exceeding US 1.5 million for the last four years. Two hundred idle employees remain on the payroll. The plant is not allowed to close or to fire workers. The owner has other properties in Shanghai and probably has funds in the United States. When all his resources are exhausted, he may "voluntarily" ask the government to take over his factory.

Foreign-owned enterprises, if profitable, must meet the demands of the workers for elaborate benefits; they must also pay high prices in order to buy sufficient raw materials to maintain production. High taxes and the impossibility of

2. New China News Agency, Shanghai, November 21, 1955.

472 remitting profits abroad add to the woes of "profit-
475 able" firms; if unprofitable, plants are kept in operation with funds from abroad until, at last, they find it necessary to surrender to the government.

Other Districts. In other parts of East China, as many private enterprises as possible were converted into joint state-private enterprises. In Kiangsu,[3] 261 industries including three big enterprises near Nanking -- the Yung-li Chemical Industries, the Chiang-nan Cement Plant, and the China Cement Plant -- have been transformed; and 330 joint enterprises in Tsingtao and Tsinan, Shantung Province, were in operation by the end of 1954. Most of these were small in assets and in size, with the exception of one cotton mill in Tsingtao and another in Tsinan.

A total of 338 industries in Chekiang,[4] from the Hangchow Power Plant, the largest, to the smallest, the handcraft scissor-making industry, have been transformed. All of the few enterprises in Fukien and Anhwei have become joint state-private concerns.

Elimination of Private Commerce

Ultimate elimination of private commerce is part of the Communists' plan for a socialist economy. This partial goal has been achieved by the gradual ousting of traders, following the establishment of a government monopoly over all foreign and most internal trade.

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3. Hsiang-kang Shih-pao [Hong Kong Times], Dec. 6, 1955.
4. Ibid.

472 Import-export firms were the first victims.
475 Foreign trade was first controlled and then monopolized by the government. Private firms could do no more business, but were not allowed to close, and were continually pressed to surrender their foreign funds. Not until recently was a group of 300 Shanghai firms allowed to close, under a "collective reform" movement.

Following the establishment of the government import monopoly, wholesalers of imported commodities were forced to become agents of state trading organizations. The same fate befell former traders of "essential commodities;" 24 categories of food, edible oil, and cotton cloth were placed under unified state purchasing and marketing. The traders' capital was forcibly transferred to industry in the name of "government guidance and relief." Through the latter part of 1955, there were 621 trading firms in Shanghai which had been so affected; the capital of 157 of these, amounting to 23 million yuan, was transferred to Anhwei, Chekiang, and Hunan for use in manufacturing, animal husbandry, hotels, etc.

Of the four largest Shanghai stores, the Wing On Company, the Hsin-hsin Company, the Sincere (Hsien-shih) Company, and the Tai Sun (Ta-hsin) Company, only the first survived until November 1955, chiefly because the owners had real estate and cotton mills in Shanghai which provided funds to cover the store's deficits. The store's sales were confined to domestic products, mostly supplied by national trading companies. Heavy taxes, high wages, and lack of profit closed the other three stores shortly after the Communist took

1:Stanford U. S4, 5 1956 AF 15 East China
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472 over Shanghai; their business premises were con-
475 fiscated for defaulted taxes.

According to Communist statements, half of all retail shops in Shanghai (about 21,000) were eliminated, and 17,467 peddlers and stall-keepers were made salesmen for governmental trading organizations.[5]

Reactions of Industrialists and Shareholders

The Communists have used two tactics to induce enterpreneurs to co-operate with the government and to mitigate shareholders' chagrin because of their loss of income. One is to offer distinguished positions to prominent industrialists; the other is to promise 8 per cent dividends to shareholders.

The three industrialists in Shanghai who first accepted government participation in their enterprises, O. S. Liu (general manager of the Shanghai Cement Company, the Great China Match Manufacturing Company, and the Chang Wah Wool Company); Wu Yün-chu (general manager of the T'ien yüan Electro-chemical Works and the T'ien-li Synthetic Nitrogen Products Company), and Chien Yü-chieh (general manager of the Nanyang Tobacco Company), were appointed members of the National Committee of Political Consultative Conference.

N. Z. Yung (of Shen-hsin Cotton Textiles) and Kuo Ti-huo (David Kwok of Wing On Cotton Textiles) were given similar positions. In Kiangsu Province Hou Te-pang (chairman of the board of Yung-li Chemical Industries of Nanking), Chang Ching-li (of Ta-sheng Cotton Mill, Nan-t'ung) and Yung Te-sheng (of Shen-hsin Cotton Mills, Wu-hsi)

5. Hsing-tao Jih-pao [Hsing Tao Daily] Hong Kong, June 6, 1955.

472 were appointed members of the National Committee
475 of Political Consultative Conference. Liu Kuo-chün (Ta-ch'eng Cotton Mill, Ch'ang-chou) was appointed a member of the Kiangsu Provincial People's Council.

These industrial leaders had hoped that by accepting government positions they might be able to maintain independence of management under the general plan mapped out by the government; but the experience of "joint enterprise," as the Communists interpret it, has disillusioned them.

Shareholders, too, have seen that the government's promise of an 8 per cent dividend is a ruse. Whenever a sharehold's total dividends reach a fair amount he must buy non-negotiable government bonds; this is not much different from straight confiscation.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures. 427

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10] 361 648

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners. 437

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could 477

497 not employ their own agents.[11] At Shanghai, Consul Balfour found himself unwittingly involved in an attempt to create a local Cohong when after some difficulty in finding a house available for leasing as the consular residence on the day after his arrival in November 1843, he accepted the offer of a prosperous Chinese gentleman. His landlord leased him a large house in the Chinese city, and then established himself in the gate house where he carefully observed the comings and goings of his tenants. When Balfour was approached by his host on trade matters, it was revealed that the gentleman was a prominent Shanghai merchant and that by agreement with the taotai he had planned to acquire a monopoly of trade with the foreigners and to keep them conveniently under supervision in polite house arrest. Balfour quickly made other housing arrangements, and in 1846 moved the consulate to quarters rented outside the city in the foreign leasehold.[12]

651 By the end of 1843, eleven foreign trading firms were in business at Shanghai, most of them branches of British and American firms originally established at Canton. The new conditions under which they now operated were unique in the history of the China trade. Escape from the Cohong meant moreover a large saving in customs duties. Average total duties per ship exacted at Canton between 1800 and 1840 were estimated by the foreign merchants at 240,000 taels, of which 200,000 taels represented officially connived-in "squeeze." (The tael was a unit weight of pure silver which remained fairly constant from 1800 to 1860 at the equivalent of seven shillings.) At Shanghai the merchants estimated in February 1844 that since the port had been opened average total duties per ship had been 50,000 taels, of which only about 15,000 [505] represented "squeeze."[13] During 1844 a total of 44 foreign ships entered and cleared the port, and by 1855 the figure had risen to 437.[14]

439 The three great trade commodities of this period were tea, silk, and opium (tables I and II), and for all of them Shanghai was advantageously located. The major silk-producing regions of China lie in the lower Yangtze basin. Tea for export was grown primarily in the belt of hills which forms the Yangtze divide on the south, and waterways connected the northern slopes of this region (where

494 505 average per-ton costs over similar distances in the same areas for ordinary goods of about £12 (US$.30 per ton/mile).[15] Tea and silk required special handling, and neither was supposed to get wet or to touch the ground during its transport.* These rates compare with an average of about £14 per ton for tea and silk over similar distances by water transport.[16] Shanghai's water connections were thus a vital advantage in securing for it the lion's share of foreign trade in these two leading commodities. Robert Fortune estimated in 1848 that transport costs for tea from the hinterland to Shanghai averaged about 50 per cent of total costs to that point, while he estimated the figure for Canton at 70 per cent.[17]

651 A desire on the part of the Ch'ing Government to continue the diplomatic and economic advantages resulting from the monopoly system of the Canton Cohong was apparently combined with a desire for increased revenue from the newly expanded trade with the foreigners in a movement to tax tea and silk exported via Shanghai at the same rate as would have been applied if these had moved out via the much longer route to Canton. The resulting Imperial Edict of 1845 ordering the imposition of extra transit dues on this basis had, however, only a nominal effect, since the locational advantages of Shanghai meant that the saving in transport costs and interest charges on tea and silk shipments more than made up for the additional dues.[18]

[245] 505 487 Map 9 shows the major tea-producing areas of China in the nineteenth century. The Yangtze itself runs through the northern part of the area producing the best quality teas, and its tributaries and the Chientang River (with its mouth at Hangchow, from which multiple waterways lead to Shanghai) drain most of the remainder. In spite of its river connections into this area, Wenchow was not a major tea exporter. This was certainly due in part to its relatively late opening to foreign trade, but that fact is in itself related to the high relief in Wenchow's hinterland, through which interrupted navigation provides the only adequate means of trans-

482 * For overland transport, they were carried in special frames mounted on porters' backs, with a supporting stick attached so that the load could be rested without being set down on the ground. For water transport, special care was taken to see that tea and silk were kept in clean dry holds or securely under cover. See Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters to the Committee*.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [482]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

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575 In rural areas, organizations such as the Red Spear Society (Hung-ch'iang Hui) and the Mutual Protection Society (Lien-ya Hui) existed for the protection of its members against roving bandits. These voluntary associations arose in areas where the government failed to maintain order and peace, and their organization cut across class and occupational lines. When landlords were forced to move into towns during periods of disorder, organized peasants and tenants at times became so powerful that they defied the landlords' demand for exorbitant rents.

467 Among the artisans and workers in China there were for generations both craft guilds (hangs) and regional guilds (pangs). As in Europe, these guilds were not intended to serve the interests of workers as a class but to promote the crafts and guard their monopoly and trade secrets. Both employers and employees were members, but the employers usually dominated the guilds' activities.[7]

484 Another kind of association existed to serve travellers, who were usually merchants, in cities outside their home county or province.

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7. Nym Wales, The Chinese Labor Movement, New York, The John Day Company, 1945, p. 7.

484 These associations, t'ung-hsiang hui, were organized on a county or provincial basis. By maintaining buildings and personnel in distant cities they facilitated the dealings of their constituents who might have language or other difficulties.

575 Most significant and disturbing to the social structure were the secret societies. They were, in fact, hierarchical societies within a society. A notable example was the Ko-lao Hui, which was also called Hung-pang in the Central-South Region. The bulk of the membership of this secret society was drawn from the unemployed in the rural areas and organized under strict and severe discipline. They were instructed to rob the rich, to help the poor, to rescue the oppressed, and to overthrow Manchu rule. Leadership of the society, however, was in the hands of the landlord class. The Ko-lao Hui became such a strong underworld force that Sun Yat-sen had to solicit its co-operation in his endeavor to overthrow the Manchu dynasty. After the fall of the Manchu regime, many warlords of North China obtained power by way of the Ko-lao Hui hierarchy and by utilizing its mass followings.[8]

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8. Ko-lao Hui and Ch'ing-pang, Hsi-pei Yen-chiu She, 1941.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Chinese commercial houses in Hankow were branches of Shanghai 439
houses.*

The foreign merchants at Shanghai, aware that their trade was 484
increasingly based on the commercial exploitation of the entire 505
Yangtze basin now made possible by the new treaty, combined in 438
1868 to finance an expedition under the leadership of Alexander Michie and Robert Francis to explore the trade of the upper Yangtze. The leading American firm in Shanghai, Russell and Company, paid the travel expenses of the expedition by steamship as far as Hankow, and the remainder of the expenses were met by the Shanghai Chamber of Commerce, from which body the members of the expedition had been selected.

The report of these delegates, published in 1869, stressed the 505
importance of water transport in the trade of major commercial 438
centers along the Yangtze, and in the overall movement of domestic trade to and from Shanghai. They noted the extensive tea shipments moving via the Kan River and its tributaries and Poyang Lake to Kiukiang and Hukow and thence via the Yangtze to Shanghai. They commented on the widespread water connections of Hankow, via the Han River system, which brought tea, hides, hemp, timber, and vegetable oils for transshipment to Shanghai, and via the Hsiang River system, which brought mainly tea and cotton. Szechuan sent hemp, hides, bristles, tea, vegetable oils, and opium via the Yangtze to be transshipped at Hankow for Shanghai, these goods having originally been assembled at Chungking via the Chialing, Yangtze, and Min Rivers.[11]

British dominance of the trade of the newly-established treaty 648
ports was secure, but the organic connection between the growth 439
of their primary stronghold at Shanghai and a similar dominance of the Yangtze hinterland which fed it was perhaps the most compelling reason for the early development of Britain's traditional sphere of influence in central China and throughout the Yangtze basin. In north China they could better afford to give ground later in the nineteenth century to Russia and Germany, and in the south to

* The British consul at Hankow notes this pattern in his trade report for 1865, which further emphasizes the conditions of Yangtze trade favoring a monopoly by the large Shanghai firms.

625 by the several drives initiated during 1950-1952. In order to make certain of the mass participation of urban residents in these drives for the large-scale condemnation, arrest, and prosecution of criminals, the Communists took direct control of the urban population. Immediately after the Communist seizure of power, measures were taken to evacuate unemployed workers and those originally from neighboring rural areas.[27] During and after the Land Reform Movement, the exodus of farmers from rural areas was controlled by the City-village Joint Office, which was staffed with public security officials from both urban and rural communities. Anyone who planned to move from one community to another had first to obtain permission from the office. The continuous evacuation of unskilled and unemployed workers arranged by the trade unions in co-operation with public security agencies, was an attempt to reduce urban population and thus make it easier to control. The evacuation of one million urban inhabitants from the city of Shanghai to the neighboring farm districts was not merely an economic measure; it was a political scheme to strengthen "public security" in the city of Shanghai.[28]

625 486 Equally effective is the rigid control of census-taking in the cities and in the rural communities.

27. Report of trade union work in Shanghai, Liberation Daily, Oct. 18, 1950 p. 1.

28. For summary of the measure, consult Forcible Evacuation of One-Seventh Shanghai's Population in Full Swing, Union Research, Series No. 1, Hong Kong, Sept. 6, 1955.

625 Two directives issued by the Shanghai Department
486 of Public Security in April 1951 [29] and one issued by the Department of Public Security of the East China Military and Political Committee [30] provide sufficient evidence. According to a directive for the city of Shanghai, any resident who wished to move had first to obtain permission from a public security agency. Persons who wished to stay overnight were to be reported. The directive of April 1952, applied to all the cities in the East China Region, had the same rigid pattern. The only exception was that visitors who stayed longer than three days were required to report. In Shanghai, an overnight guest had to register.

Hotels hospitals and other places accomodating transient personnel followed a somewhat different procedure. Daily reports were required. The nationwide census in 1953 placed urban residents under further vigilance. Planned purchase and marketing (another name for rationing) introduced at the end of 1953 also helped in strengthening control. A directive issued by the State Council in July 1955 placed the registration upon a permanent basis. [31] The census is to be taken annually, and responsibility rests solely on the public security agencies.

625 The establishment of various control agencies in the cities has been discussed under the general heading "Communist Political Power in the Cities" in the chapter on Political Dynamics.

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29. Liberation Daily, April 22, 1951, p. 6.
30. Ibid., April 27, 1952, p. 2.
31. People's Daily, July 3, 1955, p. 1.

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Table 4.

The Inland Water Routes of East China*

(unit: km.-kilometers
mi.-miles)

River	Routes	Distance	Grade

[Face p. 846 (a)]

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Yellow River System			
Chiaolai Canal	Chiaochouwan——Laichouwan	150 km. (94 mi.)	1
Hsiaoch'ing River	Tsinan————Pohai	205 km. (128 mi.)	4
Yellow River	Tsinan————T'ungkuan	790 km. (494 mi.)	4
Hwai River System			
Hwai River	Lienyünkang——Chengyangkuan	600 km. (375 mi.)	4
	Chengyangkuan—Hsinyang	290 km. (181 mi.)	6
Ch'uan-ch'ang River	Funning————T'ienshengkang	250 km. (156 mi.)	6
Hui River	Wuho————Linhuanchi	180 km. (113 mi.)	6
Li River	Hungtse Lake——Ssuhsien	100 km. (63 mi.)	6

[Face p.846 (b)]

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Yangtze River System

Yangtze River	Shanghai———Hankow	1,100 km. (688 mi.)	1
Yung River	Chenhai———Ningpo—Fenghua	105 km. (66 mi.)	5
Yünho (Canal)	Ningpo———Hangchow	150 km. (94 mi.)	5
Fuch'un River	Hangchow———Ch'angshan	325 km. (203 mi.)	5
Hsinan River	Chiente———Hsiuning	195 km. (122 mi.)	6
Ou River	Yungchia———Lishui	135 km. (84 mi.)	5
Tach'i River	Lishui———Lung h'üan	112 km. (70 mi.)	6

Min River System

Min River	Minchiangkou—Foochow	56 km. (35 mi.)	1
	Foochow———Nanp'ing	170 km. (106 mi.)	4
Chiench'i (River)	Nanp'ing———P'uch'eng	160 km. (100 mi.)	5
Tungch'i (River)	Chienou———Sungch'i	97 km. (61 mi.)	6
Ch'ungch'i (River)	Chienou———Ch'ungan	137 km. (85 mi.)	6
Shach'i (River)	Nanp'ing———Yungan	160 km. (100 mi.)	5

[Face p. 846 (a)]

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Chiulungch'i (River)	Yungan———Ninghua	130 km. (81 mi.)	6
Futunchi (River)	Nanp'ing———Kuangtse	200 km. (125 mi.)	5
Chinchi (River)	Shunch'ang———Chianglo	65 km. (41 mi.)	6
Yuch'i (River)	Yuch'ik'ou———Yuch'i	40 km. (25 mi.)	6
Shuang ch'i (River)	Foochow———T'angch'eng	85 km. (53 mi.)	6
Mulanch'i (River)	P'ut'ien———Hsienyu	45 km. (28 mi.)	6
Chin River	Chinchiang———Yungch'un	85 km. (53 mi.)	5
Chiulung River	Amoy———Lingyen	290 km. (181 mi.)	5
Lung River	Changp'ing———Ningyang	43 km. (27 mi.)	5
	Amoy———Ts'aoli	65 km. (41 mi.)	6
	Total	6,515 km. (4,072 mi.)	

*Hsing-ching-yuan Hsin-wen-chü [Bureau of Information, Executive Yuan], Hang-tao-wang [The Navigation Route Network], Nanking, 1947, pp. 19-44.

(Table 4 faces p. 846.)

[Face p. 846 (P)]

494 Because of the limited supply of gasoline and the minimal domestic production of motor vehicles, the cost of motor transportation is comparatively high in China. But in the coastal regions of East China, where imported fuel is available, the cost may be somewhat lower than in the interior provinces. Large-scale development of motor transportation is still remote. Motor transportation (including short-haul passenger service) is used only in those regions where neither rail nor water transportation are available.

III. INLAND WATER ROUTES

505 487 Water transporation, especially coastal shipping, plays a very important role in East China. Four of the five provinces have coastlines and important seaports. There are two major navigable rivers, the Yangtze River and the Yellow River; other rivers, including the Hwai and the Min, and many smaller streams are navigable by small steamers and junks. Some of the more important navigable rivers are listed in the following table:

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487 The different "grades" of waterways are determined by the navigability of each river, as explained in the following table:

Table 5. The Grades of Waterways*

Grade	Depth of Water (meters)	Boat Tonnage (gross tons)
1	5-8 (16-24 ft.)	10,000
2	3.8 (12.5 ft.)	2,000
3	3.2 (10.5 ft.)	1,000
4	2.8 (9.2 ft.)	600
5	2.5 (8.2 ft.)	300
6	1.5 (4.9 ft.)	60

* Hang-tao-wang [The Navigation Route Network], Nanking, Hsing-cheng-yüan Hsin-wen-chü [Bureau of Information, Executive Yuan], 1947, pp. 3-5.

The section of the Yangtze River between Shanghai and Hankow and the section between the mouth of the Min River and the city of Foochow are classified as Grade 1 routes and can accomodate steamers up to 10,000 tons.

IV. COASTAL SHIPPING IN EAST CHINA

Shanghai is the center for nearly all the coastal shipping routes. There are about eleven

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Table 6.

The Coastal Shipping Routes of East China*

(unit: km.-kilometers
mi.-miles)

Shipping Line	Routes	Distance
Shanghai--Tientsin	Shanghai--Tsingtao--Tientsin	1,184 km. (740 mi.)
Shanghai--Chefoo	Shanghai--Chefoo	818 km. (511 mi.)
Shanghai--Dairen	Shanghai--Tientsin--Dairen	907 km. (567 mi.)
Shanghai--Yingk'ou	Shanghai--Yingk'ou	1,120 km. (700 mi.)
Amoy--Swatow	Amoy--Swatow	200 km. (125 mi.)
Shanghai--Amoy	Shanghai--Foochow--Amoy	960 km. (600 mi.)
Shanghai--Foochow	Shanghai--Foochow	693 km. (433 mi.)
Shanghai--Ningpo	Shanghai--Ningpo	218 km. (136 mi.)
Wenchow--Foochow	Wenchow--Foochow	260 km. (162 mi.)
Shanghai--Hong Kong	Shanghai--Hong Kong	1,248 km. (780 mi.)
Swatow--Hong Kong	Swatow--Hong Kong	301 km. (188 mi.)
Tsingtao--Hong Kong	Tsingtao--Hong Kong	—
	Total	7,915 km. (4,949 mi.)

*Pei-ch'ü Ti Hang-yün Chien-t'ung [Navigation of Communist China], Taipei, The Sixth Section, Central Committee, Nationalist Party, Part II, 1953, pp. 2-4.

(Table 6 faces p. 848.)

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505 routes running between East China seaports
487 and ports of other regions.

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Nanking
is above the delta proper, and its water connections are limited com- 361
pared with those of its delta rivals. It has profited primarily from 487
its location at a break in transport routes (including China's major north-south railway, which breaks at the Yangtze—map 8), and from its periodic function as a political capital.

All three cities have been hampered in their modern development 504
by the lack of harbors adequate for ocean ships. At Hangchow an 361
impressive tidal bore and many shoals in Hangchow Bay preclude 439
use of the Chientang estuary by ocean shipping, and the river itself is navigable only for small boats. Soochow, once a maritime trading center, is now effectively land-locked, and was in any case superseded as a port city by Shanghai by at least the eighteenth century A.D. Nanking, 210 miles from the sea, must contend with silting, river currents, and an exposed anchorage. Both Nanking and Hangchow are handicapped as commercial centers, especially in a region where most goods move by water, by the rugged country around them (map 5), which contrasts with the extensive lowland focused on Shanghai. While all three of these cities were larger than Shanghai before the opening of China to foreign trade and to Western commercial exploitation, they were quickly outstripped by Shanghai under the new economic conditions, where access by water to the entire Yangtze basin and to the major ocean lanes of world commerce gave it a decisive advantage.

The city lies topographically at the focus of the east China low- 133
land, converging on it from both the west and the north, and of 487
the Yangtze basin as a whole (map 2). The river and its tributaries, draining the productive heart of China, all feed ultimately to the mouth of the Whangpoo. In the mainly pre-industrial economy of China, the great majority of goods moving beyond purely local markets do so by water. No other location can marshall a fraction of the advantages of Shanghai on this crucial point.

Of China's two other major river systems, the Huang (Yellow) in 505
the north is navigable for steam launches for 25 miles above its mouth and for a small part of its course through Honan, but it is otherwise useless for navigation except in short stretches by small boats. The Hsi (West) River in the south is navigable for some 230 miles in the high-water season (spring and summer) for vessels

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factor in the pre-eminent location of the city. Peking, Tientsin, and Chenghsien are all more important rail centers than Shanghai. 496

Sea Routes

Shanghai's orientation to the sea is almost equally favorable. It lies less than a hundred miles east of the great circle route followed by shipping between west coast North America, and Japan, China and southeast Asia. All of the major commerce lanes of the western Pacific meet there. Midway on the China coast between north and south, Shanghai has the further double advantage of accessibility from the Chinese hinterland and nearness to Japan and the trans-Pacific trade. The China coast at the Yangtze delta extends farther eastward into the open sea than at any other point. The Yangtze keeps Shanghai in close relation to the hinterland despite its seaward extension, which in turn gives it an advantage over ports south of the coastal bulge, or north China ports on the enclosed Gulf of Pohai. 487

For the coasting trade it is a natural terminus. A foreign observer noted in 1843[4] that it was the division point between the carrying trade of junks from northern and southern ports, and that it acted as the leading entrepot on the China coast for the concentration and exchange of goods from the two major regions of China. This function Shanghai has retained to the present at least for the coasting trade carried in native junks, which is considerable though largely unmeasured. All direct coastal routes between northern and southern ports must touch the Yangtze estuary.

Shanghai is approximately equidistant in shipping time and distance from western European and eastern United States ports. Shippers must compete there on equal terms, and goods arriving via Suez or Panama can be laid down at competitive prices. Shanghai is not the terminus of either route (Singapore serving this function for west-bound traffic and Nagasaki for east-bound), although it is a major port of call for both. But most important is its focal position for Far Eastern shipping, and its median location between Atlantic Europe and America.

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show an average size of ocean-going ships entering Shanghai harbor 503
between 1850 and 1860 of about 1,000 gross tons. In the decade of the 1860's, this figure reached 2,300, and by 1880 had exceeded 4,000. The original harbor regulations, published by the *North China Herald* in 1852, limited the overall length of ships to 165 feet if they wanted to come as far as Soochow Creek, in view of the narrow channel and confined anchorage. However, between 1850 and 1930 the width of the river at Shanghai decreased from about 2300 feet to 1450 feet, and while dredging had widened somewhat the original channel and anchorage by 1930, the harbor was little more commodious than it had been in 1850.[28] The advent of steam did however make the harbor's overall size and the narrowness of the channel less of a disadvantage than it had been for sailing ships, and it further removed the special advantage of Canton accruing from the monsoon winds.

As early as 1873, representatives of the major foreign shipping firms in Shanghai pointed out to Robert Hart, Inspector General of Customs, the need for dredging the Inner and Outer Woosung bars. Hart approached the Chinese authorities, but could not persuade them to take any action. In the following year, the British chairman of the Shanghai General Chamber of Commerce, in a letter to the British Minister to China, T. F. Wade, asked whether permission might not be obtained for the foreign ratepayers of Shanghai to tax native and foreign shipping in order to dredge the harbor if the Chinese government refused to do anything about it, but Wade also had no success through Peking channels.[29]

As a result of this controversy, Hart in 1875 published his opinion 503
on the problems raised by the vanishing ship-channel, which read in 487
part as follows:

The trade consequent on opening the Yangtze basin has so far been diverted into a false channel by the vested rights or money spent in Shanghai. The agency is in turn counteracted by the opening of the Suez Canal, through which steamers have begun to pass, making London and Hankow their termini . . . Teas will be shipped at Hankow and Kiukiang, and Shanghai silks and Ningpo teas at Chinkiang. They will be the return cargoes of the steamers which carry what China will continue to demand from Europe. In twenty years' time Chinkiang will

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have taken the place of Shanghai as a semiterminus and transshipment port . . . Thus looked at, as it affects and is affected by natural and artificial agencies now at work at the mouth of the Yangtze, the question of the Woosung Bars is seen to mean that dredging may possibly be nothing more than a means of making the last days of Shanghai a little more comfortable than they would otherwise be; it will not prolong or avert the commercial death of the place, but it will make a show of vitality during its declining years more possible . . . Given the natural and commercial agencies at work, it may be taken for granted that, certainly for ten, or perhaps twenty or thirty years to come, the commercial status and foreign community of Shanghai will be such as to make it worthwhile to prevent the river from being blocked up at any one point, for instance by the Woosung Bars. Dredging can do this, and then only for a time. It cannot secure for Shanghai either a navigable channel or a continuance of commercial prosperity . . . The circumstances of Shanghai, its present position as a commercial centre, the interests of the community and the revenue it yields China, are in themselves sufficient reasons why the demand for dredging ought to be assented to, but it must be borne in mind that no one can say how soon commerce may cease to ask for access to Shanghai, or natural forces acting elsewhere make dredging operations at Woosung useless.[20]

Hart could not of course foresee the degree of improvement in dredging methods and machinery which have kept Shanghai, as well as many other world ports, open to ocean commerce where natural processes would long ago have cut them off or where the dredging equipment of 1875 would have been unequal to the task. He also failed to appreciate that the locational advantages of Shanghai were sufficiently great in relation to other possible centers in the Yangtze basin to make large-scale efforts to combat the disadvantages of its site worthwhile, or to permit its continuance as a major port despite its poor harbor. He may have been influenced in his judgment by the fact that in 1875 the only three trade commodities of importance were opium, tea, and silk. These high unit-value goods were relatively less dependent than bulk or low unit-value goods on precise locational advantages in their transport. As they lost their dominant position in the foreign trade of China, the more diversified and relatively lower unit-value agricultural exports and the equally diversified and low unit-value imports created

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a much greater need for an ocean port with the best possible location. 503
Shanghai's water route connections through the Yangtze system 487
made it the obvious choice.

Hart also did not consider the fact that while the progressive 503
rise in average tonnage of ships in the Pacific trade increasingly emphasized the limitations of Shanghai, it even more pointedly revealed the barriers to navigation on the Yangtze above Shanghai. Chinkiang, Hart's choice as the port most likely to become the major Yangtze basin entrepôt, declined to insignificance in ocean shipping handled by the turn of the century. On the other hand, within twenty years of Hart's prophecy, and while he was still Inspector General of Customs, the gross value of the trade of Shanghai doubled.

As the foreigners continued to see new mud banks rise out of the Yangtze and the Whangpoo, dry out, and be settled and farmed, other gloomy predictions were added to Hart's.[31] Partly as a result of indirect foreign pressure, the Chinese Government purchased a German dredge and began work on the Woosung Outer Bar in 1881, but little was accomplished and work was stopped in 1889. By 1893, the situation led the foreign Commissioner of Customs at Shanghai to remark:

> The Woosung Bar dredging has I think convinced most people that the bar there must always be with us and that business must adapt itself to things as they are . . . The largest vessels which come to port never come any nearer than Woosung. I expect to see development of business there, but the available anchorage is not too capacious, and the distance from go-down is a considerable source of expense.[32]

In addition to the factors mentioned here by the Commissioner, the presence of the Fairy Flats in the Yangtze estuary is probably as much responsible as the progress of dredging in the Whangpoo for the fact that Woosung has never become Shanghai's port in any significant respect.

With the beginning of permanent dredging operations on a large scale by the Whangpoo Conservancy Board in 1905 (see above, Chapter Three), the locational virtues of Shanghai in effect dictated an ultimately successful attack on the city's major site problem.

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648 share hegemony to a degree with France, but along the Yangtze
437 British preponderance was the logical accompaniment of Britain's trade investment in Shanghai. Without the Yangtze, Shanghai was merely an indifferent harbor.

●487 Two major changes in trade movements resulted from the
439 opening of the river and its tributaries to foreign navigation, aside from the overall increase in foreign trade moving to and from Shanghai. First, the diversion of the export trade of central China (including the Yangtze basin) from Canton to Shanghai, as indicated above in Chapter Four. Under the artificial Canton system, goods for export from central China were obliged to move across the grain of the country in order to reach the only port where foreigners were permitted to trade. The opening of the Yangtze allowed this trade to drain by its natural channels. Two major routes had led from central China to Canton: one from Hankow to the headwaters of the Hsiang River and over the 1400-foot Cheling Pass with a land portage of 26 miles into the headwaters of the Pei River, and one from the lower Yangtze basin via the Kan River to its headwaters near the Meiling Pass at 1000 feet, with a land portage of 24 miles to the headwaters of a tributary of the Pei (map 4). Canton had drawn its trade goods of silk and tea from central China for export via these two routes, but the opening of the Yangtze short-circuited the bulk of this trade to the much closer port of Shanghai.

Goods from central China began in fact, after the effective opening of the Yangtze in 1862, to move to Canton via Shanghai by coastal shipping instead of by the former overland routes. Chungking in Szechuan, which before 1862 had drawn all of its foreign textiles via Canton, was by 1869 entirely dependent on Shanghai for this supply. The delegates of the Shanghai Chamber of Commerce were sufficiently impressed by this indication of the greatly expanded markets which the opening of the Yangtze created for Shanghai that they succumbed to the old dream of British traders of finding buyers for British woolens. Szechuan, they reasoned, had a climate colder than any of the areas where British trade had theretofore reached, and a boom in the woolens trade there could con-

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sequently be expected. Like the earlier grandiose expectations of the East India Company days, it never materialized.* 487 439

Second, the opening of the Yangtze was a leading factor in permitting the increasing native opium production, notably in Szechuan, to acquire the major share of the China market by the 1870's, at the expense of opium imported from India. Opium was not introduced into China by the Europeans. It had been consumed domestically, from both domestic and foreign sources, since at least the early eighteenth century, and the first Imperial Edict against the import and smoking of opium was issued in 1729. Small amounts of the Szechuan production had continued to find their way as far as Canton by overland routes well into the nineteenth century, despite new Imperial Edicts of 1821 and later making opium smoking and trading in opium capital offenses. But by 1868, with free navigation on the Yangtze, Szechuan opium undersold Indian opium in Shanghai by about 40 per cent, although its quality was inferior, and it was already beginning to rival the sales of the imported drug.[12] This was true despite the fact that consular records show Shanghai in 1864 accounting for 72 per cent of China's total imports of opium, by virtue of its access to the central China market.[13] By 1887, the Maritime Customs estimated that opium production in China amounted to 224,000 piculs (one picul equals 133 pounds) (of which Szechuan accounted for 177,000 piculs), as against foreign opium imports of only 67,000 piculs.[14] 548 439

Though opium was no innovation of the Europeans, it is true that it was they who first organized its import on a large scale. That the trade was avidly taken up by the Chinese is indicated by the rise of Szechuan opium, as well as by the well-known history and complements of the Canton trade.† Foreigners and Chinese alike were eager

* The woolens consumed in north China have continued to come from local industry, both household and factory, which can produce goods of a quality and price better suited to the China market.

† For a discussion of the role of opium in the China trade before 1842, see Greenberg, *British Trade*, especially chapter 5. He includes an analysis of the conditions within and without China which stimulated it, and of the close relationship between the trade in tea and in opium. The revenues of Great Britain and of India, the profits of the British East India Company and of the private trading firms at Canton, and the viability of the tea and silk trade are discussed as they depended in varying, but significant or decisive degree, on the import of opium from India to

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494 average per-ton costs over similar distances in the same areas for
505 ordinary goods of about £12 (US$.30 per ton/mile).[15] Tea and silk required special handling, and neither was supposed to get wet or to touch the ground during its transport.* These rates compare with an average of about £14 per ton for tea and silk over similar distances by water transport.[16] Shanghai's water connections were thus a vital advantage in securing for it the lion's share of foreign trade in these two leading commodities. Robert Fortune estimated in 1848 that transport costs for tea from the hinterland to Shanghai averaged about 50 per cent of total costs to that point, while he estimated the figure for Canton at 70 per cent.[17]

651 A desire on the part of the Ch'ing Government to continue the diplomatic and economic advantages resulting from the monopoly system of the Canton Cohong was apparently combined with a desire for increased revenue from the newly expanded trade with the foreigners in a movement to tax tea and silk exported via Shanghai at the same rate as would have been applied if these had moved out via the much longer route to Canton. The resulting Imperial Edict of 1845 ordering the imposition of extra transit dues on this basis had, however, only a nominal effect, since the locational advantages of Shanghai meant that the saving in transport costs and interest charges on tea and silk shipments more than made up for the additional dues.[18]

[245] Map 9 shows the major tea-producing areas of China in the
505 nineteenth century. The Yangtze itself runs through the northern
487 part of the area producing the best quality teas, and its tributaries and the Chientang River (with its mouth at Hangchow, from which multiple waterways lead to Shanghai) drain most of the remainder. In spite of its river connections into this area, Wenchow was not a major tea exporter. This was certainly due in part to its relatively late opening to foreign trade, but that fact is in itself related to the high relief in Wenchow's hinterland, through which interrupted navigation provides the only adequate means of trans-

482 * For overland transport, they were carried in special frames mounted on porters' backs, with a supporting stick attached so that the load could be rested without being set down on the ground. For water transport, special care was taken to see that tea and silk were kept in clean dry holds or securely under cover. See Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters to the Committee*.

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505 487 port. Most of the teas from this area could move out more easily by water to Ningpo, or to Hangchow for transshipment to Shanghai. Foochow and Amoy drew their tea for export primarily from the southern part of the chief producing area, by way of the rivers which terminate at each port, and Canton depended for its tea supply mainly on the route through the Meiling Pass. Ningpo, situated on an indifferently navigable river, in fact drew some of its tea for export from the Chientang basin, via a canal from the Chientang ten miles upstream from Hangchow, but even so three portages were necessary between the river and Ningpo.[19]

245 Shanghai could draw tea from almost all of the chief producing area with much greater facility. Tea in China, as in most of the important tea areas of the world, is a mountain or a hillside crop. It is displaced from the lowlands by grain crops, and it is considered by the Chinese that a more fragrant leaf is produced on slopes and at higher altitudes, where drainage is good, nights are cool, and mists are frequent.[20] In the chief producing area, most of the tea is grown at elevations between 1000 and 2500 feet, and was thus necessarily transported by portage to the local curing and collecting centers. From these local centers, however, the tea moved to larger collection places and to ports of export predominantly by water, especially after the Yangtze was opened to foreign trade.

505 439 All of the leading tea districts of the area producing the best quality teas (map 9) have through water connections with Shanghai, while only a few of them have similar connections with Foochow, Ningpo, or Wenchow. Amoy and Canton have no through water connections with this area except by sea.[21] Hankow acted as a collecting center for the teas of Szechuan, Hupeh, and Hunan, brought there largely by water and largely transshipped to Shanghai for export, although direct exports of tea from Hankow during the late nineteenth and early twentieth centuries amounted to about one quarter of the amount transshipped to Shanghai for export.[22]

245 505 487 The tea of central China is grown in the northern and southern highlands of the hill and mountain ranges south of the Yangtze (called by Cressey the "South Yangtze Hills"), with the better quality teas coming from the northern highlands. The tea leaves are

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picked as a rule three times a year: in April, May, and September, so that the bulk of export shipments comes during the summer high-water period, but occasional picking and regular shipments from the collecting centers continue through most of the winter. The stream pattern is better developed in the northern highlands than in the southern, and it focuses ultimately on Shanghai, either directly via the Yangtze, or via Hangchow. The less well developed stream pattern of the southern highlands drains to at least five separate ports, each in its own isolated river basin. 245 505 487

Along these streams, as along all of the rivers in China, successive trading centers developed at each break in navigation necessitated by rapids or by a change in the depth of the water where junks gave way to sampans or sampans to bamboo rafts. More of these trading centers which acted as collection places for tea are located north of the divide than south of it, and they naturally tended to ship their teas to northern ports for export, although the normal routes were occasionally abandoned in favor of roundabout routes in order to avoid excessive local transit taxes or arbitrary dues, as for example the shipment of tea from the upper Chientang basin overland to Ningpo and thence by sea to Shanghai.[23] 505 487 [651]

The cargo capacity of the boats, and hence the freight rate from these local centers to larger regional collecting centers, varied sharply with seasonal changes in the water level. In a tea area approximately 150 miles up the Chientang River from Hangchow in 1870, rates for transporting 100 chests of tea to Hangchow varied during the year from Mex$20 in summer to Mex$50 in winter.* During the summer the average time for tea in transit to Hangchow was five days, as against ten days in winter, while goods moving from Hangchow to the area in question took about twenty days at all seasons.[24] The use of water transport in this case is clear from the fact that these rates and transit times follow so closely the conditions of stream navigation, and are the only ones quoted for the tea trade in this area.

W. H. Medhurst in the account referred to above in Chapter Five commented on the fact that tea, at that time marketed entirely by Chinese merchants at the treaty ports, moved to Shanghai from the

* Mex$1 at this period equaled about US$.80

505 487 producing areas by water, but that many of the routes to Canton began on land and were interspersed with portages. Medhurst also noted that tea was being shipped in large quantities from the northern highlands of the divide to Shanghai, via the smaller tributaries of the Yangtze in Kiangsi and Anhwei.[25] Robert Fortune (see above, Chapter Five) visited the same areas a few years later, also in disguise as a Chinese. His account corroborates in more detail the general impression of Medhurst that tea from nearly all of the collecting centers in the area producing the best quality teas moved to Shanghai by through water routes, while some part of all of the routes to Canton lay on land.* [26]

505 439 By 1867, the British consul at Shanghai, in commenting in his trade report for that year on the greatly increased trade of the port resulting from the opening of the Yangtze, gave his opinion that the greater ease, cheapness, and speed of transport for tea to Shanghai had resulted in a decline in the quality of the tea. He considered that less care was taken with grading and packing the tea for the short haul to Shanghai (where its cost price was of course considerably lower than it had formerly been at Canton), and that it therefore often arrived stale and poorly sorted. This may illustrate in reverse the common association of high unit-value and high-quality goods with high transport costs. He added that before the opening of Shanghai, tea from the northern slopes of the divide frequently spent six months in transit to Canton, but that the average transit from this region to Shanghai after the opening of the Yangtze was approximately six weeks.[27]

However, it was as much the great increase in the volume of the tea trade through Shanghai, in which many more producers were able to enter the export market with the drop in transport costs, which accounted for the decline in quality of the tea. This was no longer a small-scale, specialized, luxury business, but a large commercial enterprise, made possible by uninterrupted water connections. It was clearly these transport advantages of Shanghai as much as its relative nearness to the tea-producing districts which were

* Tea grown along the Hsi-Yangtze divide (the area known as the "Bohea Hills") was necessarily moved to collecting places north or south of the divide by porter.

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IMPORTANT COMMUNICATION LINES AND CITIES[20]

489 In the region of East China the main north-south lines of communication are the Tientsin--P'u-k'ou Railway, the Grand Canal, and a few major highways. Crossing these lines at a right angle are the Chiao-chi (Tsingtao-Tsinan), Lunghai, and Nanking-Shanghai railways and the Yangtze River, which in this region is navigable all year round.

Tsinan (1), the capital of Shantung Province, is the rail and highway hub in northwest Shantung. The city thrives on rapidly expanding light industries and is in a strategic position because the Tientsin--P'u-k'ou Railway bridge spanning the Yellow River is immediately to the north. Tsinan is linked with the Shantung Peninsula by the Chiao-chi Railway, which
288 terminates at the port of Tsingtao . Tsingtao owes its early development to foreign effort, and it is the largest textile industrial center in this province. It is in the new No. 6 National

20. Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u, op. cit.; Ch'eng Kuang-Yü, Chung-kuo Tu-shih [The Cities of China], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1953.

288 Textile Factory at Tsingtao that a woman worker, Ho Chien-hsiu, developed her accelerated method of work which won her international recognition (at least among the Soviet nations) as a "labor heroine." A convalescent hospital and rest camp for "model laborers" has been established at the famous beach resort.
•489 The port of Tsingtao, whose extensive rail spurlines connect the wharf with nearby warehouses, has a breakwater over 1,300 feet in length.

The Tientsin-P'u-k'ou Railway passes Tsinan, Tzu-yang (, and Hsü-chou ( ). Hsü-chou is in Kiangsu Province and has been the locale of many decisive battles in ancient and modern Chinese history. The Lunghai Railway links Hsü-chou with Lien-yün-kang on the coast. Lien-yün-kang, with a wharf of about 1,000 feet in length, is not an extensive port.

There is no north-to-south railway in Kiangsu Province, but the highway net is a complete one. The Grand Canal connects many eastern Kiangsu cities with Yang-chou ..., [317] formerly a noted resort. Besides luxury and comfort, Yang-chou also offers a large supply of salt produced in the lower Hwai River area.

489 In southeast Kiangsu the communication
361 center is, of course, Shanghai. This city, the largest in the Far East, must rely on the

489 Huang-p'u River and a seven-mile railway to
361 benefit from its port of Wu-sung (Woosung) at the Yangtze (Whamgpoo) River estuary. Wu-sung faces Ch'ung-ming Island on the estuary, and the forts on Wu-sung shore defend the entrance to the Yangtze River. From Shanghai it is about 450 miles to Chi-lung (Keelung) on Formosa and about 460 miles to Nagasaki. Since the Communist occupation, the city of Shanghai has been undergoing a great deal of reorganization. Over one-hundred industrial concerns have been moved outside of the city as a sanitary measure. The northwest section of the city, downwind, is being developed into an industrial "city within a city."
[349] A gigantic structure, begun on May 4, 1954, is rising on the former Hatung Garden on the western side of central Shanghai and is to be named "the Great Hall of Chinese-Soviet Friendship." Topped by a 330-foot tower, it will be the highest point in Shanghai.

There are three main routes inland from Shanghai: the Shanghai-Nanking Railway, the Shanghai-Hangchow Railway, and the Yangtze River. Nanking is, at present, the provincial capital of Kiangsu. The city is encircled by a wall twenty-one miles long -- the longest of
[873] its kind in the world. The central section of this erstwhile national capital has been undergoing a face-lifting, and a cultural center is rapidly rising with Nanking University and Nanking Engineering College as its center. The

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numerous scenic attractions in and around Nanking are also being groomed.

The Shanghai-Hangchow Railway starts from Shanghai and goes southwest to reach Hangchow through Chia-hsing , a key communication center on the Yangtze River Delta. Hangchow is the capital of Chekiang Province and is located on the north side of the Ch'ien-t'ang River. The famed West Lake is west of the city. Chien-ch'iao, to the northeast, was formerly the home of a cadet center operated by the Nationalist Air Force. The Chekiang-Kiangsi Railway begins at Hangchow and links such cities in Chekiang as Chin-hua , where two tributaries to the Ch'ien-t'ang River meet, and Chiang-shan , which is the last stop before the railway enters Kiangsi Province. Hangchow is also connected by highway with many important cities in eastern Chekiang Province. One of these cities is Ningpo , a well-known commercial port. This city is the meeting place for two fairly navigable rivers and is, therefore, the terminal for steamer traffic on the sixteen-mile down-river stretch to the sea. The offshore Chou-shan (Chusan) island group also contributes business to Ningpo. There is a railway connecting Ningpo with Hangchow, but the condition of this railway is at present unknown. Another important city in eastern Chekiang is Shao-hsing . Nicknamed "Home of Bureaucrats," Shao-hsing is the birthplace of modern China's literary idol Lu Hsün, to whom a memorial hall in the city

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has been dedicated by the Communists. Also well-known throughout China is the wine produced in Shao-hsing. A coastal highway connects Shao-hsing with Wen-chou , located on the Ou River about twenty miles from the sea. Only wooden boats sail on this stretch of the Ou River, and the riverfront wharf facilities at Wen-chou need much improvement. Formerly a navigation lane was in use between Wen-chou and Chi-lung on Formosa.

There is no railway in Fukien Province, and the provincial capital, Foochow , must depend on the Min River and the highways to communicate with inland cities such as Chien-yang . There is a distance of about thirty miles between Foochow and the sea. The Min River is partially navigable for small woodem boats, but seagoing vessels must anchor at Lo-hsing-t'a [Pagoda Anchorage], about nine miles downriver from Foochow. An island (Nan-t'ai) in the middle of the river gives the city additional room for expansion, and it is connected with the city by two bridges. The Ma-wei Naval Yard, fifteen miles southeast of Foochow, used to build boats for the Nationalist Navy but was destroyed during the last war. Chien-yang is the transportation center of northeastern Fukien. Two tributaries to the Min River and three highways leading into Anhwei, Chekiang, and Kiangsi Provinces converge at Chien-yang. From Chien-yang a north-to-south main highway passes through many of the important cities of central Fukien and reaches Ch'ang-ting on the southwestern

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provincial border. In the early days of the Chinese Communist development, Ch'ang-ting was for a short time, used as a main base by the Red Army. The same highway runs south of Ch'ang-ting to Shang-hang, which, in the late 1920's, was also a Red Army base.

The Fukien Province coastal highway extends from Foochow southward to Amoy . . . The city of Amoy is located in the southwest corner of Amoy Island at the estuary of the Chiu-lung [Nine Dragons] River. The strait between Amoy and the Mainland is about three miles wide. To the southeast of Amoy is Ku-lang-yü (Kulangsu) and between the two there is an excellent protected harbor. Amoy has extensive highways connecting it with the cities on the mainland. Offshore, but within sight of Amoy, lies the island of Quemoy. It is a bleak rock cluster, whose only permanent inhabitants are a few fishermen. At the end of the Ming Dynasty (c. 1640), a Ming general occupied this island, resisting the Manchus, until he was forced to retreat to Formosa. Now, the occupation of Quemoy by the Nationalists is focusing the attention of the entire world upon this tiny island.

Along the Yangtze River in this region are several key cities such as An-ch'ing . . . and Wu-hu . . . Wu-hu, located on the south bank of the Yangtze River, is the largest economic center of Anhwei Province. The Ch'ing-i River cuts the city into two parts. The Huai-nan

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Railway terminates at the point directly opposite the Yangtze River. As of early 1955, traffic had not yet been restored on the railway running south from Wu-hu which was destroyed during the war. An-ch'ing at one time was the provincial capital. The southern edge of the city overlooks the river, with a terrain suitable for river defense The railway going north from Wu-hu passes through Hofei , the capital of Anhwei Province. Hofei is a large rice market and is linked with Pang-pu to the north by the same railway. Pang-pu is also on the Tientsin--P'u-k'ou Railway and provides a market for the coal produced at the Huai-nan Mine to the southwest. Strategically, Pang-pu has always been mentioned with Hsü-chou to the north (in Kiangsu Province) because both are on the main route between North and South China.

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Annex "A," Subparagraph 3e,
Economic Background

TRANSPORTATION AND DOMESTIC TRADE

489 The transportation facilities of East China, especially because of the region's dominant position in ocean shipping, are farther advanced than those in other regions of the country. Except in Fukien, railway transportation plays a very important role among the East China provinces; in the development of highways, special attention had been paid to the construction of a highway network in the coastal areas and linking it with the principal national highways of other regions. As for aviation, it has not been significant in local transportation because East China lacks up-to-date commercial planes. In connection with domestic trade, East China has been a major source of supply of daily necessities to the entire country. Most of China's textile and light-manufacturing factories are located in Shanghai and Tsingtao in this region.

I. RAILWAY REHABILITATION AND CONSTRUCTION

496 After World War II, the Chinese Nationalist Government exerted great effort to

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509 of the same period in 1954.[26]

489 438 A. Transportation of Key Commodities and Their Trade Routes

Before the war, East China depended upon the import of rice and flour in order to meet the consumption requirements of the larger cities in the region. In 1954, the Communists claimed that East China had become a grain-surplus region, but this is true only because grain from Central-South China is shipped by the Chekiang-Kiangsi Railway and by barges on the Yangtze River to Shanghai and other important centers in East China. Wheat from Shantung is usually shipped to Shanghai, Tientsin, or Chengchow for milling and distribution. Rice produced in Kiangsu is shipped to North and Northwest China because in recent years these have been grain-deficit regions.

B. Cotton Transportaton and Trade Routes

Generally speaking, East China is a cotton-deficit region. Shanghai and Tsingtao, the two leading textile manufacturing centers of China, need tremendous quantities of raw cotton each year. The general pattern of cotton movements in East China is shown in the following table.

26. NCNA, Peking, July 20, 1955.

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Transportation of Raw Cotton in East China*

Origin	Transportation	Destination
Shensi, Northwest China	Rail	Shantung, East China
Hopei, North China	Rail	Shantung, East China
Shansi, North China	Rail	Kiangsu, East China
Shantung, East China	Rail	Hopei, North China Kiangsu, East China
Honan, Central South China	Rail	Honan, Central-South China
Shantung, East China	Coastal Shipping	Kiangsu and Shantung, East China
Hupeh, Central-South China	Inland Waterway	Honan, Central-South China Kiangsu, East China
Hopei, North China	Coastal Shipping	Kiangsu and Shantung, East China
Shantung, East China	Coastal Shipping	Hopei, North China

* Hsin-hua Yüeh-pao [New China Monthly], Nov. 1950, Vol. III, No. 1, p. 139. Wen-hui-Pao [Wen-hui Daily], Hong Kong, Sept., 4, Sept. 29, 1953.

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438 Shantung is the only cotton-surplus province in East China and its output of raw cotton is consumed locally. Only a portion of the surplus is shipped to other provinces in East China or North China. The major amount of raw cotton required by Shanghai and Tsingtao mills is supplied by surplus production in the provinces of North, Central-South, and Northwest China.

C. Coal Transportation and Trade Routes

East China is one of three areas in China consistently short of coal. Within this region, only Shantung and Anhwei report a surplus in coal production. Other provinces of this region have to depend upon the supply from the principal mines of other regions. Manchuria coal is imported for Chekiang, Fukien, Kiangsu, and Anhwei. Coal from Hopei, Shantung, Shansi, and Honan is also shipped to the areas receiving coal from Manchuria. Coal from Manchuria and North China is carried by rail. The principal rail lines involved in this north-south traffic are Peking-Hankow, Hankow-Canton, Tientsin--P'u-k'ou, (Pukow), Tsinan-Tsingtao, and Shihchiachuang-Taiyuan railways. Some coal is shipped by boat to East China coastal cities from Manchuria and North China

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489 ports.[27] But the coal transported by coastal
438 steamers amounts to only 11 per cent of the total shipment from North to East China.[28]

VI. DOMESTIC TRADE

438 As its final goal, Communist China aims
655 at the complete control of domestic trade by state-owned co-operatives and state "capitalistic" enterprises.

A. State-Owned Companies

Six domestic trading companies were established in 1950: (1) the China Food Company, (2) the China Textile Company, (3) the China Salt Company, (4) the China General Merchandise Company, (5) the China Coal and Building Materials Company, and (6) the China Native Products Company.[29] These companies have established branches and sub-branches in nearly all of the major cities of East China. Some of these companies such as the China General Merchandise Company and the China

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27. Ching-chi Chou-pao [Economic Weekly], Shanghai, May 25, 1950, Vol. X, No. 21, p. 9; Ching-chi Nien-pao [Economic Year Book], Hong Kong, Ching-chi tao-pao She, 1952, p. 27.
28. Ibid.
29. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1955, p. 380.

Rival Ports

133 489 The maritime trade of south China is divided among several ports, each serving a small and well-defined hinterland outlined by mountains as separate river basins, of which the basin of the Hsi is by far the largest. The Ta Yü and Wu Yi ranges extend almost to the coast from Hong Kong north to Ningpo. Their ridges form a barrier over which very little trade passes, and the rivers which flow from their crests to the sea have cut neither easy passes across them nor extensive flood plains. The relatively short Han, Min, Wu, and Chientang Rivers, interrupted by falls and rapids over most of their courses, are navigable only for small boats, and none of them makes easy connections with other river systems. The high relief extending down to the coast, except for the few small river flood plains, makes food production as well as transport difficult. The area as a whole (southeast coastal China) must import rice, but its important exports are limited to tea and timber. The configuration of east Asia and the submerged character of the south China coastline, bring these southern ports much closer to the continental mountain mass and leave them a hinterland which is hilly, thinly populated, and unproductive compared with the Yangtze basin.

The submerged coastline of the south includes a number of good harbors, notably Foochow (the estuary of the Min River), Amoy, and Swatow, but they are too small for any volume of modern ocean shipping, and their topographically limited hinterlands do not make harbor extensions worthwhile. Railways have not yet penetrated this area, aside from the single line from Hankow to Canton, with a spur to Kowloon (the mainland adjunct to the Crown Colony of Hong Kong), a reflection of its commercial unproductiveness more than of the engineering problems which it presents.

504 The outstanding exception among south China ports is Hong Kong, possessed of the finest harbor in the Far East, a deep and well-protected roadstead between Hong Kong island and the mainland, flanked on all sides by shielding islands. Location just off the mouth of the Hsi, whose basin is the most extensive and productive lowland in south China and contains its only major transport artery, is a further advantage. The port of Hong Kong however owes its

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Raw Materials

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The basic industrial raw materials lacking in its immediate hinterland are Shanghai's major problem after the disadvantages of its site. Coal must come from north China, Japan, or Indo-China. Finished steel is largely imported (from Japan and the United States), as are petroleum products, sulfur, rubber, copper, and all other nonferrous metals except antimony and tungsten, which are supplied from the metaliferous belt running through Honan, Kweichow, and Yünnan. Shanghai is industrially out of gear with the rest of China, and in the absence of an exploitable local resource supply maintains its industrial position on imports from kindred economies overseas. China supplies the market, and the labor, for Shanghai's industrial production, both factors of considerably more locational importance for manufacturing in general than raw materials alone. Closely oriented to major ocean routes, Shanghai can economically produce goods whose raw materials must be assembled from great distances, since the cost of sea transport, especially for these bulk commodities, is a relatively minor item in total costs of production. From the Chinese hinterland, the Yangtze also transports to the city at low cost industrial raw materials produced by agriculture within the river basin: cotton, silk, vegetable oils and tallow, hides and skins, hemp, tea, bristles, wheat, tobacco, and eggs.

Aside from steel (which until recently had not been economically produced from ore anywhere in China proper), industrial machinery, and petroleum products, admittedly large cost-items in its production, Shanghai has not suffered industrially to any great extent from the local absence of resources. The city's transport connections as outlined in this chapter have been largely responsible for this, and have made possible an industrial and commercial metropolis in an agricultural economy poor in resources and in land transport.

505 haulage on this one creek (the main water connection with the delta hinterland, although there are several others as well) between five and ten times greater than on either of the two railway lines.

In addition to the Yangtze and the Whangpoo, three major water routes connect Shanghai with the delta: Siccawei, Soochow, and Woosung Creeks (maps 3 and 5). The lower reaches of Soochow and Siccawei Creeks were periodically dredged by the Whangpoo Conservancy Board until 1936, and on the former a minimum depth of five feet at low water within a 100-foot channel was maintained as far as Soochow, where the Creek terminates. This enabled boats up to 80 tons cargo capacity to reach Soochow, and to move from there into the wider water network of the delta. Siccawei Creek provides a through route for boats up to 40 tons cargo capacity as far as Tsingpu and from there to Tai Lake. Woosung Creek makes similar connections as far as Kunshan, where it joins several other navigable waterways. Five daily "boat trains" (barges towed by a steam launch) left Shanghai for Soochow during the 1920's and 1930's, a journey of ten to twelve hours. The "trains" carried freight as well as passengers, but more deck-passenger space was available west-bound, presumably because outward-bound Shanghai manufactured goods took less space than inward-bound rice, silk, cotton, or other agricultural raw materials.

489 There were no railway wharves inside the harbor limits. Those at Woosung and Lunghua (both outside harbor limits) were relatively little used, and the Woosung railway wharves handled almost entirely inbound ocean and river cargo destined for Shanghai rather than for other cities. On the right bank of the Whangpoo there was not a single motor road before 1936.* Three large creeks, however, connected the river's right bank with the sea and with the district southeast of Shanghai. The barrier represented by the Whangpoo, and the relatively small and unproductive countryside east of the river were largely responsible for the smallness of commercial and manufacturing development in Pootung. The shipbuilding, wharves, and manufacturing located there were maintained entirely by water transport.

* In 1936 a short road was built in Pootung, extended to 37 kilometers in 1948, paralleling the river behind the wharves.

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241 reported by Buck. According to his figures, the grain production
433 (or equivalent) per male adult of the population (or equivalent) within this thirty-mile radius averages 2594 kilograms, as compared with an all-China average of 1400 kilograms.[9]

161 The problem of how Shanghai is fed is, however, not answered merely by the facts of fertile soil, intensive cultivation, and high crop yields in its immediate hinterland. While the delta is clearly productive, it is equally clearly densely populated, and it is likely that a larger proportion of the total population of the fertile triangle lives in cities than is the case in any other area of comparable size in China (map 5).

[146] Buck estimates that the consumption of food energy on farms in
241 this area is 3486 calories per adult-male unit per day, a high figure for a so-called subsistence agricultural economy, and exceeded in Buck's figures for China only by the rice-tea area immediately to the south.[10] Far from being a subsistence economy, the triangle supports a relatively commercialized agriculture. Buck estimates for example, that the farmers of this area sell 61 per cent of their farm products immediately after harvest, and that 60 per cent of farm products are sold (i.e., first sale) as far away as the nearest market town, as distinct from the local village. Both of these figures are exceeded only by those from the double-cropping rice area of Kwangtung.[11]

433 Assuming that the favorable natural environment and the in-
489 tensive farming methods result in a total food production great enough to allow a surplus for feeding the delta's cities, how is it marketed in this pre-industrial economy? Cities of the magnitude of Shanghai have hitherto never developed except where mechanization and technological improvement in agriculture have been accompanied by the growth of railways, and later, highways.* Shanghai, competing for the food surplus of the delta with Hangchow, Nanking, Soochow, and other large delta cities, added well over three millions to its population between 1843 and 1936, while agricultural practices in the delta remained in general just as they

* Ancient Rome and Peking, both cities of approximately one million long before the industrial revolution, might constitute exceptions. Both owed their size primarily to their administrative functions, and both depended heavily on water transport.

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have been during the last 1,000 years. Improvements in transport facilities during the same period were slight. As stated above in Chapter Seven, the only railway lines serving Shanghai during the twentieth century were those to Nanking and Hangchow (opened in 1908 and 1909 respectively). They have never become large volume carriers on a Western scale. Highway development contributed even less to the total transport resources of the area. For a densely populated, highly productive area which also contains several large cities dependent in varying degrees on industry, this transport network is minimal.

The Shanghai Rice Market

Rice is the basic food commodity for Shanghai. A sampling survey of workers' families in Shanghai by the Bureau of Social Affairs during 1929 and 1930* [12] showed the average worker's diet (by percentages of total money spent on food) to be 53 per cent cereals (of which rice was 90 per cent, wheat 5 per cent, and other cereals 5 per cent), 18 per cent vegetables and beans, 16 per cent meat, fish, and eggs, 8 per cent condiments, 3 per cent fruit, and 2 per cent miscellaneous. Since cereals may be presumed cheaper by weight than the other items in the list (as well as having a higher caloric value by weight unit), the importance of rice in the diet by weight (which is the leading consideration for transport problems) is thus greater than these figures indicate. Fortunately, statistics are more readily available for rice than for any of the other food items.

While no complete figures exist to show the rice supply pattern, trading in rice on the Shanghai market was recorded in considerable detail during most of the 1920's and 1930's, and an analysis of the published market reports provides a relatively clear quantitative picture of the main outlines of the city's food supply. The monthly reports issued by the General Chamber of Commerce of Greater Shanghai list supplies of rice entering the city according to source.[13]

* Chiang I-shih, Production, discusses regional differences in the consumption of cereals as between south China, the Yangtze region, and north China, and includes a table showing these differences for the major cereals, as of 1936. For the Yangtze region as a whole he estimates that rice formed 40 per cent of the cereal diet, wheat 20 per cent, minor cereals 14 per cent, and other food crops 26 per cent.

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438 Most of the places so mentioned recur every month except during
489 the rice planting season from early May to early June, and nearly all of them cluster within a relatively small area in the immediate neighborhood of Shanghai (map 5). In about half the cases they are *hsien* towns (county seats), which presumably draw on most of their respective *hsien* (counties), and in the other cases simply towns or villages which serve as collecting places for the rice-producing areas immediately around them. For the most part, they are located with indifference to existing road and railway networks. Most of the exceptions are large towns through which the road and/or railway are obliged to run in any case. The majority of the places however are located on main waterways, and in every case there is a direct water connection with Shanghai.

433 When the rice supply pattern for Shanghai as shown in these
438 reports is compared with total figures for rice production in Kiangsu province by *hsien*,[14] it is seen that for the most part only the heavy rice-producing *hsien* which lie within about 75 miles of Shanghai send amounts to the city significant enough to be recorded consistently in the market reports. If a surplus exists in the other heavy rice-producing *hsien* * then either transport costs to Shanghai are too high for this rice to compete with areas nearer the city and it therefore moves to other consuming centers, or Shanghai can draw sufficient amounts from the nearer areas at a reasonable price to fill the majority of its rice needs.

For example, Kashing, an important rice marketing center on the railway 60 miles southwest of Shanghai sends little of its rice to Shanghai, although it does send large amounts of locally produced ginger. The comparatively high unit-value by weight of ginger can bear transportation costs which make shipment of rice uneconomic by either rail or water in this case. Another rice center, however, 19 miles farther south on the railway, sends large amounts of local rice to Hangchow 39 miles away. It is near enough apparently to be included in Hangchow's tributary rice area.[15]

438 Although water transport, especially in this delta area, is relatively
505 easy and cheap, it is also relatively slow, and it is reasonable to find

* Kiangsu government figures indicate that this is the case — *Kiang-su sheng-chien*, cited above.

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upon all of the city's population. A leading commercial journal in the city remarked in 1940 that "Shanghai is an island cut off from the normal sources of supply of its staple food," and went on to point out that rice selling at that time in Wusih for CNC$15 per picul of 172 pounds sold for CNC$90 per picul in Shanghai, a price difference which certainly reflects transport difficulties as well as the abnormal situation in Shanghai. The Shanghai price of imported rice quite naturally rose to meet this level.[28] At scattered intervals during this period from 1937 to the end of 1941 when conditions permitted relatively safe water shipment to Shanghai from the delta, local rice appeared on the Shanghai market in large quantities and the price of rice from all sources dropped to nearly its pre-war levels.[29] 435 [489]

The part played by out-province rice is difficult to evaluate. The market reports already referred to indicate that except during the planting season out-province rice is unimportant on the Shanghai market, and at all periods under normal conditions is less important than foreign imports.[30] However, complete figures for out-province shipments of rice to Shanghai do not exist, doubtless due, at least in part, to the fact that much of it moves to the city in small boats, a flow difficult to measure. The market reports give the impression that most of Shanghai's out-province supply comes (in order of importance) from Wuhu (the chief rice center of Anhwei), the lowland areas of Kiangsi connected by lakes and rivers with the Yangtze, the lowland areas of northeastern Chekiang, and the western and southern shores of Tung Ting Lake in Hunan. All of these sources have direct water connections with Shanghai. 438

If the earlier opinion that Shanghai, among the other treaty ports, depended for its growth on overseas imports of rice is no longer tenable, it is perhaps reasonable to question whether at least Canton may not have profited from its similar location. The Hsi delta is the closest parallel in China to the Yangtze delta, although on a smaller scale. Like the Yangtze delta, it is a heavy rice-producing area which also contains a highly developed network of natural and artificial waterways. Kwangtung as a whole is a rice-deficiency area, and foreign imports of rice to Canton may not be destined entirely for 439

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439 consumption in the city. As in the case of Shanghai, Canton may act as an entrepôt for rice imports to other cities.

433 489 This may suggest that China as a whole produces enough to feed itself, even by traditional farming methods, if only the food could be transported cheaply enough. As it is, foreign rice moves only to the large coastal cities, because transport costs once it leaves the sea prevent further penetration. The rice comes in because at certain periods it is cheap, and it is cheap relative to Chinese rice primarily because of the difference in transport costs between sea and land. It may be found when full facts are available that the flow of rice to large Chinese cities, which depends on price, is governed predominantly by transport costs, as it is in the case of Shanghai, and that where cheap transport is possible, local sources form the major part of the supply.

Other Food Commodities

241 438 The Yangtze delta, and more especially the fertile triangle, is a specialized agricultural area, more so than most agricultural regions of China because of its greater degree of commercialization. Its special crop is rice, with cotton, mulberry, and vegetables the only other significant items. Some wheat is grown, but it is of relatively minor importance in the fertile triangle and is raised mainly as a dry-field winter crop between rice plantings. Shanghai's dependence on local sources for rice is thus not matched by the rest of its food supply. The significance of the city's water connections with other agricultural regions is apparent in the fact that in a largely pre-railroad and pre-commercial economy, Shanghai is able to depend on distant sources for many food items in a way, if not to a degree, which is in certain respects comparable to the food supply pattern developed for large cities in the United States and Western Europe.

244 438 Shanghai has its own truck- and market-garden area, much as large Western cities have, with the difference that vegetables in particular have always been grown there and that environmental conditions in the fertile triangle are virtually ideal for market-garden-type production. Near most Western cities, soil, climate, and relief must often be fitted with difficulty into the needs of the city for fresh local food. Vegetable production in the fertile triangle

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for sale in Shanghai is not only convenient but environmentally advantageous. 244 438

How much of the city's supply of vegetables comes from its market-garden area (a day's water travel, or about a 30-mile radius from the city, an area where vegetables rival rice as the leading crop), and how much from greater distances is difficult to determine with any accuracy in the absence of published records. The principal vegetable market in Shanghai is along both banks of Soochow Creek near its mouth, which suggests that vegetables come into the city by water from its immediate environs. Merchants and vendors there, including many farmers who bring their vegetables into the city by sampan for daily or twice weekly markets, speak only of the near neighborhood of the city as the source of their wares. About 15 square miles within the Municipality of Greater Shanghai itself are occupied by vegetable crops,[21] which can take the fullest advantage both of convenience to the market and of favorable environment in this fertile flat delta land. Vegetables undoubtedly come into the city in large amounts from greater distances, although it is unlikely that bulk shipments of such perishable commodities would move beyond the delta. The railways do not carry them in any significant quantities.[22] 438

Although its place in the Shanghai diet is relatively minor (see above p. 139), wheat is a major food commodity for the city because of the prominent place of the flour milling industry there. While over two-thirds of the flour milled is exported, principally to north China ports, the wheat must first be brought to the city even though most of it is not eventually consumed there. [262] 256 438 489

Shanghai drew its domestic wheat largely from Kiangsu. Only a minor crop within the fertile triangle, wheat is of much greater importance in the drier and colder areas of Kiangsu north of the Yangtze, and in the western parts of the delta. This production, plus the wheat raised almost entirely for sale as a dry-field winter crop within the fertile triangle, can be carried to Shanghai from nearly every producing area via the water network of the delta, including the Yangtze itself. While the delta area is by no means a leading wheat producer, it is wholly unique among wheat areas in China in its cheap and easy transport connections with a large urban [243]

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256 438 489 market. The semi-arid north, where most of China's wheat is grown, has almost no water transportation. Water in the delta has made it possible for wheat production there to become highly commercialized as Shanghai developed into a huge industrial market which water routes made accessible in terms of transport costs for bulk shipments.* This helps to explain the anomaly of Shanghai (rather than Tientsin — a close second) as the largest wheat-milling center in China despite its great distance from China's major wheat-producing areas where other industrial centers, notably Tientsin, also mill flour.

439 505 Domestic sources of wheat, however, accounted for slightly less than half of the city's supply during most of the 1920's and 1930's. Although Kiangsu sources held the commanding position domestically, wheat also came to the city especially from the major wheat area of Shantung, by sea from Tsingtao, where it was collected largely by rail. Shanghai's connections by sea thus implemented its water connections in the delta in ensuring a steady flow of low-cost cereals. Dependence on overseas sources for more than half of its wheat was more workable economically for Shanghai, with its location and harbor facilities, than for any other China port. It was cheaper for Shanghai to bring in wheat from Canada, the United States, and Australia (the three major overseas sources in order of importance) than for Tientsin, without inland water transport, to bring in wheat from the producing areas of north China beyond its immediate Hopeh region of the north China plain.

These imports of wheat from overseas fluctuated considerably from year to year according to price conditions. As in the case of rice, wheat imports were unusually high in years of civil disorder and (or) rain and floods in the delta area, notably in 1926, and decreased markedly in intervening years of political and climatic stability.[83] Again the inference is that stoppages of water transport in the delta were the key factor. As an ocean port near major world shipping lanes, Shanghai could import at a practicable cost whatever goods normally obtained from the delta which temporary cir-

* Water as rainfall, or as irrigation, also keeps wheat yields higher in the delta than the north China average.

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cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [482]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

435 proportionate costs of labor and power. The same comment applies to the high figure for machinery.

288 In a generally more careful work dealing only with the cotton
435 industry, Fong Hsien-ting, as shown in the accompanying table, provides a different estimate of costs in the production of cotton yarn in Shanghai in 1930.[87]

Cost Item	*Percentage of Total Costs*
raw cotton	42
labor	30
power	8
overhead and interest	20
	100

These seem much more reasonable, and they are generally substantiated by the findings of Moser and of Pearse.[88] Liu's figures for cotton spinning are also suspect because in 1934 a larger proportion of the mills' supply was the cheaper domestic cotton (see above, p. 172). If we may accept these figures of Fong's as a closer approximation to the facts than Liu's, we have at least some idea of the proportionate cost of delivered raw materials in Shanghai's largest industry, cotton spinning, and we may justifiably assume that this cost was of approximately the same order of magnitude in the other cotton industries and in the silk industries, since Liu's figures show a maximum spread of only 10 per cent among the raw materials' cost in the textile industries which he covers, and since both cotton and silk supplies came very largely from the local delta area. We have unfortunately no check on Liu's estimates of raw materials' costs in other leading Shanghai industries. Since with the exception of flour milling and machinery, these other figures seem reasonable, we can only accept them with caution.

435 Even after this revision, however, the best estimate which can
●489 be made of the proportionate costs of raw materials in Shanghai manufacturing still shows these costs to be high by Western
[465] standards.* There are two major reasons for this: the relatively low cost of labor, and the relatively high cost of transport. The first

* The United States Census of Manufactures for 1939 gives value figures for manufacturing costs in major categories of manufacturing in the United States in

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condition operates to approximately the same degree in all Chinese industrial centers.[39] The second operates for all Chinese industrial centers, but not to the same degree. 435 489

Only two important carriers are involved: railways and waterways. Highway transport by truck remains negligible in China, relative to the scale necessary for the maintenance of modern manufacturing, and with the shortage of fuel, vehicles, and parts as well as of adequate roads it is an impractically expensive carrier. Non-mechanized overland carriers in general use in China (porters, wheel-barrows, pack animals, carts) are also notoriously expensive, and are inadequate to handle volume movements.* Representative rates for railway transport of bulk goods (exclusive of coal) in carload lots in China during the 1930's ranged from the equivalents of US$.02 to US$.07 per ton/mile.[40] This compares with an average ton/mile rate on United States railways during the same period of about US$.01.[41] Accurate or even representative rates for water transport in China are not available, but the average for unobstructed inland routes may be estimated at between US$.018 and US$.02 per ton/mile during this period. In any case, where adequate water transport is available in China, it is a cheaper carrier than railways under present conditions, and can handle bulk shipments. 489 [497] [505]

As we have pointed out above in Chapter Seven Shanghai is not a major rail center, and the two railways which serve it are not

that year under five headings. Expressed in percentage terms, these costs are tabulated, for United States manufacturing as a whole, and for the textile industry in the United States:

	All Manufacturing (%)	*Textile Manufacturing (%)*
labor and salaries	53	57
materials and supplies	37	35
fuel	2	1
purchased electric power	1	4
other	7	3
	100	100

"Materials and supplies" is not defined. No figure is given for overhead and interest, so that all of these figures must be scaled down in order to make them comparable with the figures cited for Shanghai.

* Average ton/mile rates for truck transport in China range from the equivalents of US$.30 to US$.50. For porter and wheelbarrow they often reach US$1.00 per ton/mile.

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489 large carriers. The city's water connections, however, are uniquely good. (They have been outlined in some detail in Chapters Four and Seven.) It may be assumed that the cost of most delivered raw materials in other Chinese industrial centers was a higher percentage of total costs of production than in Shanghai. This assumption is borne out in the case of Tientsin. Tientsin is not only an ocean port through its association with Taku, but it lies on the Grand Canal and is, after Peking, the second most important rail junction in China. It lies at the focus of an even more extensive lowland (the north China plain and the basin of the Yellow River) than does Shanghai. Tientsin's water connections over this lowland are slight compared with Shanghai's water connections over the Yangtze basin, but with the possible exception of Hankow, Tientsin nevertheless has the most favorable orientation to transport routes of any Chinese industrial center after Shanghai.

288 435 Fong Hsien-ting found, in comparing production costs in the spinning of cotton yarn (also Tientsin's largest industry by value of output) that the cost of delivered raw materials in this industry in Tientsin averaged about 70 per cent of the total cost of production, as against an average of 42 per cent for Shanghai (see above, p. 180). Yet Tientsin also lies near the center of one of China's leading cotton-producing areas, through which three railway lines run to the city. Fong's cost estimates for the Tientsin cotton yarn-spinning industry, by percentages of total costs, are shown in the accompanying table.[42]

Cost Item	*Percentage of Total Costs*
raw cotton	70
labor	15
power	7
overhead and interest	8
	100

It does not seem possible that the costs could be divided as Fong has estimated. The figure for raw cotton seems too high, and that for overhead and interest too low. Power is cheap in Tientsin, due largely to the proximity of the Kailan mines at Kaiping, 82 miles north by rail, China's largest producer of coal, and the chief source of Shanghai's coal supply as well. The figure for labor costs is of

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inland coal only from Fushun (on a navigable tributary of the Liao, and normally the cheapest pit-head coal in East Asia due to easy extraction from huge open-pit mines), Anhwei (deposits along the Yangtze), Shansi (China's major coal reserve), and Shantung (the nearest large coal deposits to Shanghai). The Chinghsing mines in Hopeh could not depend for transport on their largely unnavigable river connections with Tientsin, 190 miles away by rail. 438 316

The accompanying table lists the average annual production (in millions of tons) of the major coal-producing provinces of China in the early 1930's.[48]

Province	*Production*
Hopeh	7.7
Shantung	3.5
Shansi	2.7
Honan	2.1
Szechuan	.9
Hunan	.6
Anhwei	.6

Hopeh, with its Kaiping mines 79 miles by rail from the port of Chingwantao, supplied the largest share of Shanghai's coal for the period 1931–1936 (37.6 per cent). Shantung, immediately north of Kiangsu and the nearest large coal producer to Shanghai, but with limited water transport, supplied an average of only 23.1 per cent of Shanghai's coal during the same period. Inland Honan, Szechuan, and Hunan do not figure as sources of Shanghai coal. Anhwei, also without a seacoast, but with mines along the Yangtze, accounted for 23 per cent of Shanghai's coal supply by 1936. Landlocked Shansi, China's third producer of coal accounted for less than five per cent of Shanghai's coal supply for the same period. Overseas coal imports (Japan, Manchuria, and Indo-China) accounted for 25.6 per cent of Shanghai's coal supply for the period 1931–1936, or more than any Chinese province except Hopeh (see table above on p. 185). 439

Ting estimates that for China as a whole in the period of the 1930's domestic coal was moved 70 per cent (by weight) by rail, and 438 489

438 30 per cent by water.[50] Shanghai was thus in a relatively favorable
489 position in being able to draw its coal supplies so largely over water routes. For the period 1930 to 1936, the city imported an annual average of 3.9 million tons of coal from all sources combined.[51] Figures of the Maritime Customs at Shanghai for the same period show an annual average of 3.5 million tons of coal arriving in the city by sea and river [52] (so that railway haulage accounted for less than 10 per cent). Even so, the distances separating Shanghai from its sources of coal made domestic coal more expensive there than for instance in Tientsin, where the cost of Kaiping coal was about 10 per cent less than in Shanghai. Shansi coal, selling for CNC$5 per ton at the pit-head, sold after its long rail haul for CNC$10 at Taku and CNC$12 per ton at Shanghai.[53] (Note that the price doubled between the mines and Taku, but increased by only 20 per cent between Taku and Shanghai, more than twice as long a haul, but by sea rather than by rail.) Shanghai has the advantage of central location, and can draw with equal ease on domestic or overseas coal as prices vary.

375 Consumption of coal in the city, according to C. A. Bacon, was divided approximately as shown below.[54]

Users	*Approx. Annual Consumption, in Tons*	
Public Utilities	1,475,000	
electric power companies		1,300,000
gas works		100,000
waterworks		75,000
Other Industries	1,100,000	
Households	500,000	
Shipping	400,000	
Railways	350,000	
Miscellaneous	50,000	
TOTAL	3,875,000	

365 According to these figures, 37 per cent of Shanghai's coal consumption was accounted for by the electric power companies. There were four of these companies in the 1930's, of which the Shanghai Power Company (sold by the Shanghai Municipal Council to an American company in 1929, and in 1949–50 taken over by the Com-

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497 starts from Cheng-yang-men Station in Peking, passing through Tientsin, Te-chou, Tsinan, T'ai-an, Hsü-chou, Nanking, Chen-chiang, Wu-hsi, Soochow, and reaches Shanghai. The journey takes about thirty-one hours and thirty-five minutes, covering a distance of 1,465 kilometers.[6] The Shanghai-Canton through-express train starts from Shanghai, passing through Hangchow, Chin-hua, Ying-t'an, Chu-chou, Heng-yang, Shao-kuan, and reaches Canton. The journey takes forty-three hours and twenty-four minutes, covering a distance of 1,822 kilometers.[7]

II. HIGHWAY ROUTES IN EAST CHINA

491 The exact length of the highway network in East China is difficult to determine, because (1) the provincial reports on the extent of highways in this region differ from those made by national surveys, (2) no distinction is made between provincial roads and country roads, (3) there is a lack of consistency in reports concering the completion of the construction of roads and the number of roads opened or closed to traffic. In the present study, all the major national highways which pass through the East

6. Ibid., p. 85.
7. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Table 2.

National Highways of the East China Region*
(unit: km.-kilometers
mi.-miles)

Name & Number	Terminal	Route	Length
Basic 1	Shanghai--Lhasa	Shanghai, Nanking, Wuhu Anch'ing	5,221 km. (3,242 mi.)
Basic 3	Nawei--Hoverhkuosan	Foochow, Kut'ien, Chiesou, Chiesyang, Shaowu	5,355 km. (3,365 mi.)
Longitudinal			
No. 1	Hsian--Shanhaikuan	Nanp'ing, F'uch'eng, Suachow, Wuhsing, Nanking, Suaiyen, Ch'ingsh'eng, Tsinan	4,297 km. (2,668 mi.)
No. 2	Suatow--Chouchiak'ou	Anch'ing, T'ungch'eng Liuan, Chengyangkuan	2,042 km. (1,275 mi.)
Lateral			
No. 1	Amoy--Hunanhsun	Amoy, Lungch'i, Lungyen, Ch'angting	1,981 km. (1,201 mi.)
No. 2	Shanghai--T'ienshengch'iao	Shanghai, Hangchow Tunch'i, Ch'iaoo	2,792 km. (1,739 mi.)
No. 3	LHsuehung--Tuoch'eng	LHsuehung, Hsinsu, Nant'ung Chiangtu, Liuan	2,053 km. (1,283 mi.)
No. 4	Liesyhkang--Hingt'ahai	Liesyhkang, Kuosyhn, Shayang, HsHchow	3,059 km. (2,537 mi.)
No. 5	Taingtao--Hinghsin	Taingtoo, Weihsien, Tsinan, Chihu, Liaoch'eng	1,949 km. (1,218 mi.)
Longitudinal			
No. 2			
Branch 1	Shehsien--Tuhu	Wuhu, HsHanch'eng, Hinghsu, Chihch'i	242 km. (151 mi.)
Lateral			
No. 2			
Branch 2	Tungchia--Tongyuan	Tungchia, Ch'ingt'ien, Liaowi, Lungyu	659 km. (412 mi.)
Branch 3	Hsiangshan--Hangtsow	Hsiangshan, Ninghai, Tsao-o	257 km. (160 mi.)
No. 6			
Branch 1	Weihsien--Weihaiwei	Weihsien, Ch'ang-i, Hsunghsien, Chefoo	480 km. (300 mi.)
			Total 32,947 km. (20,592 mi.)

*Kuo-tao Wang [The National Highway Network], Hsing-cheng-yuan, Hsin-wen-chu [Bureau of Information, Executive Yuan], Nanking, 1947, pp. 2-30.

(Table 2 faces p. 844.)

1:Stanford U. S-4, 5 1956 AF5 East China
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49/ China Region and some of the essential inter-provincial highways connecting important cities and towns in this region are discussed.

The total length of highways[8] of East China was estimated at 27,494 kilometers (17,184 miles) in 1951. The following table shows the main national highways passing through the East China Region:

8. Mao Shou-chin, Kung-lu Chiang-shih [General Information on Highways], Shanghai, Jen-min Ch'u-pan-she, 1951, p. 6.

1:Stanford U. S 4, 5 1956 AF15 East China AF15

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Table 3.

The Principal Inter-provincial Highways of East China*
(unit: km-kilometers
mi-miles)

Highway	Terminals	Length
Chi--Tai	Tsinan--Taierhchuang	492 km. (307 mi.)
Ning--Kan	Nanking--Changyangmiao	475 km. (297 mi.)
Fu--Hsia	Foochow--Amoy	298 km. (186 mi.)
Fu--Chiao	Foochow--Chiaowei	298 km. (186 mi.
Hsia--Ai	Amoy--Ailing	392 km. (245 mi.)
Ou--P'eng	Chienou--P'engk'ou	333 km. (208 mi.)
Ning--Hang	Tangshan--Hangchow	323 km. (202 mi.)
Ning--Hu	Nanking--Shanghai	351 km. (219 mi.)
Hu--Hang	Shanghai--Hangchow	209 km. (130 mi.)
Hang--Ning	Hangchow--Ningpo	—
Hang--She	Hangchow--Shohsien	214 km. (134 mi.)
Wu--Ch'ing	Wu--Ch'ingyang	—
Wu--Tun	Wuhu--Tunch'i	—
P'u--Ho	P'uk'ou--Hopei	—
Wan--Kan	Hopei--Anch'ing--Nanchang	—
Fu--Cheng	Fuyang--Chengyanghuan	—
Fu--Pang	Fuyang--Fangpu	—
Su--Wen	Suhsien--Wenchou	317 km. (198 mi.)
Hsü--Huai	Hsüchou--Huaiyin	234 km. (146 mi.)
Hai--Ch'ing	Lienyünkang--Ch'inghaichi	361 km. (226 mi.)
		Total 4,297 km. (2,686 mi.)

*Fei-chü Ti Kung-lu Chiao-t'ung /The Highway Transportation of Communist China/, Taipei, The Central Committee of the Chinese Nationalist Party, 1953, pp. 24-27.

(Table 3 faces p. 845)

1:Stanford U. S-4, 5 1956 AF15 East China
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491 There are numerous provincial and hsien roads in East China. The following table shows some of the important inter-provincial highways in East China:

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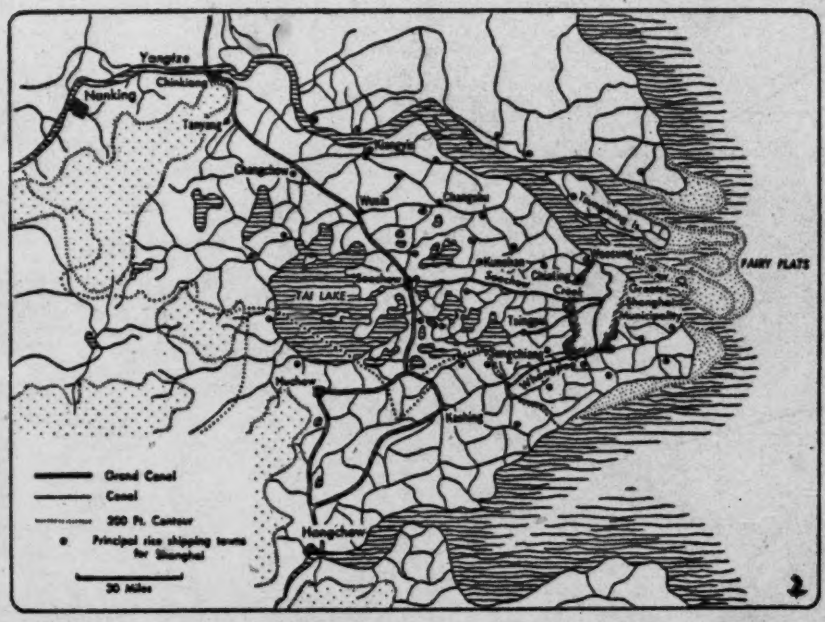
village or town entirely by water, and in most cases in no other way. 503
According to existing estimates,[3] and on the basis of the incomplete 505
cartographic data, the delta area must contain at least half a million
miles of canalized or artificial waterways. The railway between [496]
Shanghai and Nanking includes in its 193 miles 164 bridges over
navigable rivers or canals.



Map 5. Waterways of the Yangtze Delta. All waterways shown are navigable. Provincial boundaries are indicated by a dotted line.

The use of water routes is reflected in the sparseness of roads com- 491
pared with other level areas of China and in the fact that such roads
as exist run in most cases at right angles to major waterways. In [493]
addition, carts and barrows are scarce in the Yangtze delta, in marked
contrast with other areas of China, or with most pre-industrial
regions. Traditional Chinese bridges in the delta area are nearly all
of the single span hump-backed type, reflecting the virtual absence
of wheeled traffic as well as the need to provide adequate clearance
over waterways for the passage of masted vessels.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

442 to keep healthy in China, and nearly every foreigner in Shanghai
439 rode, hiked, or took part in team sports.

The Chinese were amazed at this waste of calories. "'Belong foreign man custom' they would say as they turned to their diet of rice and cabbages," according to the memoirs of an early foreign resident.[22] Certainly the foreigners ate well, but while they brought spirits and special foods from home at great expense, the bulk of their food came from the delta area, according to the records of the same early resident, who was for a time during the 1870's in charge of the mess at one of the foreign firms and lists the sources and prices of the most important items which supplied it.[23] Foreign merchants and assistants would often be gone for weeks at a time on shooting excursions in the hinterland. Wherever they wanted to go in the delta area they found they could travel by houseboat, to the smallest village or the most remote bird-feeding grounds. And wherever they went they found these waterways clogged with Chinese craft carrying both domestic and foreign goods to and from Shanghai.[24]

509 W. H. Medhurst, an early British missionary (and later consul) at Shanghai, took a trip into the tea and silk districts of Kiangsu, Chekiang, Anhwei, and Kiangsi in 1845, disguised as a Chinese. His account of the trip laid emphasis on the waterways of this region, and since his journey never took him far from the waterways of the delta or of the Yangtze system, he attributed what he saw over this large area to the whole of China:

> Canals have been dug in all directions, and spread like veins and arteries to almost every part of the empire. As far as the experience of this writer goes, the Chinese have no walled cities or large towns except in places which are accessible by water.[25]

• [491] He noted that the major canals, used by grain junks, averaged about 40 feet wide and 6 to 8 feet deep, and that bridges over them were at least 20 feet above the surface of the water at the center of the arch so that the grain junks could pass under them with their masts lowered.

361 By 1863, the original foreign leasehold at Shanghai of 43 acres had been expanded through agreements with the taotai to a total of

497 railways (exclusive of Manchuria).* The role of railways in the growth of Shanghai has clearly been minor, and they have never become large volume carriers on a Western scale, despite their connections with most of the several large cities in the delta, and despite the relatively great agricultural and industrial productivity of the lower Yangtze basin.

491 The highway pattern is also relatively little developed. Two roads run south from Shanghai to Hangchow (both opened to traffic in 1932), and one runs north to Nanking. A large proportion of the highway mileage runs beside the railway lines, which makes the highways less useful than if they ran independently of or as feeders for the railways. The northern and southern highway routes are joined by a road from Kashing to Soochow, but the few remaining roads are either short-distance feeders or dead ends. There is no direct road connection between the major cities of Soochow and Wusih or Nanking. With minor exceptions in the vicinity of Shanghai, none of these surfaces were paved, and nearly all of the mileage is two-lane only.

494 The paucity of roads is presumably not due either to construction difficulties or to lack of general trade volume, although level ground in this area is usually accompanied by a dense network of natural and artificial waterways over which bridges must be built. The roads were constructed primarily for tourists and for general automobile travel rather than for commercial haulage. At least two of the major links (the shore road from Hangchow to Shanghai and the northern road from Shanghai to Soochow) were legally closed to vehicles over three tons gross weight from the time of their construction.[3] Due partly to the high cost of fuel, trucks, and parts, and partly to the generally pre-industrial nature of the economy, the volume of truck haulage on all of these roads has remained slight.[4]

505 Within the delta, however, and within most of the Yangtze basin, goods can move so easily and cheaply by water that there is little

496 * The total length of railways in China proper in 1936 was 9,712 kilometers, of which the two lines discussed above accounted for 753 kilometers (including sidings, loops, branches, and 112 kilometers of second track in and on the outskirts of Shanghai, Nanking, and Hangchow), or 8.3 per cent.[8]

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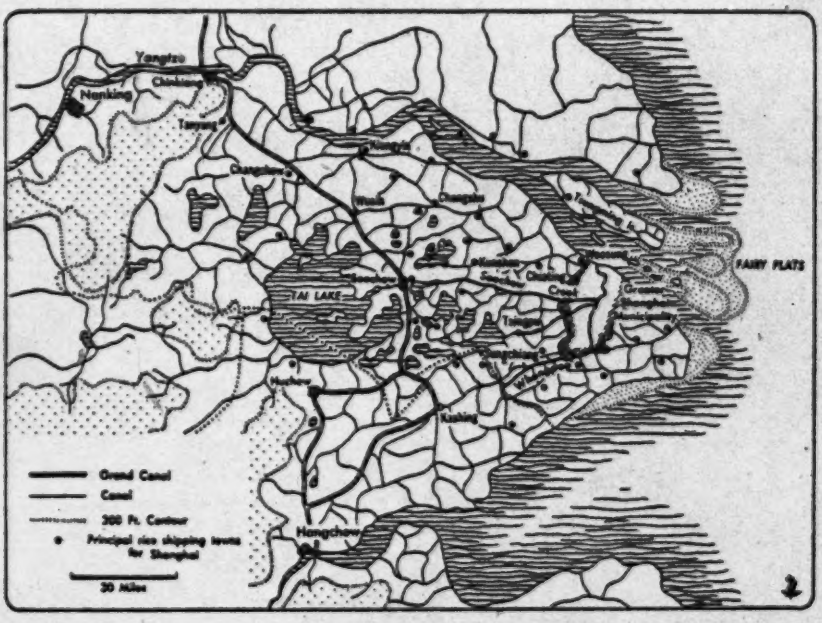

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regions. Traditional Chinese bridges in the delta area are nearly all
of the single span hump-backed type, reflecting the virtual absence
of wheeled traffic as well as the need to provide adequate clearance
over waterways for the passage of masted vessels.

494 Because of the limited supply of gasoline and the minimal domestic production of motor vehicles, the cost of motor transportation is comparatively high in China. But in the coastal regions of East China, where imported fuel is available, the cost may be somewhat lower than in the interior provinces. Large-scale development of motor transportation is still remote. Motor transportation (including short-haul passenger service) is used only in those regions where neither rail nor water transportation are available.

III. INLAND WATER ROUTES

505 487 Water transporation, especially coastal shipping, plays a very important role in East China. Four of the five provinces have coastlines and important seaports. There are two major navigable rivers, the Yangtze River and the Yellow River; other rivers, including the Hwai and the Min, and many smaller streams are navigable by small steamers and junks. Some of the more important navigable rivers are listed in the following table:

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2: Murphy G-4 (no date) 1953 AF15 East China AF15

city long after tea and silk had lost their commanding positions. 548
The import of opium into China was legally abolished in 1917 by 439
the terms of an international convention (see below, Chapter Eight), and it disappeared from customs figures at that time. But it was clearly still a powerful generator of capital and trade in the Shanghai of the 1930's. Opium also became a highly profitable export from Shanghai once its import had been officially banned, though as a then wholly illegal trade its volume and mechanics can only be guessed at.*

It also appears likely that the activities of Chinese opium merchants and distributors during the period from about 1800 to about 1870 helped to pioneer the commercialization and integration of the China market for sales of foreign goods, and that the later rapid spread of merchandizing, especially from Shanghai, was in some measure due to this earlier development of the techniques of commercial exploitation. Concurrently, opium continued to flow into Shanghai for domestic marketing and even for export, a trade which under the circumstances was increasingly profitable.

Tea and Silk

However, it was the trade in tea and silk, the two dominant 439
staples of China's export trade until the close of the nineteenth century (table I), whose contribution to the commercial growth of Shanghai is clearest. The city's original near-monopoly as a result of the concentration of tea and silk production in or near the delta was further implemented by the opening of the Yangtze and its ports by the Treaty of Tientsin.

Transport costs for tea and silk by overland routes were high, 494
averaging during the 1860's and 1870's 13 taels per bale of silk 505
(approximately six bales to the ton), and 12 taels per hundred chests of tea (approximately 100 chests to the ton), for 200 miles. Taking the tael at this period as equivalent to about 6s 2d, these rates work out at about £24 per ton of silk (US$.56 per ton/mile), and £21 per ton of tea (US$.50 per ton/mile), as compared with

* See R. d'Auxion de Ruffe, *La Farce de l'Opium* (Paris, 1939), for a somewhat bitter *ad hominem* account of opium smoking and the opium trade in Shanghai, against the background of local and international measures designed to suppress it.

494 505 average per-ton costs over similar distances in the same areas for ordinary goods of about £12 (US$.30 per ton/mile).[15] Tea and silk required special handling, and neither was supposed to get wet or to touch the ground during its transport.* These rates compare with an average of about £14 per ton for tea and silk over similar distances by water transport.[16] Shanghai's water connections were thus a vital advantage in securing for it the lion's share of foreign trade in these two leading commodities. Robert Fortune estimated in 1848 that transport costs for tea from the hinterland to Shanghai averaged about 50 per cent of total costs to that point, while he estimated the figure for Canton at 70 per cent.[17]

651 A desire on the part of the Ch'ing Government to continue the diplomatic and economic advantages resulting from the monopoly system of the Canton Cohong was apparently combined with a desire for increased revenue from the newly expanded trade with the foreigners in a movement to tax tea and silk exported via Shanghai at the same rate as would have been applied if these had moved out via the much longer route to Canton. The resulting Imperial Edict of 1845 ordering the imposition of extra transit dues on this basis had, however, only a nominal effect, since the locational advantages of Shanghai meant that the saving in transport costs and interest charges on tea and silk shipments more than made up for the additional dues.[18]

[245] 505 487 Map 9 shows the major tea-producing areas of China in the nineteenth century. The Yangtze itself runs through the northern part of the area producing the best quality teas, and its tributaries and the Chientang River (with its mouth at Hangchow, from which multiple waterways lead to Shanghai) drain most of the remainder. In spite of its river connections into this area, Wenchow was not a major tea exporter. This was certainly due in part to its relatively late opening to foreign trade, but that fact is in itself related to the high relief in Wenchow's hinterland, through which interrupted navigation provides the only adequate means of trans-

482 * For overland transport, they were carried in special frames mounted on porters' backs, with a supporting stick attached so that the load could be rested without being set down on the ground. For water transport, special care was taken to see that tea and silk were kept in clean dry holds or securely under cover. See Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters to the Committee*.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

disposed of by the benevolent society or a public agency. The issue is at base that laboured sufficiently in preceding pages—low earnings of employed workers. 766

THERE IS A GROUP OF workers in Shanghai whose conditions of employment were such that the public called for special investigation of them. These are the pullers of public rickshas, one of the many groups of workers engaged in transportation—an industry which in China even prior to December 1941[3] depended more on human labour than on mechanized vehicles. The pullers of hand-carts, and those who use a pole on their shoulders for carrying loads, are also transportation workers, but there was little public interest in the latter groups, even though their work is in some respects as arduous as that of the ricksha pullers. 494 466 471

In 1933, at the suggestion of the Rotary Club, the Council undertook an enquiry into the working conditions of public ricksha pullers. This group of pullers does not own rickshas but hires them on a twelve-hour shift. The conviction of the community was that the pullers were being exploited by the owners of the rickshas or by their agents, sub-contractors through whom the rickshas were leased. The committee of enquiry examined the advisability of centralising the public ricksha industry in a utility company, and did in fact finally recommend that a beginning be made by the organisation of one company to operate a fleet of two thousand vehicles. The committee felt that little could be hoped for in the way of better care of vehicles and better conditions of operation for the pullers as long as the rickshas were owned by more than a thousand individuals.

It transpired that since the number of public rickshas was limited to about ten thousand, the Council's ricksha licence to operate a ricksha had acquired a fictitious value of several hundred dollars. Owners sought to recover as rent an investment return, not on the price of the ricksha and the cost of a licence, but rather on the money paid by them to the holder of a licence based on the enhanced value of the licence itself. Hence pullers were paying a rental out of all proportion to their earning capacity.

[3] After this date no further importations of gasoline took place and motor traffic disappeared largely from the streets except for vehicles on public service. Some were converted to be used with substitute fuels.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

466 A study of the livelihood of the pullers made by the Industrial Division showed that the puller had each day to pay forty-seven
494 per cent of his earnings for the rent of his vehicle. The large
427 number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that the rental should be fixed by the Council, and that, in order to
745 form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.

1:Stanford U. S-4, 5 1956 AF15 East China
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Annex "A," Subparagraph 3e,
Economic Background

TRANSPORTATION AND DOMESTIC TRADE

489 The transportation facilities of East China, especially because of the region's dominant position in ocean shipping, are farther advanced than those in other regions of the country. Except in Fukien, railway transportation plays a very important role among the East China provinces; in the development of highways, special attention had been paid to the construction of a highway network in the coastal areas and linking it with the principal national highways of other regions. As for aviation, it has not been significant in local transportation because East China lacks up-to-date commercial planes. In connection with domestic trade, East China has been a major source of supply of daily necessities to the entire country. Most of China's textile and light-manufacturing factories are located in Shanghai and Tsingtao in this region.

I. RAILWAY REHABILITATION AND CONSTRUCTION

496 After World War II, the Chinese Nationalist Government exerted great effort to

1:Stanford U. S-4,5 1956 AF15 East China AF15

Table 1.

The Railway Lines of East China-1956*
(unit: km.-kilometers
mi.-miles

Railway Lines	Sectional Terminals	Length

[Face p. 840 a]

1:Stanford U. S-4,5 1956 AF15 East China AF15

496

The Tsinan Railway Administration

A. Trunk Lines		
1. Tientsin--P'u-k'ou	Techou--Pangpu	779 km. (487 mi.)
2. Lunghai	Lienyün--Shangch'iu	1,740 km. (1,088 mi.)
3. Tsinan--Tsingtao	Tsinan--Tsingtao	396 km. (247 mi.)
4. Pangpu--Suichiahu	Pangpu--Suichiahu	61 km. (38 mi.)
5. Hainan	T'ienchiaan--Tühsik'ou	214 km. (134 mi.)
B. Branch Lines		
1. Chinlingchen-T'iehshan	Chinlingchen--T'iehshan	7 km. (4 mi.)
2. Changchou--Tzupo	Changchou--Tzupo	40 km. (25 mi.)
3. Tz'uyao--Hsint'ai	Tz'uyao--Hsint'ai	66 km. (41 mi.)
4. Liuch'üan--Chiawang	Liuch'üan--Chiawang	16 km. (10 mi.)
5. Shuichiahu--Patashan	Shuichiahu--Patashan	43 km. (27 mi.)
6. Hsüehih'eng--Tsaochuang	Hsüehch'eng--Tsaochuang	31 km. (19 mi.)
	Total	3,392 km. (2,120 mi.)

[Face p. 840 b]

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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[Face p. 840c]

The Shanghai Railway Administration

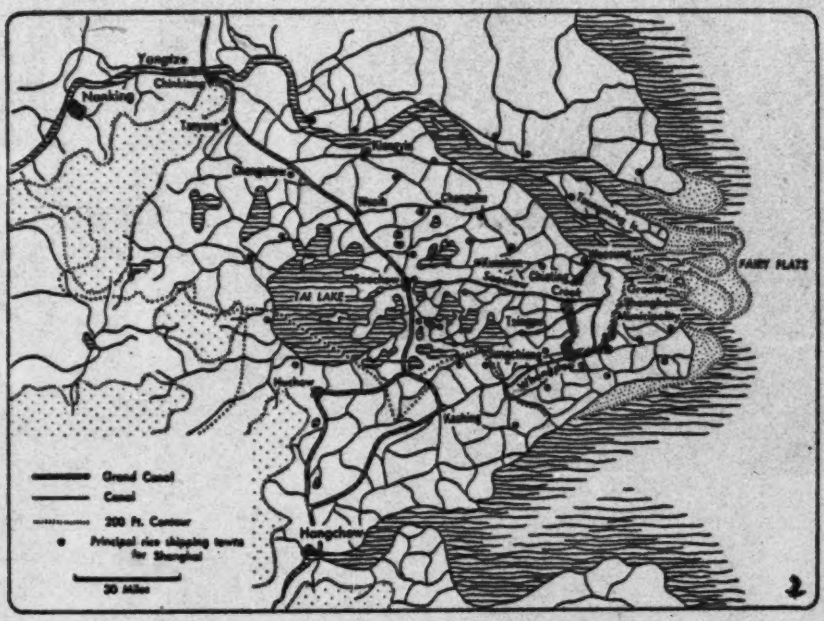
A. Trunk Lines		
1. Shanghai--Nanking	Shanghai--Nanking	312 km. (195 mi.)
2. Shanghai--Ningpo	Shanghai--Hangchow--Ningpo	187 km. (117 mi.)
3. Nanking--Wuhu	Nanling--Wuhu	107 km. (67 mi.)
4. Tientsin--P'uk'ou	Pangpu--P'uk'ou	779 km. (487 mi.)
5. Chekiang--Kiangsi	Hangchow--Yingt'an	949 km. (593 mi.)
B. Branch Lines		
1. Paoshanlu--Yüntsaopin	Paoshanlu--Yüntsaopin	15 km. (9 mi.)
2. Chinhua--Lanch'i	Chinhua--Lanch'i	23 km. (14 mi.)
	Total	2,372 km. (1,482 mi.)
	Grand Total	5,764 km. (3,602 mi.)

*Ito-Toshio, Chukyo Tetsudo No Genjo /The Present Conditions of the Chinese Communist Railways/, Tokyo, Gaimusho /Ministry of Foreign Affairs/, 1954, pp. 42-53; Ling Hung-hsün, Chung-kuo T'ieh-lu Kai-lan /General Survey of the Chinese Railways/, Taipei, 1950, pp. 27-34.

496 restore railways in East China and North China because these regions are political as well as commercial centers of the country. But since coming to power in 1949 the Communists have paid little attention to the expansion of railway facilities in East China. Those railways which are in operation are in poor condition.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

village or town entirely by water, and in most cases in no other way. 503
According to existing estimates,[8] and on the basis of the incomplete 505
cartographic data, the delta area must contain at least half a million
miles of canalized or artificial waterways. The railway between [496]
Shanghai and Nanking includes in its 193 miles 164 bridges over
navigable rivers or canals.



Map 5. Waterways of the Yangtze Delta. All waterways shown are navigable. Provincial boundaries are indicated by a dotted line.

The use of water routes is reflected in the sparseness of roads com- 491
pared with other level areas of China and in the fact that such roads
as exist run in most cases at right angles to major waterways. In [493]
addition, carts and barrows are scarce in the Yangtze delta, in marked
contrast with other areas of China, or with most pre-industrial
regions. Traditional Chinese bridges in the delta area are nearly all
of the single span hump-backed type, reflecting the virtual absence
of wheeled traffic as well as the need to provide adequate clearance
over waterways for the passage of masted vessels.

2: Murphy G-4 (no date) 1953 AF15 East China AF16

505 438 496 The opening of the Yangtze to steam navigation by about 1862 following the Treaty of Tientsin (in 1858 between China and Great Britain; the commercial section of the treaty was not completed until 1860) ensured the ascendancy of Shanghai over rival southern ports by allowing the trade of central China to drain by its natural route, and within a very few years reduced to a trickle the formerly large volume of trade overland from points outside the Hsi system to Canton, via the Cheling and Meiling passes. The beginnings of highway and railway development in China (map 8) have added to the trade carried by the Yangtze system, by acting as feeders, just as any increase in the economic activity of central China will be reflected in more intensive use of its major trade artery. The Hankow-Canton railway, completed through the Cheling pass in 1936, has tended to augment the volume of goods carried by the Yangtze toward and from Shanghai, and the same has been true of the older railway built in 1910 by the French from Kunming in Yünnan, near the upper navigable reaches of the Yangtze, to the seaport of Hanoi in French Indo-China. With a complete and well-organized rail network, transport use of the Yangtze may eventually decline in relative, though not in absolute importance. At least as far upstream as Hankow, railway development may never supplant it as the major carrier in the lower river basin.*

496 Complemetary to the natural focus of water routes, and concomitant with the growth of the city, two of China's major railways (Shanghai-Nanking, with connections north to Tsinan, Tientsin, and Peking, and west to Chenghsien and Sian; and Shanghai-Hangchow-Ningpo, with connections west to Nanchang and Hankow and south to Canton) terminate at Shanghai (map 8), and a small network of motor roads links the city with most of the other centers of the lower Yangtze basin. The gathering of rail and highway routes at Shanghai is however a reflection of rather than a

* The importance of the Yangtze as a carrier in future competition with well developed railways may perhaps be compared with the current importance of the lower Rhine, below Mannheim. Although it runs through the heart of a major industrial region with one of the densest and most heavily traveled rail nets in the world (including lines along both banks of the river), the Rhine and its tributaries consistently carry a larger volume of goods than the combined railway lines through its basin.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

factor in the pre-eminent location of the city. Peking, Tientsin, and Chenghsien are all more important rail centers than Shanghai. 496

Sea Routes

Shanghai's orientation to the sea is almost equally favorable. It lies less than a hundred miles east of the great circle route followed by shipping between west coast North America, and Japan, China and southeast Asia. All of the major commerce lanes of the western Pacific meet there. Midway on the China coast between north and south, Shanghai has the further double advantage of accessibility from the Chinese hinterland and nearness to Japan and the trans-Pacific trade. The China coast at the Yangtze delta extends farther eastward into the open sea than at any other point. The Yangtze keeps Shanghai in close relation to the hinterland despite its seaward extension, which in turn gives it an advantage over ports south of the coastal bulge, or north China ports on the enclosed Gulf of Pohai. 487

For the coasting trade it is a natural terminus. A foreign observer noted in 1843[4] that it was the division point between the carrying trade of junks from northern and southern ports, and that it acted as the leading entrepot on the China coast for the concentration and exchange of goods from the two major regions of China. This function Shanghai has retained to the present at least for the coasting trade carried in native junks, which is considerable though largely unmeasured. All direct coastal routes between northern and southern ports must touch the Yangtze estuary.

Shanghai is approximately equidistant in shipping time and distance from western European and eastern United States ports. Shippers must compete there on equal terms, and goods arriving via Suez or Panama can be laid down at competitive prices. Shanghai is not the terminus of either route (Singapore serving this function for west-bound traffic and Nagasaki for east-bound), although it is a major port of call for both. But most important is its focal position for Far Eastern shipping, and its median location between Atlantic Europe and America.

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SEVEN

Transport Routes and Trade in the Hinterland

496 The commercial ascendancy of Shanghai was due in large measure to its favorable orientation to the major sources of China's leading trade goods. This specific locational advantage will now be examined in a more detailed analysis of the production and transport of the staple articles of trade. In the interests of clarity, the main transport routes leading to the city will be treated first so that the discussion of production and movement of goods which follows it may be read in the light of the environmental conditions which directed their flow.

Transport Routes

The first railway connection with Shanghai was the Nanking line (193 miles or 308 kilometers), which was opened to traffic in 1908. It was followed in 1909 by the line to Hangchow (118 miles or 188 kilometers), and these two have remained the only rail connections aside from the spur to Woosung. By 1936, the total length of railways tributary to Shanghai was about 600 miles, as against 1900
497 for Peking and 1300 for Tientsin (map 8). From 1930 to 1936, the Hangchow and Nanking lines each carried annually about one million tons per mile of line, or about the average for a moderately important branch line in the United States. The same figure for the main line of the Pennsylvania Railroad during this period was about 38 million tons.[1]

Despite the fact that Shanghai is by far the largest and most completely industrialized city in China, the total haulage of the two railway lines connected with it averaged between 1930 and 1936 only 7 per cent of the total kilometer/tons hauled by Chinese

[p. 89]

497 railways (exclusive of Manchuria).* The role of railways in the growth of Shanghai has clearly been minor, and they have never become large volume carriers on a Western scale, despite their connections with most of the several large cities in the delta, and despite the relatively great agricultural and industrial productivity of the lower Yangtze basin.

491 The highway pattern is also relatively little developed. Two roads run south from Shanghai to Hangchow (both opened to traffic in 1932), and one runs north to Nanking. A large proportion of the highway mileage runs beside the railway lines, which makes the highways less useful than if they ran independently of or as feeders for the railways. The northern and southern highway routes are joined by a road from Kashing to Soochow, but the few remaining roads are either short-distance feeders or dead ends. There is no direct road connection between the major cities of Soochow and Wusih or Nanking. With minor exceptions in the vicinity of Shanghai, none of these surfaces were paved, and nearly all of the mileage is two-lane only.

494 The paucity of roads is presumably not due either to construction difficulties or to lack of general trade volume, although level ground in this area is usually accompanied by a dense network of natural and artificial waterways over which bridges must be built. The roads were constructed primarily for tourists and for general automobile travel rather than for commercial haulage. At least two of the major links (the shore road from Hangchow to Shanghai and the northern road from Shanghai to Soochow) were legally closed to vehicles over three tons gross weight from the time of their construction.[3] Due partly to the high cost of fuel, trucks, and parts, and partly to the generally pre-industrial nature of the economy, the volume of truck haulage on all of these roads has remained slight.[4]

505 Within the delta, however, and within most of the Yangtze basin, goods can move so easily and cheaply by water that there is little

496 *The total length of railways in China proper in 1936 was 9,712 kilometers, of which the two lines discussed above accounted for 753 kilometers (including sidings, loops, branches, and 112 kilometers of second track in and on the outskirts of Shanghai, Nanking, and Hangchow), or 8.3 per cent.[2]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

need for mechanized carriers even to supply a city the size of Shanghai. The Shanghai Municipal Council made a traffic count in 1919 on Soochow Creek near its mouth and found a 24-hour average of 1858 cargo boats between 10 and 90 tons cargo capacity

505

[496]

Map 8. Railways of China, as of 1936 (reproduced here by the courtesy of *The Geographical Review*).

and 807 freight sampans passing the point of count.[5] Assuming that half of these boats were empty and half were loaded to capacity, and assuming arbitrarily that the sampans had half of the average cargo capacity of the cargo boats, these figures show a volume of

done with dispatch soon after Shanghai had been taken. By the end of 1949, railways destroyed in the delta area during the civil war had been restored to operation, and by the end of 1950, most of the lines in China as of 1936 had been rebuilt, plus considerable new mileage. Great stress has also been put on maintaining a high level of commodity flow by water transport from the Yangtze and the delta to Shanghai. Numerous hydraulic improvements were undertaken in 1949, 1950, and 1951, including the widening, deepening, and regulating of existing waterways, the building of additional carriers of all types,* and in November 1950 the commencement of a very large five-year project for the regulation of the Huai River, designed primarily to prevent its disastrous floods, but also to facilitate navigation.[2]

But the sea routes, equally vital to the city's economic life, remain largely closed. Political capital has been made of this unfortunate situation, since it has in effect called the Communists' bluff in their repeated assertions that Shanghai was a foreign sore on the Chinese body politic and should be integrated with China rather than with its kindred economies overseas.

> The new Shanghai . . . is closely linked by commerce and the interflow of goods with the rest of the country. Facing inland instead of across the sea, it is integrated politically, economically, and culturally with the nation whose needs it serves. From being a source of infection in China's economic life, Shanghai has today become a source of strength to the new China.[3]

This is cold comfort. Shanghai can be a source of strength to China only if it produces, and it cannot reach more than a part of its industrial potential while the sea routes which feed it are closed. The shortage of coal in the city remains, if one may read between the lines of official statements and news releases. Electric power is rationed; new users are discouraged, and one gathers that current users are unable to get enough to increase their production. Remembering the crucial importance of cheap and abundant electric power for all of the city's industry, as we have discussed it above

* 192 inland water craft were built in Shanghai alone in 1950, totalling 28,000 tons displacement, according to Ching-Chi Chou-Pao for January 4, 1951, p. 9.

1:Stanford U. S-4, 5 1956 AF15 East China
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498 A. Railway Plants in East China

There are six large railway plants in the East China Region.[4]

Name	Location
Ssu-fang Railway Plant	Tsingtao, Shantung
Tsinan Railway Plant	Tsinan, Shantung
P'u-chen Railway Plant	P'u-chen, Kiangsu
Ch'i-shu-yen Railway Plant	Wu-chin, Kiangsu
Hsiao-shan Railway Plant	Hsiao-shan, Chekiang
Chang-hua-pin Railway Bridge Plant	Shanghai

Of the railway plants, listed above, Ssu-fang, P'u-chen, and Ch'i-shu-yen are the best equipped.[5]

B. Through-Express Trains

497 There are two through-express trains operating between East China and other regions: The Peking-Shanghai through-express train

4. Chung-kung Wen-ti [Chinese Communist Problems], Hong Kong, Tzu-yu ch'u-pan-she, Series No. 1, 1954, pp. 75-76.
5. Ibid., p. 76.

1:Stanford U. S-4, 5 1956 AF15 East China
~~AF15~~ AF15

497 starts from Cheng-yang-men Station in Peking, passing through Tientsin, Te-chou, Tsinan, T'ai-an, Hsü-chou, Nanking, Chen-chiang, Wu-hsi, Soochow, and reaches Shanghai. The journey takes about thirty-one hours and thirty-five minutes, covering a distance of 1,465 kilometers.[6] The Shanghai-Canton through-express train starts from Shanghai, passing through Hangchow, Chin-hua, Ying-t'an, Chu-chou, Heng-yang, Shao-kuan, and reaches Canton. The journey takes forty-three hours and twenty-four minutes, covering a distance of 1,822 kilometers.[7]

II. HIGHWAY ROUTES IN EAST CHINA

491 The exact length of the highway network in East China is difficult to determine, because (1) the provincial reports on the extent of highways in this region differ from those made by national surveys, (2) no distinction is made between provincial roads and country roads, (3) there is a lack of consistency in reports concering the completion of the construction of roads and the number of roads opened or closed to traffic. In the present study, all the major national highways which pass through the East

6. Ibid., p. 85.
7. Ibid.

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SEVEN

Transport Routes and Trade in the Hinterland

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2: Murphy G-4 (no date) 1953 AF15 East China AF15

438 The general impression from the foregoing summary of factors, and from the market reports themselves, is twofold: firstly, that there is an ample margin of rice supply for Shanghai, from various sources, at all times at least until 1936; and secondly, that by far the largest part of that supply comes from within a radius of approximately 75 miles and moves to the city largely by water transport. There is some statistical evidence which bears on the problem, and the following figures compiled from the records of the Maritime Customs provide as close a check as can be obtained at present.

Local, Out-Province, and Foreign Rice

438 439 The Food Commission of the Bureau of Social Affairs of the City Government (Chinese) of Greater Shanghai published in 1931 a statistical study of the sources of Shanghai's food supply, using figures taken from the records of the Maritime and Native Customs.[29] The study shows a yearly average during the period 1925–1930 of 780,000,000 pounds of rice brought into the city from all sources. This is stated as a rough estimate because there are no means of recording all of the small shipments arriving from the delta by junk and sampan via the many small creeks and canals which converge on Shanghai.

The total figure is broken down in the table below, according to means of entry into the city.

from inland areas via the Whangpoo, Yangtze, or Soochow Creek:		500,000,000 pounds
from the sea via the Yangtze:		100,000,000 pounds
domestic origin	30,000,000	
foreign origin	130,000,000	
via overland routes (means of transport not specified)		60,000,000 pounds
TOTAL		780,000,000 pounds

438 497 Railway haulage figures[30] indicate that nearly all of the 60,000,000 pounds arriving by overland routes came in by rail from cities and towns along the Yangtze toward Nanking, Tanyang, and Changchow in particular. Although these places are on or near the Yangtze, they are farther from Shanghai than its main rice supply areas so

2: Murphy G-4 (no date) 1953 AF15 East China AF15

that rail transport to Shanghai can compete with water transport. Given the lines, one might assume that they would carry the most important product of the delta. The surprising fact is that they carry such insignificant amounts. Total figures given by the railway for rice haulage leave little or no margin for highway transport of rice, and we may assume that it is negligible. 438 497

The relatively small figure of 30,000,000 pounds given for arrivals by sea from domestic sources is probably accounted for by small-lot junk cargoes from the northern and southern shores of Hangchow Bay, and from the seaward-extending tip of Kiangsu just north of the Yangtze. South of Hangchow Bay all of the coastal areas import rice to balance their local rice deficits, and north China has no rice surplus for export. 438 505

Most of the foreign rice imports to Shanghai, according to the market reports referred to above, are ordered by rice brokers from Nanking, Tientsin, Hankow, and Ningpo operating at Shanghai as China's leading rice market, and this rice is then shipped from Shanghai to their respective cities. At certain periods when the Ningpo rice brokers ordered directly from Ningpo for Saigon rice, Shanghai's stores of foreign rice became superabundant and its price fell sharply, even producing a fall in the price of local rice during the planting season, as in May 1929. All of these cities are relatively more dependent on foreign rice imports than is Shanghai. The focusing of delta waterways on Shanghai, and the relatively less easy transport in the hilly or semi-arid hinterlands of the other cities mentioned, are certainly as important as the concentration of rice production in the delta in accounting for this difference. 438 439

The greatest period of foreign rice invasion on the Shanghai market for consumption in the city coincides roughly with the planting season, showing a natural lag of about one month during which Shanghai stores of local rice are drawn on. As soon as new supplies of local rice enter the Shanghai market in July, the situation returns to normal and prices are stabilized. Foreign rice is also ordered by Shanghai merchants when other natural or threatened hiatuses occur in the local supply due to weather, civil unrest, short supply in storage, or price stoppages. As a rule, these breaks in the local supply are short-lived or do not materialize.

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condition operates to approximately the same degree in all Chinese industrial centers.[39] The second oper .es for all Chinese industrial centers, but not to the same degree. 435 489

Only two important carriers are involved: railways and waterways. Highway transport by truck remains negligible in China, relative to the scale necessary for the maintenance of modern manufacturing, and with the shortage of fuel, vehicles, and parts as well as of adequate roads it is an impractically expensive carrier. Non-mechanized overland carriers in general use in China (porters, wheel-barrows, pack animals, carts) are also notoriously expensive, and are inadequate to handle volume movements.* Representative rates for railway transport of bulk goods (exclusive of coal) in carload lots in China during the 1930's ranged from the equivalents of US$.02 to US$.07 per ton/mile.[40] This compares with an average ton/mile rate on United States railways during the same period of about US$.01.[41] Accurate or even representative rates for water transport in China are not available, but the average for unobstructed inland routes may be estimated at between US$.018 and US$.02 per ton/mile during this period. In any case, where adequate water transport is available in China, it is a cheaper carrier than railways under present conditions, and can handle bulk shipments. 489 [497] [505]

As we have pointed out above in Chapter Seven Shanghai is not a major rail center, and the two railways which serve it are not

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that year under five headings. Expressed in percentage terms, these costs are tabulated, for United States manufacturing as a whole, and for the textile industry in the United States:

	All Manufacturing (%)	*Textile Manufacturing (%)*
labor and salaries	53	57
materials and supplies	37	35
fuel	2	1
purchased electric power	1	4
other	7	3
	100	100

"Materials and supplies" is not defined. No figure is given for overhead and interest, so that all of these figures must be scaled down in order to make them comparable with the figures cited for Shanghai.

* Average ton/mile rates for truck transport in China range from the equivalents of US$.30 to US$.50. For porter and wheelbarrow they often reach US$1.00 per ton/mile.

438 chou, and moved to both Tientsin and Haichow by rail, whence it
316 traveled to Shanghai by sea.

The figures for coal imports from Japan and Manchuria in 1931,
439 1932, and 1933 listed in the foregoing table owe their size primarily
438 to Japanese dumping of coal on the Shanghai market in these years at a price which was often less than two-thirds of the domestic price of coal in Japan. The table shows that while this dumping did not greatly affect sales of Kaiping coal in Shanghai, it did cut into the Shanghai market for Shantung coal in particular (Tzuchuan, Poshan, and Chunghsing). This may suggest, in the absence of complete available price figures, that Kaiping coal was relatively cheap in Shanghai and that Shantung coal was relatively expensive. A reason for this difference may be found in the long rail-haul necessary for coal moving from Shantung mines to Shanghai (120 miles from Chunghsing and 175 miles from Tzuchuan-Poshan), compared with the shorter rail haul of 79 miles for Kaiping coal to Chingwantao.

[497] Railway figures show that coal shipments arriving in Shanghai by rail in the years 1931, 1932, and 1933 averaged less than one-quarter of the railway coal shipments recorded for 1930, 1934, 1935, and 1936.[48] Apparently direct rail haulage of coal from Shantung (or from other sources) to Shanghai was not profitable in the face of Japanese dumping in Shanghai. Figures of the Maritime Customs for these years show no significant falling off in seaborne cargoes of coal arriving in Shanghai between 1931 and 1933, and in fact record a slightly higher average for these three years than for the years immediately preceding and following them, readily explainable in terms of larger imports of the unnaturally cheap Japanese coal for inland distribution as well as for consumption in Shanghai. In any case, Kaiping coal apparently had no difficulty in maintaining its position on the Shanghai market despite Japanese dumping.

438 Shanghai drew most of its coal from sources closely oriented to
316 water transport. Coal deposits are widely distributed over large areas of north and central China. While Shanghai received its largest supply from Kaiping mines near the coast, and a relatively constant supply from the mines on tidewater at Haiphong, it drew

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498 A. Railway Plants in East China

There are six large railway plants in the East China Region.[4]

Name	Location
Ssu-fang Railway Plant	Tsingtao, Shantung
Tsinan Railway Plant	Tsinan, Shantung
P'u-chen Railway Plant	P'u-chen, Kiangsu
Ch'i-shu-yen Railway Plant	Wu-chin, Kiangsu
Hsiao-shan Railway Plant	Hsiao-shan, Chekiang
Chang-hua-pin Railway Bridge Plant	Shanghai

Of the railway plants, listed above, Ssu-fang, P'u-chen, and Ch'i-shu-yen are the best equipped.[5]

B. Through-Express Trains

497 There are two through-express trains operating between East China and other regions: The Peking-Shanghai through-express train

4. Chung-kung Wen-ti [Chinese Communist Problems], Hong Kong, Tzu-yu ch'u-pan-she, Series No. 1, 1954, pp. 75-76.
5. Ibid., p. 76.

499 In addition to the railways listed above, the Communist authorities announced in the early part of July 1955 that a new railway from Amoy, Fukien Province, to Ying-t'an, a key point on the Chekiang-Kiangsi Railway in Kiangsi Province, was under construction. It was reported that construction began in October 1954 under the leadership of the railway engineering corps and with the mobilization of civilian workers.[1] The detail routing has not been disclosed, but the total distance covered is about 260 miles.[2] According to a report by General Wang Chen, the commander, the Chinese Railway Corps is attempting to reduce the construction cost. It is planned that the cost per kilometer will be cut from 829,000 yuan ($331,600) to 677,000 yuan (US$ 271,000). Although this railway will pass through mountainous regions where the rainfall is extremely heavy, the workers are expected to accomplish the task within the shortest possible time.[3] This will be the first railway ever build in Fukien Province, and it will serve in the development of the province's economy.

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1. Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 11, 1955.
2. Ibid.
3. Jen-min Jih-pao [People's Daily], July 31, 1955.

133 of the river bed indicate an average of about one foot added overall to the elevation of the bed at the river's mouth in each twenty-year period, or about one mile added to the coastline in each sixty-year period.[1]

131 On this basis, the site of Shanghai would have been on the seacoast about 500 B.C., an empirical estimate which agrees with the record of Chinese history. All cities in the delta area east of the line of Sungchiang (map 5) for which there are adeqaute records were founded after the third century A.D.[2] Records of the Eastern Han dynasty (25 A.D. to 220 A.D.) speak of Kunshan, now 80 miles from the sea, as the seaport of Soochow in the second century A.D., but Shanghai has served as Soochow's port since about the fifth century A.D. Tsungming Island in the Yangtze estuary, according to the official gazetteer of the island, first emerged as a habitable sand spit in the tenth century A.D. By the thirteenth century it was sufficiently densely populated to be made a separate *hsien* (county), and at present measures approximately 43 by 8 miles.[3]

Building and Drainage

134 The material on which Shanghai rests is thus totally unconsolidated and presents serious problems for building. An average vertical section shows silt from the surface to about 20 feet, sand to 300 feet, and gravel mixed with sand and silt to about 1000 feet, where some
133 consolidated conglomerate is reached. The water table lies between
[503] five and eight feet below the surface of the ground.[4] It may be assumed that before the draining and filling done by the foreigners since 1843, the water table was considerably higher, and that even before 1843 the canals dug by the Chinese provided enough drainage to keep the water table lower than it would otherwise have been considering the soil and elevation of the site.

[499] Foreigners were discouraged to find in 1875 when a bridge was
133 built across the mouth of Soochow Creek * that one blow from the
341 small pile driver employed buried the pilings out of sight in the silt.

* "Soochow Creek" is the name given by foreign residents to the Woosung Chiang, originally a much larger stream, which drains into the Whangpoo at Shanghai and connects the city with Soochow, some sixty miles inland. In the interests of clarity and consistency it will hereinafter be referred to as Soochow Creek, the name by which it has most generally been known in Shanghai itself.

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504 The most important harbors of East China are Tsingtao, Yentai, Wei-hai-wei, Lien-yün-kang, Shanghai, Ningpo, Wen-chou, Ting-hai, Foochow, and Amoy. Among these ports, Shanghai, Tsingtao, Yentai, Amoy and Wei-hai-wei are best equipped. The Shanghai harbor is the largest of all, and there are inner and outer harbors at Huang-pu (Whompao) and Wu-sung (Woosung). Large ocean-going ships up to 20,000 tons can enter Huang-pu harbor at high tide; otherwise, the ships must berth at Wu-sung and their cargoes are trans-shipped by smaller boats to and from Shanghai.[9]

A. Shipping in East China

501 Before the war with Japan, the total Chinese shipping tonnage was about 576,000 tons, including 124 ocean steamers (367,383 tons) and 3,333 river steamers (208,617 tons). During the war it was estimated that about 495,329 tons of both types of steamers were lost.[10] After the war, 2,751 Japanese ships of various types (a total of 251,288 tons) were

9. Wang Kuang, Chung-kuo Hai-chiang Chih [China's Harbor], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1954, pp. 64-78, 89-91, 98-120.

10. Hang-yün [Navigation], Nanking, Hsing-cheng-yüan Hsin-wen-chü [Bureau of Information, Executive Yuan], 1947, p. 24.

50/ confiscated. Of these, 1,234 ships (a total of 231,430 tons) were confiscated in the Shanghai-Nanking area.[11]

According to the 1947 statistics of the Ministry of Communications, the total number of ships in East China, including government-owned and privately owned, are as follows:

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11. Ibid., p. 23.

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Table 7. Shipping Tonnage in East China
1947*

District	Types of Ships							
	Classified by Usage				Classified by Tonnage			
	Ocean		River		3,001 to 8,000		60 to 3,000	
	No.	Tons	No.	Tons	No.	Tons	No.	Tons
Shanghai	440	541,529	452	84,631	77	330,319	815	295,840

*Hang-yün [Navigation], Nanking, Hsing-cheng-yüan Hsin-wen-chü, [Bureau of Information, Executive Yuan], 1947, pp. 25-28.

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501 Among the total 892 ships, 251 were government-owned and 641 were privately owned. The Nationalist Government managed to save most of the government-owned ships at the time of the evacuation of the Mainland in 1949. It was estimated that less than 20 per cent of the shipping tonnage of the government-owned China Merchant Steamship Company was left to the Communists.[12] The Communists made 396 substantial recovery during 1950-54. Of the dozen dockyards in East China, the Shanghai Dockyard, which has been enlarged, is most up-to-date. The total number of workers employed increased from 700 in 1949 to 2,500 in 1952.[13] From 1949-52, all the dockyards in the East China Region are reported to have manufactured 200 steamers of various sizes, including 24 tugboats of 300 hp. and 48 tugboats of 100 hp.[14] Further progress in

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12. Ching-chi Chou-pao [Economic Weekly], Shanghai, Jan., 1950, Vol. X, No. 1, pp. 7-8.

13. Fei-ch'ü Ti Hang-yün Chiao-t'ung [Navigation in Communist China], Taipei, The Sixth Section, Central Committee, Nationalist Party, Part I, 1953, pp. 16-17.

14. Ibid.

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The Yangtze system, of which the delta's waterways are a part, has been outlined above in chapter four. With its channel for ocean-going ships as far as Hankow, for river steamers to Suifu, and for smaller craft still farther, in addition to navigation on its tributaries, the Yangtze is in turn tributary to Shanghai. The hills and mountains which define its watershed are in most cases barriers sufficient to prevent volume movements of goods by land across the divides. The Cheling and Meiling passes (map 4) connecting Canton and the Hsi basin with central China, are the only two exceptions of importance, aside from the open coastal lowlands. By 1890 steamships had become more important carriers than native junks on the Yangtze and the lower reaches of its major tributaries for all but local hauls, but junks have continued to operate over the entire navigable length of the river and are of course particularly important in its upper reaches and along the tributaries. C EC 501 505

Junks of the type in use on the lower Yangtze average about 100 tons cargo capacity, and draw between six and eight feet of water, so that they can also use the major delta waterways and most of the Yangtze tributaries. Large rafts are also used on the Yangtze for transporting general goods as well as the timber of which they are made, the rafts being broken up and the timber sold at the end of the downstream trip, as on the Mississippi during the eighteenth and nineteenth centuries. Such rafts were until recently often so big that not only families but entire villages, including barbers, tinsmiths, and restaurateurs lived on them during the downstream trip to Shanghai, which was slowed by the size of the rafts.

While the winter low-water period limits the range of steamships, it tends to make junk navigation easier because of quieter waters and because the easiest towpaths are then exposed along the river bank. Steamships using the river above Ichang in winter frequently tie up for the night, but along many stretches, especially in the gorges immediately above Ichang, junks cannot move with safety during the summer because of the current and because the flood waters covering the winter towpaths are confined between nearly sheer rock walls. On the lakes within the Yangtze basin, notably Tung Ting and Poyang Lakes, strings of barges towed by steamships are the major carriers.

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396 ship-building probably has been made since 1952. For example, the Chiangnan Shipbuilding Company completed a river steamer for the Minsheng Shipping Company in March 1954.[15] No statistical data on water transportation in East China is available for comparison.

502 The adoption of the "single-file towing" method suggested by Soviet experts has increased both the speed and the volume of water transport on the lower reaches of the Yangtze 505 River. The Yangtze Navigation Administration announced that from March to December 1952, the volume of freight traffic was increased by several hundred-thousand tons over that reported a year previously. A considerable reduction of transport cost in the section between Shanghai and Yü-hsi-k'ou was also reported. The tugboats of the East China Shipping Company pull approximately 24.2 tons of freight per hp. by using the "single-file towing" method as against 7 tons per hp. by the old method.[16] Because it is cheaper to ship by water, the Communists have reduced freight rates on the inland waterways in the East China Region. Freight rates for ten daily necessities shipped

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15. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, June 14, 1954, No. 372, p. 30.

16. Navigation in Communist China, Part II, p. 16.

1:Stanford U. S-4, 5 1956 AF15 East China
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Annex "A," Subparagraph 3i,
Economic Background

FOREIGN TRADE AND EXCHANGE

439 Of the five provinces of East China, only Anhwei has no direct outlet to the sea. The provinces of Shantung, Kiangsu, Chekiang, and Fukien, on the other hand, provide virtually the entire eastern and southeastern seaboard of the Chinese Mainland. Furthermore, access to the inland provinces is especially facilitated by the Yangtze River via the port of Shanghai. These geographical facts served in the past to make East China one of the most important areas of foreign contact, if not the most important. Foreign investors followed the footsteps of foreign merchants and the trade ports became in turn centers of manufacturing, which further encouraged their development as focal points in foreign commerce.

Customs Offices and Principal Ports

• 502 The identity of the principal ports of the East China provinces today may be seen from the distribution of Communist China's customs establishments in this area.[1]

1. Lun-hsien-hou Ti Ta-lu [Mainland under Occupation], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1953, pp. 140-41.

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Location of Customs Establishments in East China

Province	Main Office	Branch Office	Sub-Office
Shantung	Tsingtao	Yentai (Chefoo)	Lien-yün-chiang
Kiangsu	Shanghai	-	Wu-sung
Chekiang	-	-	Ningpo
			Wen-chou
Fukien	Foochow	-	Han-chiang
			San-tu-ao
	Amoy	-	Chin-chiang
Anhwei	-	-	-

502 Apparently, the above tabulation represents the result of the streamlining of the customs administration as former customs offices at such river ports as Wu-hu (Anhwei Province), Nanking, Soochow, and Chen-chiang (Kiangsu Province) have been eliminated. Moreover, seaports like Lung-k'ou and Wei-hai-wei -- both in Shantung Province -- do no appear on the list. While foreign trade may still be conducted through such points, there is no doubt that the twelve ports given in the table above now constitute the principal points of contact in East China's trade with foreign countries.

Relative Importance of East China Ports in Imports and Exports

504 439 During 1936, the last year of relative peace before the resumption of the Sino-Japanese War, the East China ports accounted for 70.9 per cent of the country's imports and 62.6 per cent of its exports. At the end of World War II, because of civil war activities in North China and their adverse effect on trade, and because of the large import of consumer goods demanded by the population of the coastal cities, the relative importance of the East China ports was further enhanced so that 87.4 per cent of the country's imports and 66.3 per cent of its exports were funneled through these ports

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503 Work was begun in 1932 by the Board on cutting a channel of 33 feet at mean high tide through the Fairy Flats, which required the removal of nine feet of silt from the bar as it then existed, including an allowance of three feet for clearance in heavy seas and one foot for fall of the tide during the passage of the ship. By 1936 about three of the nine feet had been removed for half of the distance of the channel. Dredging was suspended during the Japanese occupation and has not yet been resumed during the blockade conditions of the post-war period. Much of the earlier work has thus been lost.

[133] 502 Ebb and flow currents at Shanghai average about three knots for a total of eight hours during each 24-hour period. Six major bends in the Whangpoo (the one at the mouth of Soochow Creek being almost a hairpin turn) and the narrowness of the channel make these tidal currents a problem for ocean-going ships, both in docking and in maneuvering for anchorage. None of the ocean vessels (except for foreign warships, which usually anchored off the Bund) dock above Soochow Creek, and most of them find it easier to unload cargo onto lighters in midstream, taking on cargo at wharves 505 farther down the river in Yangtzepoo.* The wharves along the Bund are used for lighters and for river shipping. Roadsteads within the harbor are severely limited, and collisions and congestion are common.

There have been periodic suggestions that the main harbor be moved to Woosung, but even here conditions are far from ideal. There is a large anchorage in the open roads of the Yangtze with a minimum depth of 30 feet at mean low tide, measuring two miles by six miles, but tidal currents average about a knot stronger than at Shanghai, and these together with the winds across the open sweep of water prevent loading or unloading by lighter about 30 per cent of the time. Existing wharves at Woosung can accommodate only vessels drawing less than 18 feet. Cargo unloaded at Woosung by lighter or at the wharves is mainly carried to Shanghai directly by lighter on the Whangpoo, but there is also some shipment by rail.

The expense and inconvenience of transshipment would probably

* Because of the angle and direction of the tidal currents and the set of the channel, loaded ships can be maneuvered out of the wharves and down the Whangpoo more easily than up the river and into the wharves.

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are between Wanhsien and Ichang), a distance of about 400 miles, there is an average drop in elevation of 14 inches per mile and a total of 15 major rapids. These gorges and rapids are responsible for the break from orthodox ocean and river steamships to special shallow-draft and high-powered steamships at Hankow, which because of its location at the mouth of the Han is a more convenient shipping and commercial center as well as a breaking-point in transport than Ichang, whose hinterland is relatively unproductive and poor in waterways. On all of the Yangtze tributaries beyond the reaches navigable by steamships, navigation by native boats is increasingly seasonal toward the headwaters, and as we have seen above, steam navigation is considerably restricted during the winter low-water period.

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The Chinese of the Yangtze basin have learned to make maximum use of existing waterways, with the technical means available to them, and are accustomed to floating rafts and even specially designed junks on one or two feet of water.* Such rafts can carry up to 20 tons of goods and remain waterborne in one foot of water. Spring and summer floods present more of a danger for them than does the winter low-water period. In southwestern Shensi and southeastern Kansu, a region which produces wool, cotton, and hides for export, these products are sent to market during the time of the spring floods by making them up into bundles around which the hides are sewn in a waterproof covering. The bundles are then put into the headwaters of streams leading eventually into the Chialing or Han Rivers, down which they float to collecting centers near the head of junk navigation.

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Despite such ingenious adjustments to an environment poor in easy overland routes and rich in waterways, movement of goods along many reaches of the Yangtze system virtually stops during the lowest low-water and highest flood periods, and is seriously hampered even on the master stream by currents, gorges, and rocks. Merchants of Ichang, just downstream from the main gorges of the Yangtze, estimate that about 20 per cent of east-bound boats and

* See Baron von Richtofen, *Letters to the Committee of the Shanghai Chamber of Commerce* (1871), p. 7. He describes navigation in the upper waters of Yangtze tributaries in the central mountain belt on two inches of water.

2: Murphy G-4 (no date) 1953 AF15 East China AF15
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cargoes between Wanhsien and Ichang are damaged in transit, and about 10 per cent of west-bound boats.[6] Rates of course vary according to the season and to whether the cargo is to be moved up or downstream.

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502 More than a few villages along the Yangtze between Ichang and Chungking depended for their livelihood largely on salvage from boats wrecked on the rocks or in the rapids. Many of these villages were engaged in neither agriculture nor fishing. Hsin Tan (the characters mean "new rapids"), some eighty miles upstream from Ichang, was described by the delegates of the Shanghai Chamber of Commerce in 1869 as a large and prosperous town whose wealth derived mainly from its location at one of the most dangerous rapids along the upper Yangtze. The original channel there was blocked by a landslide in the fourth century B.C., and shortly thereafter Hsin Tan was founded a few hundred yards from the new channel, which contained a series of rapids. The new town presumably acted as a lay-over point for boat trackers, but the rapids also yielded another form of income. Navigation on this stretch was originally forbidden by the provincial authorities between November and April, but the inhabitants of Hsin Tan cleared a channel adequate for the passage of boats during the low-water period but not adequate enough to prevent frequent wrecks, from which they realized most of their livelihood.[7]

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442 Trade within the Yangtze basin has to adjust itself to the seasonal limitations on navigation. Merchants in each trading place, including Shanghai, are obliged to keep large reserves of goods on hand to tide over the periods of flood and low water, and to be ready to ship in large quantities when navigation is possible. Water transport is also liable to interruption by civil disorder (peasant risings, troop movements, bandits), since boatmen fear expropriation of their craft and cargoes at such times. Foreign traders in Shanghai found that most of the Chinese dealers in the hinterland had insufficient capital to buy goods adequate to ensure a uniform supply, and that it was therefore necessary for local branches of the Shanghai firms in inland trade centers such as Hankow or Kiukiang to keep on hand at all times a minimum of 18 months' supply of goods. Under such conditions, only the largest foreign firms could afford to operate,

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133 731 in Shantung Province and in Honan Province to the west. These dikes stand 1.5-2.5 meters (3.5-8 ft.) above the highest known flood level. Another flood-diversion project, at the river mouth, has also been completed, and the Peking regime claims complete elimination of flood threat on this stretch of the Yellow River. The current is swift as it nears the ocean, and only above Lo-k'ou is it slow enough for river-junk traffic.[6]

Other rivers in Shantung Province are minor ones, except for the I River and the Shu River, which issue from T'ai-shan Mountain and flow southeast into Kiangsu Province. Major flood control and prevention work
• 503 has been done on these two rivers. The Yün-ho [Grand Canal] connects the Yellow River with a number of small lakes and cuts southeast to reach Hangchow in Chekiang. This man-made waterway, which is divided into several sections, changes direction wherever it meets a lake or another river.[7] The section of the canal which extends from Chen-chiang in Kiangsu to Hangchow in Chekiang is navigable for small steamers all year round; north of

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6. Ko Sui-ch'eng, Chung-kuo Ti-li Hsin-chih [New Geography of China], Shanghai, Chung-hua shu-chü, 1940, p. 67.

7. Ch'en Shih-chien, Chung-kuo Ti Ho-liu, [China's Rivers], Peking, San-lien ch'u-pan-she, 1950, pp. 67-72.

1:Stanford U. S-4, 5 1956 AF15 East China
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503 Chen-chiang the canal is shallower.[8]

133 In the area between the Yellow River and the Yangtze River, the Hwai River is the main [311] source of irrigation. The Hwai River receives water from about a dozen radiating tributaries but, curiously, has no outlet to the sea. Since 1853, when the last change in the course of the Yellow River usurped the Hwai's channel and dammed the river's flow with silt, the Hwai has emptied into land-locked Hung-tse Lake. Because the lake was gradually filling up with silt, the water during a flood ran overland and inundated thousands of acres in the vicinity.[9]

503 The North Kiangsu Main Irrigation Canal, completed by the Peking regime, helps to reliev the Hwai of its high water pressure during the flood season. On the upper reaches of the Hwai a total of sixteen reservoirs are being built to divert flood water.

133 The Yangtze River flows into this region from the west. Its width is restricted to 1 kilometer (3,280 ft.) by the Huo-shan Range as far as Chiang-yin, where it widens to over 4 kilometers (3 mi.). The entire stretch of the

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8. Ch'u, Shao-t'ang, op. cit., p. 74.

9. In the 1950 flood, over 40 million mou of land were submerged; 13 million people were affected. Cf. Cheh Shin-chien, op. cit., p. 53.

133 of the river bed indicate an average of about one foot added overall to the elevation of the bed at the river's mouth in each twenty-year period, or about one mile added to the coastline in each sixty-year period.[1]

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* "Soochow Creek" is the name given by foreign residents to the Woosung Chiang, originally a much larger stream, which drains into the Whangpoo at Shanghai and connects the city with Soochow, some sixty miles inland. In the interests of clarity and consistency it will hereinafter be referred to as Soochow Creek, the name by which it has most generally been known in Shanghai itself.

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naturally built on the outside of the bend in the Whangpoo, where 361
tidal scour cut a channel and where it could tap a larger hinterland than on the inside of the bend. It may be assumed that the Chinese city was originally at the junction of Soochow Creek and the Whangpoo, and that since its founding in approximately the fourth century A.D., deposition and alterations in the character of both Creek and River (see the next section of this chapter) have left the city on the Whangpoo about 5000 feet upstream from the Creek's mouth. A considerable area was thus left between the city walls and the mouth of Soochow Creek, and here the British Settlement was established.

Sir Henry Pottinger, head of the British delegation at the Treaty of Nanking, selected the site for the British Settlement at Shanghai on his way back from signing the Treaty, his choice being influenced by strategic considerations.[8] The area he fixed on was the little square bounded on three sides by defensible waterways and on the fourth by the navigable Whangpoo (map 6). The main suburbs of the Chinese city lay between its wall and the Yang Ching Pang, while north of this creek the land-use was agricultural.

The boundaries of the original British leasehold of 1843 and later 364
additions, and of the original French leasehold of 1849, made close 312
use of existing waterways. These were useful not only for demarcation and defense, but also for sewage disposal, drainage, and transport, although not for drinking since they were both brackish and polluted. Roads (including Nanking Road) were built over many
of these streams, but they continued to act as sewers. The course of 503
Defense Creek and its junctions suggest that it was canalized for at least part of its length and diverted to supply the moat of the Chinese city, supplementing the water also received from the three other creeks emptying into the moat.

There are no contemporary accounts of natural levees anywhere 133
on this site in 1843, and the possibility of their existence is lessened 361
by the contemporary pattern of streams and canals as it can be reconstructed from period maps and records. Possibly the material which must have been deposited by Soochow Creek and Whangpoo flood waters along their respective banks was continually removed by local farmers in order to spread the alluvium over their fields

2: Murphy G-4 (no date) 1958 AF15 East China AF15

133 (a common practice in the delta), or to maintain proper ground
361 levels for the flooding of rice paddies. It is therefore unlikely that foreign settlement was fixed in any respect by the protection or by the higher and drier ground which natural levees would have afforded.

648 A frontage on the navigable Whangpoo, completing the water defenses around the British Settlement, was an additional source of security for the foreigners, since it permitted British naval vessels to command the entire site with their guns. George Balfour, the first British consul at Shanghai, in expressing his approval of Pottinger's choice of a site, stressed the importance of the Whangpoo on this point: "By our ships our power can be seen, and if necessary, felt."[9] This consideration may have been a factor in the decision to retain the prohibition against building on the river side of the Bund, a problem which is discussed in more detail below. Certainly foreign naval vessels have been prominently anchored off the Bund at every period of Shanghai's history from 1843 until the Communist take-over in 1949.

503 Along the Whangpoo and Soochow Creek, the muddy tidal foreshore was not usable for buildings or wharves until embankments had been constructed. This process, known in all the China treaty ports by the Anglo-Indian term "bunding," was a continuing job requiring large sums of money. In the case of the famous Bund along the Whangpoo frontage of the International Settlement from Soochow Creek to the Yang Ching Pang, the terms of the original grant of lease rights by the Chinese government to British subjects prohibited building within thirty feet of the high-water mark, which space was to be reserved as a tow path for the use of Chinese trackers pulling boats upstream.

503 When the rights of the Chinese trackers lapsed by the mid-1850's
367 in the face of the growing foreign stake in Shanghai and the demands of steam navigation, the Shanghai Municipal Council inherited this waterfront strip by default and successfully defended it against the designs of foreign traders who wished to make commercial use of the area for warehouses and offices which would be convenient to the river.[10] The Council undertook the bunding of this strip in 1862, and in the process extended it beyond the high-water mark to

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make an overall width more than double the original thirty feet. At the northern end of this embankment, at the mouth of Soochow Creek, the Council made use of some gratuitous real estate, deposited by the Creek around the hulk of a sailing ship wrecked there in 1851, and soon made part of the mainland by continued deposition, for the establishment of a park on the river side of the Bund. A broad boulevard was built from Soochow Creek to the Yang Ching Pang along the new embankment (later extended by the French into their Settlement), and this artificially preserved freeway has been maintained by the modern city as its chief showplace and promenade ground, lined to landward by hotels, banks, trading houses, and public buildings, but on the river side by unsightly floating wharves (necessitated by the annual tidal range of 13.6 feet) and mud flats exposed at low tide.

On this problem also the Communist administration of the city have expressed themselves in another project to dress up China's modern front door to the West. The current project for the Bund (now largely completed) calls for the removal of the railway and street car lines which have run down the middle of the broad embankment, with attendant rickshaw stands and cargo stations, and their replacement by an island to be planted with grass and trees, in a reversion to the original late nineteenth century pattern. Planting is also to be added on the river side of the Bund, to provide some screen in front of the harbor functions which are too important to move, however unsightly.

Water Supply

Water for drinking and for the manifold needs of a large city has been a perennial difficulty, since the brackish Whangpoo is high in carbonates and indifferently potable, while most local wells yield an even less desirable and more limited supply. Only the relatively modest demands of most of the Chinese population and the absence of any large pure-water consuming industries make the water supply adequate for such a large city on this site.

Until 1883 all water used by the foreigners for drinking (aside from that drawn from the few local wells) was dipped from the Whangpoo or Soochow Creek (and by the Chinese from the other

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The Harbor

503 This is a delta city, and its consequent site problems are nowhere more apparent or more serious than in the matter of its harbor. The tidal inflow from the Yangtze which brings in relatively fresher water also brings in and deposits large amounts of silt. Shanghai maintains its position as a port fourteen miles from the Yangtze estuary only by constant dredging. Until approximately the eighth century A.D. Soochow Creek was the major stream at Shanghai and much larger than the Whangpoo, which up to that time remained about the same size as the present Soochow Creek.[13] However, mud brought in by the Yangtze and brought down by Soochow Creek from its upper course increasingly silted up the latter's lower reaches, and in 446 A.D. a canal was dug along its lower course in order to maintain the water link with Soochow, then the leading city of this part of the delta and at the time dependent on Shanghai as its port. Flood gates were also erected in Soochow Creek against the inflow of Yangtze mud. These are first mentioned in the thirteenth century, and were apparently replaced about 1735 by stone gates a quarter of a mile upstream from the Creek's mouth.[14] The gates had disappeared by the time the British arrived in 1842, but the Creek has remained navigable as far as Soochow for boats up to 80 tons cargo capacity.

As Soochow Creek lost its primacy, the Whangpoo became the master stream, possibly aided by capture of fresh headwaters, and with the additional help of tidal scour, cut a deep channel to the Yangtze. On the outside of the sharp bend in the Whangpoo at the mouth of Soochow Creek the currents maintained a depth adequate for sailing ships of the nineteenth century, and in 1842 there was a channel in the Whangpoo between Shanghai and the Yangtze estuary with a minimum navigable depth of about fifteen feet. By 1905 silting had reduced this to ten feet, and in that year dredging work was begun by the Whangpoo Conservancy Board, an organ of the Chinese Government staffed by foreigners and Chinese and administered by the Commissioner of Customs at Shanghai, also a foreign employee of the Chinese Government.

Three main bars had by this time formed: Woosung Outer Bar at the point where the Whangpoo empties into the Yangtze,

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Woosung Inner Bar about half way between the mouth of the Whangpoo and Soochow Creek, and Wayside Bar, opposite the mouth of Soochow Creek. A Dutch hydraulic engineer worked as technical chief of the Board from 1905 to 1911, by which time a minimum navigable depth of 19 feet had been obtained between Woosung and Shanghai. Training walls were built at the mouth of the Whangpoo to concentrate the current and scour a channel. The old ship channel at Woosung Inner Bar (where a large island divided the river) was dammed and the river straightened at that point to permit maximum effective scour in the new channel. At Wayside Bar continuous dredging was instigated. This program, and the widening of the channel between Shanghai and Woosung to a least width of 900 feet was continued after 1911 under a Swedish engineer, Heidenstam, who published several short scientific papers based on his work with the river. By 1928 a controlling depth of 26 feet at neap low tide within the 900-foot channel had been obtained, but the daily tidal range of six feet made a 32-foot depth available for a few hours every day in the year.[16]

33,700,000 cubic yards of mud were removed by dredging between 1905 and 1930. About a third of this was used to fill in the old ship channel at Woosung Inner Bar. About half was dumped at sea, and the remainder was used for filling low-lying land adjacent to the river between Yangtzepoo and Woosung.[16] However the greatest obstacle to shipping using the port has been the Fairy Flats, a very large bar area at the entrance to the Yangtze estuary, where the silt deposition of the river is particularly concentrated as the delta grows seaward (map 5). Prior to 1932, when dredging work was begun there, ships drawing more than 26 feet were obliged to wait for high tide on every day of the year, those drawing 30 feet could arrive in Shanghai only at the time of spring tides, and those drawing 32 feet or more could not enter the harbor at all. While the deepest-draft ships regularly in the Pacific trade were the "Empress" boats of the Canadian Pacific Steamship Line drawing 31½ feet, the majority of trans-Pacific shipping entering the harbor drew between 26 and 30 feet and were thus frequently delayed by as much as a day at the Fairy Flats. This condition also caused considerable congestion in the harbor. Turn-arounds were slowed and money was lost.[17]

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503 Work was begun in 1932 by the Board on cutting a channel of 33 feet at mean high tide through the Fairy Flats, which required the removal of nine feet of silt from the bar as it then existed, including an allowance of three feet for clearance in heavy seas and one foot for fall of the tide during the passage of the ship. By 1936 about three of the nine feet had been removed for half of the distance of the channel. Dredging was suspended during the Japanese occupation and has not yet been resumed during the blockade conditions of the post-war period. Much of the earlier work has thus been lost.

[133] Ebb and flow currents at Shanghai average about three knots for
502 a total of eight hours during each 24-hour period. Six major bends in the Whangpoo (the one at the mouth of Soochow Creek being almost a hairpin turn) and the narrowness of the channel make these tidal currents a problem for ocean-going ships, both in docking and in maneuvering for anchorage. None of the ocean vessels (except for foreign warships, which usually anchored off the Bund) dock above Soochow Creek, and most of them find it easier to unload cargo onto lighters in midstream, taking on cargo at wharves
505 farther down the river in Yangtzepoo.* The wharves along the Bund are used for lighters and for river shipping. Roadsteads within the harbor are severely limited, and collisions and congestion are common.

There have been periodic suggestions that the main harbor be moved to Woosung, but even here conditions are far from ideal. There is a large anchorage in the open roads of the Yangtze with a minimum depth of 30 feet at mean low tide, measuring two miles by six miles, but tidal currents average about a knot stronger than at Shanghai, and these together with the winds across the open sweep of water prevent loading or unloading by lighter about 30 per cent of the time. Existing wharves at Woosung can accommodate only vessels drawing less than 18 feet. Cargo unloaded at Woosung by lighter or at the wharves is mainly carried to Shanghai directly by lighter on the Whangpoo, but there is also some shipment by rail.

The expense and inconvenience of transshipment would probably

* Because of the angle and direction of the tidal currents and the set of the channel, loaded ships can be maneuvered out of the wharves and down the Whangpoo more easily than up the river and into the wharves.

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504 or seventh in rank among world ports, in terms of annual net registered tonnage entered and cleared, points to its characteristic role as a delta port. The trade of the Yangtze basin requires a major outlet to the sea, and Shanghai, despite its poor site, offers the only practicable deep-water harbor near the mouth of China's greatest trade highway, the Yangtze River.

504 731 The harbor has a few advantages. At latitude 31° 10′ and where it is also influenced to some extent by the warm Kuroshio, or Japan Current, Shanghai is the northernmost port on the China coast to be free from ice at all seasons in most years. This gives it an advantage over the two leading ports of north China, Tsingtao and Tientsin, where floating ice is usual for parts of January and February. Location fourteen miles up the Whangpoo gives the harbor protection from typhoons, which are a significant menace to shipping in all south China ports during late summer. Shanghai averages about one typhoon annually, but with the adequate warning provided and the degree of protection afforded by its up-river location, damage to shipping is never more than negligible. In the period before the growth of the foreign city, this inland location was also important as a measure of protection against frequent coastal raids by Japanese and Formosan pirates. Finally, fog adequate to delay shipping in the harbor or in the approaches in the Yangtze estuary is quite infrequent.

503 Prophecies of Shanghai's isolation from maritime shipping by the seaward growth of the delta have not been lacking at any period in the history of the modern city. As each new difficulty arose however, means were found to overcome it, for the advantages of the city's location have greatly outweighed the disadvantages of its site and have made extensive dredging worthwhile. There is no reason to believe that the undoubted accumulation of silt, especially on the Fairy Flats, during the war and post-war years will present an insuperable problem once dredging is resumed. The great volume of water discharged by the Yangtze into the sea and the scouring action of tidal currents will assure some kind of channel in the estuary on which dredging can concentrate. The neglect of dredging over such a long period may make it necessary to relocate the main ship channel, but what dredging has accomplished before it can accomplish

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gain. As long as water transport retains its basic place in the Chinese economy, a harbor for ocean ships will be maintained at Shanghai as the commercial center of the Yangtze basin. 503

Relief and Climate

The site has only two advantages of importance: it is almost completely flat, and it has a more favorable climate than rival south China ports. Ample level ground was useful during the purely commercial phase of the city's development in allowing adequate space for storage of goods, for half of China's foreign trade passed through Shanghai from 1865 on, but it was more important in allowing the development of manufacturing after 1895. The commercial center which began in an area of 43 acres along the Whangpoo in 1843, demarcated and defended by creeks, was able to grow outward toward the west, south, and north as both political and economic conditions provided the impetus for metropolitan industrial development. Level ground continues unbroken within a twenty-mile radius of the city. While the site's liability to floods is a notable disadvantage, level ground must in general be counted an asset, especially as against the lack of it in Hong Kong, Foochow, Amoy, and other south China ports. 133 361

Shanghai's climate is influenced alternately by cold dry air from inner Asia and Siberia, and by warm moist Pacific air; it is tropical for one third of the year and temperate for two thirds. Rainfall averages 45 inches annually, 14 inches of which falls in June and July, but with no very marked seasonal concentration. July and August are uncomfortably tropical, and while rains keep the temperature below 90° for at least a quarter of these two months, the relative humidity throughout this period averages 84 per cent. Temperatures rarely exceed 98°. Vital statistics for foreign residents of the China treaty ports included in the yearly medical reports published since 1870 by the Maritime Customs give Shanghai, with a death rate averaging 16 per thousand annually for the period 1870–1930, a relatively good record. Most of the foreign residents considered it among the healthier treaty ports despite its uncomfortable summer, during which as many of them as were able left the city for the central mountain belt or the Shantung beaches. The accompanying table com- 132 [165]

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505 drawing fifteen feet and for the same distance at low water for vessels drawing six feet. Smaller steam launches use the river for about 700 miles at all seasons. The Hsi system, however, drains only about 210,000 square miles, and contains no such extensive lowland as the Yangtze basin (map 2).

On the Yangtze there is an all-year ship channel for 5,000-ton ships as far as Hankow, 600 miles from the river's mouth, and a summer (high-water period) channel to Hankow for 10,000-ton ships. Above Hankow, permanent steamship service is maintained as far as Chungking, 1400 miles from the sea, by vessels up to 2,000-tons, and river steamers also operate to Suifu (Ipin, Süchow), 150 miles farther upstream where the Yangtze leaves the mountain mass of central Asia and is joined by its navigable tributary, the Min, from the western part of the Red Basin of Szechuan. Map 4 shows the extent to which the river's tributaries are navigable by different sized ships (Suifu on this map is referred to as Süchow). The total of inland waterways navigable from Shanghai by junks at all seasons (excluding the canals of the delta) is nearly 30,000 miles, reaching approxi-
439 mately 200,000,000 people. This transport network is reflected in the fact that Shanghai between 1865 and 1936 handled between 45 and 65 per cent of the total foreign trade of China by value.

● 503 The Yangtze system feeding Shanghai is reproduced in miniature
505 within the delta itself (map 5). A maze of canals dissects the fertile triangle, connecting with natural waterways to form through water links between every village and town in this area and from
[312] all of them to Shanghai. The canals are used primarily for transport, but they also serve as sources of irrigation water for wet paddies and as community water supplies, in addition to providing drainage, which may have been their original purpose.[2] The alteration of the natural environment which the canals represent has been in progress for at least the last 2,000 years, and now constitutes probably the largest concentration of artificial waterways anywhere in the world.

When the canals are added to Tai Lake and the chain of smaller lakes to its east, the Yangtze, the Whangpoo, Soochow Creek, and many smaller rivers in this area, the landscape becomes an enormously magnified Venice. Within a radius of at least 100 miles from Shanghai it is possible to go from any village or town to any other

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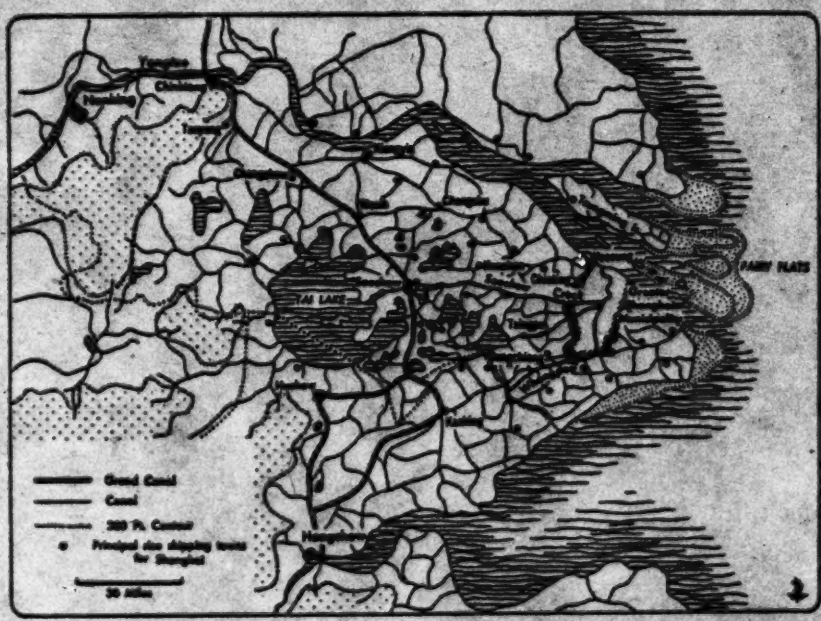
village or town entirely by water, and in most cases in no other way. 503
According to existing estimates,[8] and on the basis of the incomplete 505
cartographic data, the delta area must contain at least half a million
miles of canalized or artificial waterways. The railway between [496]
Shanghai and Nanking includes in its 193 miles 164 bridges over
navigable rivers or canals.



Map 5. Waterways of the Yangtze Delta. All waterways shown are navigable. Provincial boundaries are indicated by a dotted line.

The use of water routes is reflected in the sparseness of roads com- 491
pared with other level areas of China and in the fact that such roads
as exist run in most cases at right angles to major waterways. In [493]
addition, carts and barrows are scarce in the Yangtze delta, in marked
contrast with other areas of China, or with most pre-industrial
regions. Traditional Chinese bridges in the delta area are nearly all
of the single span hump-backed type, reflecting the virtual absence
of wheeled traffic as well as the need to provide adequate clearance
over waterways for the passage of masted vessels.

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The port of Hong Kong however owes its ascendancy as much to its political status as to its physical advantages. Acquired by the Treaty of Nanking in 1842 at the close of the first Anglo-Chinese war as a British rival to the Chinese-controlled trade at Canton, it has since its founding served as an entrepôt for the entire China coast. Since at least 1865 it has transshipped annually between 20 and 25 per cent of China's total foreign trade by value, aided by its treaty status as a free port.* Hong Kong has nevertheless yielded first place as a port to the greatly inferior harbor of Shanghai, located on the mainland and more closely oriented to China's productive areas and transport routes. 504 648 439

The coastline becomes emergent at about the mouth of the Chientang River in Hangchow Bay. There is only one natural harbor on the coast north of Hangchow used regularly by a large volume of ocean shipping: Tsingtao, on the rocky promontory of Shantung. Chefoo, also on this promontory, has a good, though somewhat shallow, natural harbor, but it has been relatively little used or improved. Weihaiwei, near the tip of Shantung and thus one of the most seaward ports in China, is a largely artificial harbor constructed by the British at the turn of the century for their naval vessels (following a decade of "concessions" by the crumbling Ch'ing government to the European powers), but its large protected roadstead has attracted little commercial shipping. 504

It is an unfortunate circumstance that these few adequate harbors are in effect isolated from the body of north China by the crystalline mountains of Shantung and by their out-of-the-way location. This situation is responsible for the small importance of Chefoo and Weihaiwei as ports, as well as for the fact that they still have no railway connections. Shantung, originally an island in the Yellow Sea, has been land-linked by silt deposition from the Huang, yet its harbors are economically cut off from the mainland. In a more highly industrialized economy, these harbors would probably be more important, but the almost complete lack of water transport links between them and the north China hinterland decrees for them under present conditions a relatively minor role.

Tientsin, the leading port of north China, forty miles from the sea on the Pei River, fight a losing battle against silt. Two rivers flow- 503

* Hong Kong is not included in the customs figures for China.

503 ing from the semi-arid plain of north China, navigable for small boats only with difficulty during the summer and autumn, and subject to severe spring floods, feed into the Pei just above Tientsin. The combined deposition of all three has forced the removal of the port from Tientsin itself to Taku, at the mouth of the Pei, where an offshore bar is forming with a minimum navigable depth at mean low tide in 1936 of fifteen feet. Dredging there is barely able to keep pace with deposition, and the open roadstead at Taku affords inadequate protection to shipping. Ships drawing over fifteen feet discharge cargo onto lighters six miles out at sea.

During their occupation of north China, the Japanese began work on a new artificial harbor just south of Tangku (map 1) on an ambitious plan which remained largely unfinished with the end of the war in 1945. This work has now been resumed by the Communist Government of China, which aims to complete the project in 1953. The harbor, to be known as Hsinkang ("new port"), is planned to receive vessels up to 10,000 tons, which will be able to discharge their cargoes onto wharf-side railway lines. The total protected roadstead will be about ten square miles, but its projected depth would still exclude the largest trans-Pacific carriers.[5]

504 Haichow, in northern Kiangsu, terminus of the east-west Lunghai railway, is an artificial harbor nine miles from the sea. Work was begun on dredging the small river which connects it with the sea, and on the building of wharves, in 1933, and by 1936 the port could handle ships drawing up to fourteen feet. It thus remained largely limited to the coasting trade. Coaling facilities are available on the coast just south of the river's mouth where a group of islands provides some shelter, but again controlling depths exclude most large transocean shipping. Peking, without access to navigable waterways (aside from the Grand Canal, which contains several unnavigable stretches in Shantung and southern Hopeh) has relied on Tientsin (Taku) as its port. Primarily an administrative center and rail junction, Peking's population had not reached a million and a half by 1936.

The configuration and relief of north China make it difficult for any one deep-water port to serve it all. As it is, while Tientsin (Taku) acts as the port for most of north China, a considerable proportion

442 to keep healthy in China, and nearly every foreigner in Shanghai
439 rode, hiked, or took part in team sports.

The Chinese were amazed at this waste of calories. "'Belong foreign man custom' they would say as they turned to their diet of rice and cabbages," according to the memoirs of an early foreign resident.[22] Certainly the foreigners ate well, but while they brought spirits and special foods from home at great expense, the bulk of their food came from the delta area, according to the records of the same early resident, who was for a time during the 1870's in charge of the mess at one of the foreign firms and lists the sources and prices of the most important items which supplied it.[23] Foreign merchants and assistants would often be gone for weeks at a time on shooting excursions in the hinterland. Wherever they wanted to go in the delta area they found they could travel by houseboat, to the smallest village or the most remote bird-feeding grounds. And wherever they went they found these waterways clogged with Chinese craft carrying both domestic and foreign goods to and from Shanghai.[24]

509 W. H. Medhurst, an early British missionary (and later consul) at Shanghai, took a trip into the tea and silk districts of Kiangsu, Chekiang, Anhwei, and Kiangsi in 1845, disguised as a Chinese. His account of the trip laid emphasis on the waterways of this region, and since his journey never took him far from the waterways of the delta or of the Yangtze system, he attributed what he saw over this large area to the whole of China:

> Canals have been dug in all directions, and spread like veins and arteries to almost every part of the empire. As far as the experience of this writer goes, the Chinese have no walled cities or large towns except in places which are accessible by water.[25]

[491] He noted that the major canals, used by grain junks, averaged about 40 feet wide and 6 to 8 feet deep, and that bridges over them were at least 20 feet above the surface of the water at the center of the arch so that the grain junks could pass under them with their masts lowered.

361 By 1863, the original foreign leasehold at Shanghai of 43 acres had been expanded through agreements with the taotai to a total of

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2094 acres (including the French Settlement), and Shanghai was 361
indisputably the leading port and commercial city of China.

Struggles with the Harbor

The problem of an adequate harbor, however, was a matter of 503
increasing concern to the foreign community through the latter half of the nineteenth century, if not to the Chinese authorities. It was openly stated by the ranking Chinese government official at Shanghai in 1874 that Woosung Outer Bar was in fact a "heaven-sent barrier intended to prevent war vessels of heavy draught . . . from entering the harbour."[26] But foreign residents realized with alarm that the city could not hope to remain an ocean port if the silting process were allowed to continue, and they had yearly evidence of the speed with which the Yangtze was extending its delta. Blonde Shoal, near the mouth of the Whangpoo, was covered with ten feet of water at low tide in 1850, and by 1890 rose three feet above mean low water. The history of Tsungming Island, already referred to above, was well known, as well as the fact that the site of Shanghai had originally been on the seacoast and that it was rapidly being cut off from access to the sea.

A local resident writing in 1894 estimated that silt deposition in the Yangtze estuary would lessen the depth of the water about one foot in every eight years if spread evenly, and that while tides and currents provided some scour in certain channels, these too were filling up, although at a slower rate. The same writer, however, pointed a lesson later acted on by the Whangpoo Conservancy Board after 1905 by calling attention to the fact that when a small coasting vessel had been rammed and sunk in mid-stream just above Woosung Outer Bar in 1892, the Whangpoo current had apparently been diverted and concentrated sufficiently to scour a new and deeper channel through the bar.[27]

Shanghai's environmental dilemma was intensified by the progress of steam navigation in the latter half of the nineteenth century. The most economical ocean carriers were increasingly those of larger draught, and by 1885 or 1890, most of these new steam freighters could reach Shanghai only with difficulty or not at all. Shipping lists published in the *North China Herald* at Shanghai

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show an average size of ocean-going ships entering Shanghai harbor between 1850 and 1860 of about 1,000 gross tons. In the decade of the 1860's, this figure reached 2,300, and by 1880 had exceeded 4,000. The original harbor regulations, published by the *North China Herald* in 1852, limited the overall length of ships to 165 feet if they wanted to come as far as Soochow Creek, in view of the narrow channel and confined anchorage. However, between 1850 and 1930 the width of the river at Shanghai decreased from about 2300 feet to 1450 feet, and while dredging had widened somewhat the original channel and anchorage by 1930, the harbor was little more commodious than it had been in 1850.[28] The advent of steam did however make the harbor's overall size and the narrowness of the channel less of a disadvantage than it had been for sailing ships, and it further removed the special advantage of Canton accruing from the monsoon winds. 503●

As early as 1873, representatives of the major foreign shipping firms in Shanghai pointed out to Robert Hart, Inspector General of Customs, the need for dredging the Inner and Outer Woosung bars. Hart approached the Chinese authorities, but could not persuade them to take any action. In the following year, the British chairman of the Shanghai General Chamber of Commerce, in a letter to the British Minister to China, T. F. Wade, asked whether permission might not be obtained for the foreign ratepayers of Shanghai to tax native and foreign shipping in order to dredge the harbor if the Chinese government refused to do anything about it, but Wade also had no success through Peking channels.[29]

As a result of this controversy, Hart in 1875 published his opinion on the problems raised by the vanishing ship-channel, which read in part as follows: 503 487

The trade consequent on opening the Yangtze basin has so far been diverted into a false channel by the vested rights or money spent in Shanghai. The agency is in turn counteracted by the opening of the Suez Canal, through which steamers have begun to pass, making London and Hankow their termini . . . Teas will be shipped at Hankow and Kiukiang, and Shanghai silks and Ningpo teas at Chinkiang. They will be the return cargoes of the steamers which carry what China will continue to demand from Europe. In twenty years' time Chinkiang will

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have taken the place of Shanghai as a semiterminus and transshipment port . . . Thus looked at, as it affects and is affected by natural and artificial agencies now at work at the mouth of the Yangtze, the question of the Woosung Bars is seen to mean that dredging may possibly be nothing more than a means of making the last days of Shanghai a little more comfortable than they would otherwise be; it will not prolong or avert the commercial death of the place, but it will make a show of vitality during its declining years more possible . . . Given the natural and commercial agencies at work, it may be taken for granted that, certainly for ten, or perhaps twenty or thirty years to come, the commercial status and foreign community of Shanghai will be such as to make it worthwhile to prevent the river from being blocked up at any one point, for instance by the Woosung Bars. Dredging can do this, and then only for a time. It cannot secure for Shanghai either a navigable channel or a continuance of commercial prosperity . . . The circumstances of Shanghai, its present position as a commercial centre, the interests of the community and the revenue it yields China, are in themselves sufficient reasons why the demand for dredging ought to be assented to, but it must be borne in mind that no one can say how soon commerce may cease to ask for access to Shanghai, or natural forces acting elsewhere make dredging operations at Woosung useless.[20]

Hart could not of course foresee the degree of improvement in dredging methods and machinery which have kept Shanghai, as well as many other world ports, open to ocean commerce where natural processes would long ago have cut them off or where the dredging equipment of 1875 would have been unequal to the task. He also failed to appreciate that the locational advantages of Shanghai were sufficiently great in relation to other possible centers in the Yangtze basin to make large-scale efforts to combat the disadvantages of its site worthwhile, or to permit its continuance as a major port despite its poor harbor. He may have been influenced in his judgment by the fact that in 1875 the only three trade commodities of importance were opium, tea, and silk. These high unit-value goods were relatively less dependent than bulk or low unit-value goods on precise locational advantages in their transport. As they lost their dominant position in the foreign trade of China, the more diversified and relatively lower unit-value agricultural exports and the equally diversified and low unit-value imports created

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a much greater need for an ocean port with the best possible location. 503
Shanghai's water route connections through the Yangtze system 487
made it the obvious choice.

Hart also did not consider the fact that while the progressive 503
rise in average tonnage of ships in the Pacific trade increasingly emphasized the limitations of Shanghai, it even more pointedly revealed the barriers to navigation on the Yangtze above Shanghai. Chinkiang, Hart's choice as the port most likely to become the major Yangtze basin entrepôt, declined to insignificance in ocean shipping handled by the turn of the century. On the other hand, within twenty years of Hart's prophecy, and while he was still Inspector General of Customs, the gross value of the trade of Shanghai doubled.

As the foreigners continued to see new mud banks rise out of the Yangtze and the Whangpoo, dry out, and be settled and farmed, other gloomy predictions were added to Hart's.[31] Partly as a result of indirect foreign pressure, the Chinese Government purchased a German dredge and began work on the Woosung Outer Bar in 1881, but little was accomplished and work was stopped in 1889. By 1893, the situation led the foreign Commissioner of Customs at Shanghai to remark:

> The Woosung Bar dredging has I think convinced most people that the bar there must always be with us and that business must adapt itself to things as they are . . . The largest vessels which come to port never come any nearer than Woosung. I expect to see development of business there, but the available anchorage is not too capacious, and the distance from go-down is a considerable source of expense.[32]

In addition to the factors mentioned here by the Commissioner, the presence of the Fairy Flats in the Yangtze estuary is probably as much responsible as the progress of dredging in the Whangpoo for the fact that Woosung has never become Shanghai's port in any significant respect.

With the beginning of permanent dredging operations on a large scale by the Whangpoo Conservancy Board in 1905 (see above, Chapter Three), the locational virtues of Shanghai in effect dictated an ultimately successful attack on the city's major site problem.

503 Once Western economic enterprise had established itself at this strategic center of modern China's key economic area, neither treaties nor Chinese officials, neither isolation nor mud, could prevent Shanghai from realizing its wider geographic advantages.

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fields growing other crops (primarily cotton), since this entails a 241
thorough turning over of the soil which crop rotation alone would not accomplish. When the exchange is completed, the new surfaces are then overlaid with an average per acre of 70 tons of mud dug from the canals. Maintenance of navigability in the canals is a 503
communal responsibility, and farmers are recompensed for their 241
dredging labor by using the highly fertile calcareous mud (which as a rule has supported a heavy growth of water weeds as well as ultimately receiving considerable farm and village waste), also by making use of the canals to market their production and receive goods from outside.[4]

The farms are small, 93 per cent of them under 50 *mow* and 25 241
per cent under 5 *mow*, with an average size of 34 *mow*, according to a Chinese statistical study[5] (one *mow* equals approximately one sixth of an acre). Their cultivation is better described as gardening than as farming. Tools in general use are limited to the *t'u t'ou* [412]
(earth head)—a large-bladed hoe—and smaller metal-headed rakes, hoes, and mattocks, all designed for painstaking hand labor. Water is transferred from the canals to fields for irrigation by means of endless chains of small buckets mounted on inclined frames and driven by foot treadles.[6] The average number of total animal units per farm is lower in this area, according to Buck, than anywhere else in China[7] This is due to the small size of the farms, and to the abundance of human labor, which cannot afford to allocate feed for animals in return for the labor, meat, and manure which they produce. Manual gardening gives a greater return than animal husbandry or farming with draft animals from this fertile and repeatedly refertilized soil in proportion to the food it consumes, and permits a population of 40 million people in the fertile triangle.

With such intensive cultivation, crop yields in the fertile triangle 241
are among the highest in China. Buck's samplings show both rice 433
and wheat yields in this area consistently among the upper five per cent of rice and wheat yields for the 161 localities in China covered by his study.[8] Within a thirty-mile radius of Shanghai, where the city's night soil is cheaper and more readily available than in outlying districts (see below, pp. 162–64), yields of all crops are exceeded by only two counties in China (both near Canton)

433 areas of Asia are all deltas, and all are of the same order of population density as the Yangtze delta: the lower basins of the Mekong, Menam, and Irrawaddy Rivers. Each of these deltas also contains a primate city, and in addition produces most of the rice for the entire population of each country (Indo-China, Siam, and Burma respectively). Yet each of them has continued, under peace-time conditions, to produce large yearly surpluses of rice for export.

503 The Sui emperor Yang Ti (A.D. 605–618) first joined together 433 existing natural and artificial waterways into a connected system running from Hangchow in the south to northern Kiangsu and thence westward across Honan to the Sui capital at Ch'angan (modern Sian). This system of waterways linking the rich rice areas of the delta with the military and political centers of the north included several branches, among them a route to the Peking area which was later incorporated in the Grand Canal of the Mongols.* The southern half of the present Grand Canal was completed from Hangchow to Kaifeng during the northern Sung dynasty (A.D. 960–1127), *inter alia*, to bring rice for the supply of the court and capital at Kaifeng. During the Yüan (Mongol) dynasty (1260–1368) the canal was extended from Kaifeng to Peking, the Yüan capital, and up to the time of the late Ch'ing dynasty (1644–1911), with its capital also at Peking, rice to feed successive imperial centers in arid north China flowed in great volume out of the productive Yangtze delta.

433 Apparently a local surplus existed throughout this period, but it was not allowed to accumulate locally as the basis for a new population growth in the delta. By a coincidence which may or may not be significant, the end of the imperial system (the revolutionary Kuomintang overthrew the Ch'ing Government in 1911, and established its capital in 1927 at Nanking) came at about the beginning of Shanghai's major population growth (graph 1). It is certainly possible that instead of going to Peking, the delta rice

* Chi Ch'ao-ting, *Key Economic Areas in Chinese History* (1936), pp. 114–115, in giving an account of this development and its later extensions, shows that canals between the Huai and the Huang were built at least as early as the fifth century B.C., and that a through water route between the Yangtze delta and western Honan apparently existed by the third century B.C.

439 316 Consular and Customs reports from Shanghai during the early decades of the modern city show that it depended almost entirely on overseas imports of coal. There was a large movement in ballast from England to Shanghai from the opening of the port to foreign trade in 1843 through the period of the 1860's, when foreign merchants had difficulty finding a market for foreign goods in return for China's tea and silk.[43] It was consumed largely by the coastal, river, and ocean vessels fueling at Shanghai.[44] This relatively cheap ballast coal from England was however gradually replaced after 1870 by even cheaper coal from Nagasaki in Japan and from the large Chinese government-operated Keelung mines (subsequently taken over by the Japanese in their conquest of Formosa in 1895) at the northern tip of Formosa, opened in 1875. Both of these new sources were on tidewater and coal from both could move to Shanghai as part of the growing volume of east Asian maritime trade.

316 438 The first large-scale coal mine in China was opened at Kaiping, Hopeh, in 1878,* (map 9), and the first shipment from Kaiping to Shanghai arrived in 1881, but this coal was unable to compete with Japanese imports at Shanghai until after the turn of the century. By 1930, the Kaiping mine accounted for 23 per cent of China's annual coal production.[45] Kaiping was connected by rail to Tangku and Tientsin in 1888 (the first permanent railway in China), and to Shanhaikuan, via Chingwantao, in 1894. At Chingwantao, 79 miles by rail north of Kaiping, a seawall and wharves were built between 1899 and 1902 to permit shipment of Kaiping coal from this port, where there was no bar as at Tangku.[46] [503]

438 439 This facilitation of transport, and the relatively short rail-haul from the mines to Chingwantao, were undoubtedly factors in the increased ability of Kaiping coal to compete in the Shanghai market after 1902. In the 1890's, with the assistance of French capital, another new supply of coal appeared on the east Asia market, from Indo-China. The mines, located on tidewater near Haiphong (map

* This was the Kaiping Mining Bureau, organized at the instigation of Li Hung-chang in 1878, and later (1912), after a period of British control (1901–1912), reorganized as the Kailan Mining Administration, a joint Sino-British undertaking and one of the pioneer modern industrial enterprises in China. For a valuable account of its development, see Ellsworth Carlson, *The Kailan Mines* (1949).

done with dispatch soon after Shanghai had been taken. By the end of 1949, railways destroyed in the delta area during the civil war had been restored to operation, and by the end of 1950, most of the lines in China as of 1936 had been rebuilt, plus considerable new mileage. Great stress has also been put on maintaining a high level of commodity flow by water transport from the Yangtze and the delta to Shanghai. Numerous hydraulic improvements were undertaken in 1949, 1950, and 1951, including the widening, deepening, and regulating of existing waterways, the building of additional carriers of all types,* and in November 1950 the commencement of a very large five-year project for the regulation of the Huai River, designed primarily to prevent its disastrous floods, but also to facilitate navigation.[2]

But the sea routes, equally vital to the city's economic life, remain largely closed. Political capital has been made of this unfortunate situation, since it has in effect called the Communists' bluff in their repeated assertions that Shanghai was a foreign sore on the Chinese body politic and should be integrated with China rather than with its kindred economies overseas.

> The new Shanghai . . . is closely linked by commerce and the interflow of goods with the rest of the country. Facing inland instead of across the sea, it is integrated politically, economically, and culturally with the nation whose needs it serves. From being a source of infection in China's economic life, Shanghai has today become a source of strength to the new China.[3]

This is cold comfort. Shanghai can be a source of strength to China only if it produces, and it cannot reach more than a part of its industrial potential while the sea routes which feed it are closed. The shortage of coal in the city remains, if one may read between the lines of official statements and news releases. Electric power is rationed; new users are discouraged, and one gathers that current users are unable to get enough to increase their production. Remembering the crucial importance of cheap and abundant electric power for all of the city's industry, as we have discussed it above

* 192 inland water craft were built in Shanghai alone in 1950, totalling 28,000 tons displacement, according to Ching-Chi Chou-Pao for January 4, 1951, p. 9.

133 (62 mi.) from the sea coast.[12]

C. Coast

The coastline of this region is clearly divided into northern and southern halves at the Ch'ien-t'ang River estuary. In the north the line runs on the edge of low-lying delta plains, mostly sandy banks which yield few harbor possibilities.[13] The only useful ports here are Wei-hai-wei, on the northern coast of the Shantung Peninsula, and Tsingtao, across the peninsula from Wei-hai-wei. The latter perches on the Chiao-chou Gulf which is a 297 square kilometer (110 sq. mi.) body of water, 60 meters (190 ft.) deep.[14] That this section of the coast is rising can be seen at the Yangtze estuary, where accumulated silt is blotting dry 1.5 kilometers (about one mile) of the ocean every sixty years, and, where an island (Ch'ung-ming) of 700 square kilometers (260 sq. mi.) has grown out of a mere sandbank in the relatively short span of 1,800 years.[15]

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The southern half of the coastline is in dramatic contrast to its northern counterpart.

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12. Ko, Sui-ch'eng, op. cit., Vol. VI, p. 167.
13. Cressey, op. cit., pp. 49-50.
14. Chu and Chang, op. cit., p. 84.
15. Ibid., p. 78.

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504 The most important harbors of East China are Tsingtao, Yentai, Wei-hai-wei, Lien-yün-kang, Shanghai, Ningpo, Wen-chou, Ting-hai, Foochow, and Amoy. Among these ports, Shanghai, Tsingtao, Yentai, Amoy and Wei-hai-wei are best equipped. The Shanghai harbor is the largest of all, and there are inner and outer harbors at Huang-pu (Whompao) and Wu-sung (Woosung). Large ocean-going ships up to 20,000 tons can enter Huang-pu harbor at high tide; otherwise, the ships must berth at Wu-sung and their cargoes are trans-shipped by smaller boats to and from Shanghai.[9]

A. Shipping in East China

501 Before the war with Japan, the total Chinese shipping tonnage was about 576,000 tons, including 124 ocean steamers (367,383 tons) and 3,333 river steamers (208,617 tons). During the war it was estimated that about 495,329 tons of both types of steamers were lost.[10] After the war, 2,751 Japanese ships of various types (a total of 251,288 tons) were

9. Wang Kuang, Chung-kuo Hai-chiang Chih [China's Harbor], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1954, pp. 64-78, 89-91, 98-120.

10. Hang-yün [Navigation], Nanking, Hsing-cheng-yüan Hsin-wen-chü [Bureau of Information, Executive Yuan], 1947, p. 24.

502 Apparently, the above tabulation represents the result of the streamlining of the customs administration as former customs offices at such river ports as Wu-hu (Anhwei Province), Nanking, Soochow, and Chen-chiang (Kiangsu Province) have been eliminated. Moreover, seaports like Lung-k'ou and Wei-hai-wei -- both in Shantung Province -- do no appear on the list. While foreign trade may still be conducted through such points, there is no doubt that the twelve ports given in the table above now constitute the principal points of contact in East China's trade with foreign countries.

Relative Importance of East China Ports in Imports and Exports

504 439 During 1936, the last year of relative peace before the resumption of the Sino-Japanese War, the East China ports accounted for 70.9 per cent of the country's imports and 62.6 per cent of its exports. At the end of World War II, because of civil war activities in North China and their adverse effect on trade, and because of the large import of consumer goods demanded by the population of the coastal cities, the relative importance of the East China ports was further enhanced so that 87.4 per cent of the country's imports and 66.3 per cent of its exports were funneled through these ports

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504 in 1946.[2]
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As far as imports are concerned, the principal ports of entry in 1936, arranged in diminishing order of their trade volume and exclusive of river ports, were (1) Shanghai, (2) Tsingtao, (3) Amoy, (4) Chefoo (Shantung Province), (5) Foochow, (6) Hangchow, (7) Lung-k'ou (Shantung Province), (8) Ningpo (Chekiang Province), (9) Wei-hai-wei (Shantung Province), (10) Wen-chou (Chekiang Province), and (11) San-tu-ao (Fukien Province). At the same time, the corresponding list for exports was: (1) Shanghai, (2) Tsingtao, (3) Chefoo, (4) Foochow, (5) Amoy, (6) Lung-k'ou, (7) Wei-hai-wei, (8) Wen-chou, (9) Ningpo, and (10) San-tu-ao.[3] The two lists are in agreement in placing Shanghai and Tsingtao as the first and second busiest ports on the East China coast, but differ somewhat on the relative significance of the remaining ports. As far as statistics of any one year can be taken as an indication of normal conditions, the lists above seem to point to a greater role for the Shantung ports (other than Tsingtao) in relation to the remaining East China ports, in China's export trade, than in the country's import trade.

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2. Chinese Maritime Customs, Statistical Series, Trade of China 1936 and 1946, Shanghai, passim.

3. Ibid.

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The phenomenon that the East China ports as a whole were more important as import channels than as export channels in China's foreign trade in the past and that, with the exception of Shanghai and Tsingtao, the individual East China ports also exhibited a similar dichotomy in relation to one another is a reflection of the following factors. First, the volume of imports handled by any port or area is determined primarily by the latter's importance as a center of manufacturing and consumption and by its capacity to serve as a point of entry for other similar centers. Second, the volume of exports that pass through any port or area is chiefly dependent upon accessibility to areas producing such goods. It was for these reasons that East China, which contains the large manufacturing and consumption centers of Shanghai and Tsingtao, was more important in the country's import trade than in its export trade. It was probably for the same reasons that, in relation to other East China ports, the Shantung ports of East China (except Tsingtao) seemed to be more important as export centers than as import centers while the Fukien and Chekiang ports presented the opposite case. As the underlying economic factors change, the relative position of these ports with respect to imports and exports will, of course, also undergo corresponding adjustments.

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not be overbalanced by the questionable virtues of Woosung as a harbor, although as trade volume grows port development at Woosung may help to relieve congestion. Up-river ports are always inconvenient, but only when a clearly preferable alternative is available, as for example at Bremerhaven, or the much earlier ascendancy of Shanghai over Soochow, is the original port city likely to be eclipsed in its maritime functions. In 1937 the Chinese Municipality completed preliminary work on a new wharf on the left bank of the Whangpoo just below Yangtzepoo. The river is slightly wider there and the problem of Wayside Bar is avoided. The ship channel was adequate at that point in 1937 to allow the largest Pacific ships to dock parallel to the shore, and the new wharf was designed especially for passenger traffic. By surfaced roads then under construction, Shanghai center could be reached by car in about thirty minutes. Under the Japanese occupation, work on this new wharf was continued, and post-war Chinese plans for the Greater Shanghai of the Future (i.e., the plans of the Nationalist Government) called for the transfer of all the passenger and most of the freight traffic from Honkew and Yangtzepoo to this new area, where facilities were to be greatly expanded.[18] If the city continues to grow in the direction of Woosung, this would be a logical change and would make it possible to handle a greater volume of deep-draft shipping with less delay and without sacrificing unduly the convenience of central location. Under the Communist administration, no more work has been done on this project, in the virtual absence of ocean shipping.

The inconveniences of congestion are marked at Shanghai, which in the 1930's had riverside shipping frontages (wharves with a minimum depth of 12 feet and more) totalling only nine and a half miles. Hamburg, in the same period, with approximately the same annual volume of shipping entered and cleared, had nearly forty miles of similar shipping frontages, and New York, with less than twice Shanghai's annual volume of shipping during this period had 260 miles of similar shipping frontages.[19] Shanghai in 1936 (the last year of regular dredging operations), with a permanent through ship channel of 26 feet at mean low water, was by far the shallowest as well as the most confined and awkward harbour among leading Far Eastern ports.[20] The fact that from 1920 to 1936 it remained sixth

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504 or seventh in rank among world ports, in terms of annual net registered tonnage entered and cleared, points to its characteristic role as a delta port. The trade of the Yangtze basin requires a major outlet to the sea, and Shanghai, despite its poor site, offers the only practicable deep-water harbor near the mouth of China's greatest trade highway, the Yangtze River.

504 731 The harbor has a few advantages. At latitude 31° 10′ and where it is also influenced to some extent by the warm Kuroshio, or Japan Current, Shanghai is the northernmost port on the China coast to be free from ice at all seasons in most years. This gives it an advantage over the two leading ports of north China, Tsingtao and Tientsin, where floating ice is usual for parts of January and February. Location fourteen miles up the Whangpoo gives the harbor protection from typhoons, which are a significant menace to shipping in all south China ports during late summer. Shanghai averages about one typhoon annually, but with the adequate warning provided and the degree of protection afforded by its up-river location, damage to shipping is never more than negligible. In the period before the growth of the foreign city, this inland location was also important as a measure of protection against frequent coastal raids by Japanese and Formosan pirates. Finally, fog adequate to delay shipping in the harbor or in the approaches in the Yangtze estuary is quite infrequent.

503 Prophecies of Shanghai's isolation from maritime shipping by the seaward growth of the delta have not been lacking at any period in the history of the modern city. As each new difficulty arose however, means were found to overcome it, for the advantages of the city's location have greatly outweighed the disadvantages of its site and have made extensive dredging worthwhile. There is no reason to believe that the undoubted accumulation of silt, especially on the Fairy Flats, during the war and post-war years will present an insuperable problem once dredging is resumed. The great volume of water discharged by the Yangtze into the sea and the scouring action of tidal currents will assure some kind of channel in the estuary on which dredging can concentrate. The neglect of dredging over such a long period may make it necessary to relocate the main ship channel, but what dredging has accomplished before it can accomplish

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Nanking
is above the delta proper, and its water connections are limited com- 361
pared with those of its delta rivals. It has profited primarily from 487
its location at a break in transport routes (including China's major north-south railway, which breaks at the Yangtze—map 8), and from its periodic function as a political capital.

All three cities have been hampered in their modern development 504
by the lack of harbors adequate for ocean ships. At Hangchow an 361
impressive tidal bore and many shoals in Hangchow Bay preclude 439
use of the Chientang estuary by ocean shipping, and the river itself is navigable only for small boats. Soochow, once a maritime trading center, is now effectively land-locked, and was in any case superseded as a port city by Shanghai by at least the eighteenth century A.D. Nanking, 210 miles from the sea, must contend with silting, river currents, and an exposed anchorage. Both Nanking and Hangchow are handicapped as commercial centers, especially in a region where most goods move by water, by the rugged country around them (map 5), which contrasts with the extensive lowland focused on Shanghai. While all three of these cities were larger than Shanghai before the opening of China to foreign trade and to Western commercial exploitation, they were quickly outstripped by Shanghai under the new economic conditions, where access by water to the entire Yangtze basin and to the major ocean lanes of world commerce gave it a decisive advantage.

The city lies topographically at the focus of the east China low- 133
land, converging on it from both the west and the north, and of 487
the Yangtze basin as a whole (map 2). The river and its tributaries, draining the productive heart of China, all feed ultimately to the mouth of the Whangpoo. In the mainly pre-industrial economy of China, the great majority of goods moving beyond purely local markets do so by water. No other location can marshall a fraction of the advantages of Shanghai on this crucial point.

Of China's two other major river systems, the Huang (Yellow) in 505
the north is navigable for steam launches for 25 miles above its mouth and for a small part of its course through Honan, but it is otherwise useless for navigation except in short stretches by small boats. The Hsi (West) River in the south is navigable for some 230 miles in the high-water season (spring and summer) for vessels

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Rival Ports

133 489 The maritime trade of south China is divided among several ports, each serving a small and well-defined hinterland outlined by mountains as separate river basins, of which the basin of the Hsi is by far the largest. The Ta Yü and Wu Yi ranges extend almost to the coast from Hong Kong north to Ningpo. Their ridges form a barrier over which very little trade passes, and the rivers which flow from their crests to the sea have cut neither easy passes across them nor extensive flood plains. The relatively short Han, Min, Wu, and Chientang Rivers, interrupted by falls and rapids over most of their courses, are navigable only for small boats, and none of them makes easy connections with other river systems. The high relief extending down to the coast, except for the few small river flood plains, makes food production as well as transport difficult. The area as a whole (southeast coastal China) must import rice, but its important exports are limited to tea and timber. The configuration of east Asia and the submerged character of the south China coastline, bring these southern ports much closer to the continental mountain mass and leave them a hinterland which is hilly, thinly populated, and unproductive compared with the Yangtze basin.

The submerged coastline of the south includes a number of good harbors, notably Foochow (the estuary of the Min River), Amoy, and Swatow, but they are too small for any volume of modern ocean shipping, and their topographically limited hinterlands do not make harbor extensions worthwhile. Railways have not yet penetrated this area, aside from the single line from Hankow to Canton, with a spur to Kowloon (the mainland adjunct to the Crown Colony of Hong Kong), a reflection of its commercial unproductiveness more than of the engineering problems which it presents.

504 The outstanding exception among south China ports is Hong Kong, possessed of the finest harbor in the Far East, a deep and well-protected roadstead between Hong Kong island and the mainland, flanked on all sides by shielding islands. Location just off the mouth of the Hsi, whose basin is the most extensive and productive lowland in south China and contains its only major transport artery, is a further advantage. The port of Hong Kong however owes its

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The port of Hong Kong however owes its ascendancy as much to its political status as to its physical advantages. Acquired by the Treaty of Nanking in 1842 at the close of the first Anglo-Chinese war as a British rival to the Chinese-controlled trade at Canton, it has since its founding served as an entrepôt for the entire China coast. Since at least 1865 it has transshipped annually between 20 and 25 per cent of China's total foreign trade by value, aided by its treaty status as a free port.* Hong Kong has nevertheless yielded first place as a port to the greatly inferior harbor of Shanghai, located on the mainland and more closely oriented to China's productive areas and transport routes. 504 648 439

The coastline becomes emergent at about the mouth of the Chientang River in Hangchow Bay. There is only one natural harbor on the coast north of Hangchow used regularly by a large volume of ocean shipping: Tsingtao, on the rocky promontory of Shantung. Chefoo, also on this promontory, has a good, though somewhat shallow, natural harbor, but it has been relatively little used or improved. Weihaiwei, near the tip of Shantung and thus one of the most seaward ports in China, is a largely artificial harbor constructed by the British at the turn of the century for their naval vessels (following a decade of "concessions" by the crumbling Ch'ing government to the European powers), but its large protected roadstead has attracted little commercial shipping. 504

It is an unfortunate circumstance that these few adequate harbors are in effect isolated from the body of north China by the crystalline mountains of Shantung and by their out-of-the-way location. This situation is responsible for the small importance of Chefoo and Weihaiwei as ports, as well as for the fact that they still have no railway connections. Shantung, originally an island in the Yellow Sea, has been land-linked by silt deposition from the Huang, yet its harbors are economically cut off from the mainland. In a more highly industrialized economy, these harbors would probably be more important, but the almost complete lack of water transport links between them and the north China hinterland decrees for them under present conditions a relatively minor role.

Tientsin, the leading port of north China, forty miles from the sea on the Pei River, fight a losing battle against silt. Two rivers flow- 503

* Hong Kong is not included in the customs figures for China.

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503 ing from the semi-arid plain of north China, navigable for small boats only with difficulty during the summer and autumn, and subject to severe spring floods, feed into the Pei just above Tientsin. The combined deposition of all three has forced the removal of the port from Tientsin itself to Taku, at the mouth of the Pei, where an offshore bar is forming with a minimum navigable depth at mean low tide in 1936 of fifteen feet. Dredging there is barely able to keep pace with deposition, and the open roadstead at Taku affords inadequate protection to shipping. Ships drawing over fifteen feet discharge cargo onto lighters six miles out at sea.

During their occupation of north China, the Japanese began work on a new artificial harbor just south of Tangku (map 1) on an ambitious plan which remained largely unfinished with the end of the war in 1945. This work has now been resumed by the Communist Government of China, which aims to complete the project in 1953. The harbor, to be known as Hsinkang ("new port"), is planned to receive vessels up to 10,000 tons, which will be able to discharge their cargoes onto wharf-side railway lines. The total protected roadstead will be about ten square miles, but its projected depth would still exclude the largest trans-Pacific carriers.[5]

504 Haichow, in northern Kiangsu, terminus of the east-west Lunghai railway, is an artificial harbor nine miles from the sea. Work was begun on dredging the small river which connects it with the sea, and on the building of wharves, in 1933, and by 1936 the port could handle ships drawing up to fourteen feet. It thus remained largely limited to the coasting trade. Coaling facilities are available on the coast just south of the river's mouth where a group of islands provides some shelter, but again controlling depths exclude most large trans-ocean shipping. Peking, without access to navigable waterways (aside from the Grand Canal, which contains several unnavigable stretches in Shantung and southern Hopeh) has relied on Tientsin (Taku) as its port. Primarily an administrative center and rail junction, Peking's population had not reached a million and a half by 1936.

The configuration and relief of north China make it difficult for any one deep-water port to serve it all. As it is, while Tientsin (Taku) acts as the port for most of north China, a considerable proportion

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of the trade especially of the northwest (Kansu and Shensi) and the north China plain south of the Huang moves through Shanghai. 504

Along the Yangtze itself, potential ports for ocean shipping must contend not only with the Fairy Flats in the Yangtze estuary, as does Shanghai, but with silting problems and river currents farther upstream. Chinkiang, at the head of the delta, has been crippled as an ocean port by silting. Nanking, where silting is an equally great problem, has relatively few water connections with its hinterland. Hankow and Kiukiang-Hukow profit from their location where major tributaries join the master stream, but their harbors are relatively small and shallow. Hankow, despite its location and the all-year channel for 5,000-ton ships from the sea, has never been an important rival of Shanghai in either foreign or domestic trade. The other Yangtze ports do not stand at notable route foci, and their harbours are equally handicapped for space and depth. Navigation on the river and within its unsheltered harbors must cope with a summer current averaging nearly five knots at Hankow and nearly four at Nanking. These confined waters are difficult and costly for deep-draft ocean shipping, especially in terms of insurance rates. [133]

Shanghai's trade hinterland is the largest in the world. Nowhere else does a population or area of this size depend for its commercial intercourse on one master river system and one primate city. The accompanying table compares the estimated populations of China's major cities and ports in 1930.[6] 162

Shanghai	3,300,000	Nanchang	500,000
Peking	1,400,000	Wenchow	450,000
Tientsin	1,300,000	Tsingtao	350,000
Hankow	1,200,000	Tsinan	300,000
Canton	950,000	Amoy	250,000
Hong Kong	800,000	Ningpo	250,000
Nanking	650,000	Chinkiang	200,000
Changsha	600,000	Swatow	200,000
Chungking	600,000	Weihaiwei	200,000
Foochow	500,000	Chefoo	100,000
Soochow	500,000	Haichow	20,000
Hangchow	500,000		

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Table 4.

The Inland Water Routes of East China*

(unit: km.-kilometers
mi.-miles)

River	Routes	Distance	Grade

[Face p. 846 (a)]

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Yellow River System			
Chiaolai Canal	Chiaochouwan——Laichouwan	150 km. (94 mi.)	1
Hsiaoch'ing River	Tsinan————Pohai	205 km. (128 mi.)	4
Yellow River	Tsinan————T'ungkuan	790 km. (494 mi.)	4
Hwai River System			
Hwai River	Lienyünkang——Chengyangkuan	600 km. (375 mi.)	4
	Chengyangkuan—Hsinyang	290 km. (181 mi.)	6
Ch'uan-ch'ang River	Funning————T'ienshengkang	250 km. (156 mi.)	6
Hui River	Wuho————Linhuanchi	180 km. (113 mi.)	6
Li River	Hungtse Lake——Szuhsien	100 km. (63 mi.)	6

[Face p.846 (b)]

1:Stanford U. S-4,5 1956 AF15 East China AF15

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Yangtze River System			
Yangtze River	Shanghai——Hankow	1,100 km. (688 mi.)	1
Yung River	Chenhai——Ningpo—Fenghua	105 km. (66 mi.)	5
Yünho (Canal)	Ningpo——Hangchow	150 km. (94 mi.)	5
Fuch'un River	Hangchow——Ch'angshan	325 km. (203 mi.)	5
Hsinan River	Chiente——Hsiuning	195 km. (122 mi.)	6
Ou River	Yungchia——Lishui	135 km. (84 mi.)	5
Tach'i River	Lishui——Lung h'üan	112 km. (70 mi.)	6
Min River System			
Min River	Minchiangkou—Foochow	56 km. (35 mi.)	1
	Foochow——Nanp'ing	170 km. (106 mi.)	4
Chiench'i (River)	Nanp'ing——P'uch'eng	160 km. (100 mi.)	5
Tungch'i (River)	Chienou——Sungch'i	97 km. (61 mi.)	6
Ch'ungch'i (River)	Chienou——Ch'ungan	137 km. (85 mi.)	6
Shach'i (River)	Nanp'ing——Yungan	160 km. (100 mi.)	5

[Face p. 846 (c)]

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Chiulungch'i (River)	Yungan——Ninghua	130 km. (81 mi.)	6
Futunchi (River)	Nanp'ing——Knangtse	200 km. (125 mi.)	5
Chinchi (River)	Shunch'ang——Chianglo	65 km. (41 mi.)	6
Yuch'i (River)	Yuch'ik'ou——Yuch'i	40 km. (25 mi.)	6
Shuang ch'i (River)	Foochow——T'angch'eng	85 km. (53 mi.)	6
Mulanch'i (River)	P'ut'ien——Hsienyu	45 km. (28 mi.)	6
Chin River	Chinchiang——Yungch'un	85 km. (53 mi.)	5
Chiulung River	Amoy——Lingyen	290 km. (181 mi.)	5
Lung River	Changp'ing——Ningyang	43 km. (27 mi.)	5
	Amoy——Ts'aoli	65 km. (41 mi.)	6
		Total 6,515 km. (4,072 mi.)	

*Hsing-ching-yuan Hsin-wen-chü [Bureau of Information, Executive Yuan], Hang-tao-wang [The Navigation Route Network], Nanking, 1947, pp. 19-44.

(Table 4 faces p. 846.)

[Face p. 846 (d)]

1:Stanford U. S-4, 5 1956 AF15 East China
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494 Because of the limited supply of gasoline and the minimal domestic production of motor vehicles, the cost of motor transportation is comparatively high in China. But in the coastal regions of East China, where imported fuel is available, the cost may be somewhat lower than in the interior provinces. Large-scale development of motor transportation is still remote. Motor transportation (including short-haul passenger service) is used only in those regions where neither rail nor water transportation are available.

III. INLAND WATER ROUTES

505 487 Water transporation, especially coastal shipping, plays a very important role in East China. Four of the five provinces have coastlines and important seaports. There are two major navigable rivers, the Yangtze River and the Yellow River; other rivers, including the Hwai and the Min, and many smaller streams are navigable by small steamers and junks. Some of the more important navigable rivers are listed in the following table:

1:Stanford U. S-4, 5 1956 AF15 East China
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487 The different "grades" of waterways are determined by the navigability of each river, as explained in the following table:

Table 5. The Grades of Waterways*

Grade	Depth of Water (meters)	Boat Tonnage (gross tons)
1	5-8 (16-24 ft.)	10,000
2	3.8 (12.5 ft.)	2,000
3	3.2 (10.5 ft.)	1,000
4	2.8 (9.2 ft.)	600
5	2.5 (8.2 ft.)	300
6	1.5 (4.9 ft.)	60

* Hang-tao-wang [The Navigation Route Network], Nanking, Hsing-cheng-yüan Hsin-wen-chü [Bureau of Information, Executive Yuan], 1947, pp. 3-5.

The section of the Yangtze River between Shanghai and Hankow and the section between the mouth of the Min River and the city of Foochow are classified as Grade 1 routes and can accomodate steamers up to 10,000 tons.

IV. COASTAL SHIPPING IN EAST CHINA

Shanghai is the center for nearly all the coastal shipping routes. There are about eleven

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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Table 6.

The Coastal Shipping Routes of East China*

(unit: km.-kilometers
mi.-miles)

Shipping Line	Routes	Distance
Shanghai--Tientsin	Shanghai--Tsingtao--Tientsin	1,184 km. (740 mi.)
Shanghai--Chefoo	Shanghai--Chefoo	818 km. (511 mi.)
Shanghai--Darien	Shanghai--Tientsin--Darien	907 km. (567 mi.)
Shanghai--Yingk'ou	Shanghai--Yingk'ou	1,120 km. (700 mi.)
Amoy--Swatow	Amoy--Swatow	200 km. (125 mi.)
Shanghai--Amoy	Shanghai--Foochow--Amoy	960 km. (600 mi.)
Shanghai--Foochow	Shanghai--Foochow	683 km. (426 mi.)
Shanghai--Ningpo	Shanghai--Ningpo	218 km. (136 mi.)
Wenchow--Foochow	Wenchow--Foochow	259 km. (162 mi.)
Shanghai--Hong Kong	Shanghai--Hong Kong	1,248 km. (780 mi.)
Swatow--Hong Kong	Swatow--Hong Kong	301 km. (188 mi.)
Tsingtao--Hong Kong	Tsingtao--Hong Kong	—
	Total	7,918 km. (4,949 mi.)

*Fei-ch'i Ti Kong-yün Chüeh-t'ung /Navigation of Communist China/, Taipei, The Sixth Section, Central Committee, Nationalist Party, Part II, 1953, pp. 2-4.

(Table 6 faces p. 848.)

1:Stanford U. S-4, 5 1956 AF15 East China
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- 505 routes running between East China seaports
  487 and ports of other regions.

1:Stanford U. S-4, 5 1956 AF15 East China
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396 ship-building probably has been made since 1952. For example, the Chiangnan Shipbuilding Company completed a river steamer for the Minsheng Shipping Company in March 1954.[15] No statistical data on water transportation in East China is available for comparison.

502 The adoption of the "single-file towing" method suggested by Soviet experts has increased both the speed and the volume of water transport on the lower reaches of the Yangtze
• 505 River. The Yangtze Navigation Administration announced that from March to December 1952, the volume of freight traffic was increased by several hundred-thousand tons over that reported a year previously. A considerable reduction of transport cost in the section between Shanghai and Yü-hsi-k'ou was also reported. The tugboats of the East China Shipping Company pull approximately 24.2 tons of freight per hp. by using the "single-file towing" method as against 7 tons per hp. by the old method.[16] Because it is cheaper to ship by water, the Communists have reduced freight rates on the inland waterways in the East China Region. Freight rates for ten daily necessities shipped

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15. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, June 14, 1954, No. 372, p. 30.

16. Navigation in Communist China, Part II, p. 16.

1:Stanford U. S-4, 5 1956 AF15 East China
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in the Shanghai-Hankow section of the Yangtze River have been cut 50 per cent below railway rates.[17]

The volume of coastal shipping in East China was low in 1950 because of the Nationalist blockade and high shipping rates. In 1951 and 1952, the rates were lowered and the classification of commodities were adjusted, with special emphasis on coal, salt, lumber, and grains on which the rates were fixed below cost in order to increase the volume of traffic.[18]

505 471

B. Navigation Administration and Shippers

The administrative system of navigation in East China can be divided into two categories, the East China Ocean Shipping Administration, governing coastal shipping, and the East China Inland Waterways Administration, governing inland water transportation.[19] These district administrations are under the leadership of the Ministry of Communications. The former China Merchant Steamship Company, with its

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17. Fei-wei Ti Ts'ai-ching Yü Chiao-t'ung [Finance, Economics and Transportation in Communist China], Taipei, The Sixth Section, Central Committee, Nationalist Party, 1953, p. 196.

18. Ibid., pp. 199-200.

19. Ibid., p. 169.

1:Stanford U. S-4, 5 1956 AF15 East China
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505 471 head office in Shanghai, was first changed to the People's Steamship Company in 1950 and reorganized into the Ocean Shipping Administration[20] in 1951. The former Min-sheng Industrial Corporation, the largest privately owned shipping company in China, was reorganized into a joint public-private ownership concern in 1952 and changed its name to Min-sheng Shipping Corporation.[21] A number of privately owned inland water transportation firms, including Chung-hsing, Ta-t'ung and Ta-ta, were transformed into jointly owned and operated companies. By 1953, about thirty-four companies had been transformed into jointly owned and operated firms.[22]

V. AIR TRANSPORTATION IN EAST CHINA

509 When the Nationalist were forced to flee the Mainland in 1949, the two aviation companies, the China National Aviation Corporation and the Central Aviation Transport Corporation, took

20. Navigation in Communist China, p. 3.
21. Ibid.
22. Ching-chi Nien-pao [Economic Year Book] Hong Kong, Ching chi tao-pao she 1954, p. 52.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

312 731 larly its major commercial artery, Nanking Road, which follows fairly closely the course of a small creek culverted early in the period of foreign occupance (map 6). It was thus one of the most frequently flooded areas in the city. Paving along this heavily traveled street through the heart of the hotel and retail district was removed for nearly a mile back from the river, and replaced after the ground level had been raised sufficiently to protect it from all but the worst floods.

364 505 The numerous tidal creeks (map 6), characteristic of the lower delta, were useful in the early days of the Settlements as master drains and for demarcating legally and defending militarily Settlement boundaries. They were also used for carrying off sewage, where their tidal ebb was an advantage, and for movement of goods within the city and to and from the hinterland. The so-called Defense Creek at the western limit of the British Settlement of 1848 (map 6) was culverted and covered with a roadway in 1906, a few years after the Settlement had reached its greatest areal extent in 1899, but the Yang Ching Pang, which formed the boundary between the French and International Settlements on the south, remained an open sewer and transport artery until 1915, when as an enclosed culvert it was covered over with a broad boulevard named Avenue Edward VII as a gesture of ideological if not political unity between France and Great Britain. The remaining uncovered creeks are still important transport arteries, and as such key factors in the economic life of the city. While Shanghai has at least to this extent turned its delta site to advantage (and in a largely unique way as we shall see below), the problems which the delta has presented far outweigh its benefits.

The City

361 The site of the original British Settlement, on the left bank of the Whangpoo at its confluence with Soochow Creek, was determined by the existing walled Chinese city just upstream, whose trade had attracted British interest in a concession there (map 6). Soochow Creek, the original natural and later canalized waterway to the leading delta city of Soochow for which Shanghai served as the port, was the primary factor fixing the Chinese city, and it was

503 Work was begun in 1932 by the Board on cutting a channel of 33 feet at mean high tide through the Fairy Flats, which required the removal of nine feet of silt from the bar as it then existed, including an allowance of three feet for clearance in heavy seas and one foot for fall of the tide during the passage of the ship. By 1936 about three of the nine feet had been removed for half of the distance of the channel. Dredging was suspended during the Japanese occupation and has not yet been resumed during the blockade conditions of the post-war period. Much of the earlier work has thus been lost.

[133] Ebb and flow currents at Shanghai average about three knots for
502 a total of eight hours during each 24-hour period. Six major bends in the Whangpoo (the one at the mouth of Soochow Creek being almost a hairpin turn) and the narrowness of the channel make these tidal currents a problem for ocean-going ships, both in docking and in maneuvering for anchorage. None of the ocean vessels (except for foreign warships, which usually anchored off the Bund) dock above Soochow Creek, and most of them find it easier to unload cargo onto lighters in midstream, taking on cargo at wharves
505 farther down the river in Yangtzepoo.* The wharves along the Bund are used for lighters and for river shipping. Roadsteads within the harbor are severely limited, and collisions and congestion are common.

There have been periodic suggestions that the main harbor be moved to Woosung, but even here conditions are far from ideal. There is a large anchorage in the open roads of the Yangtze with a minimum depth of 30 feet at mean low tide, measuring two miles by six miles, but tidal currents average about a knot stronger than at Shanghai, and these together with the winds across the open sweep of water prevent loading or unloading by lighter about 30 per cent of the time. Existing wharves at Woosung can accommodate only vessels drawing less than 18 feet. Cargo unloaded at Woosung by lighter or at the wharves is mainly carried to Shanghai directly by lighter on the Whangpoo, but there is also some shipment by rail.

The expense and inconvenience of transshipment would probably

* Because of the angle and direction of the tidal currents and the set of the channel, loaded ships can be maneuvered out of the wharves and down the Whangpoo more easily than up the river and into the wharves.

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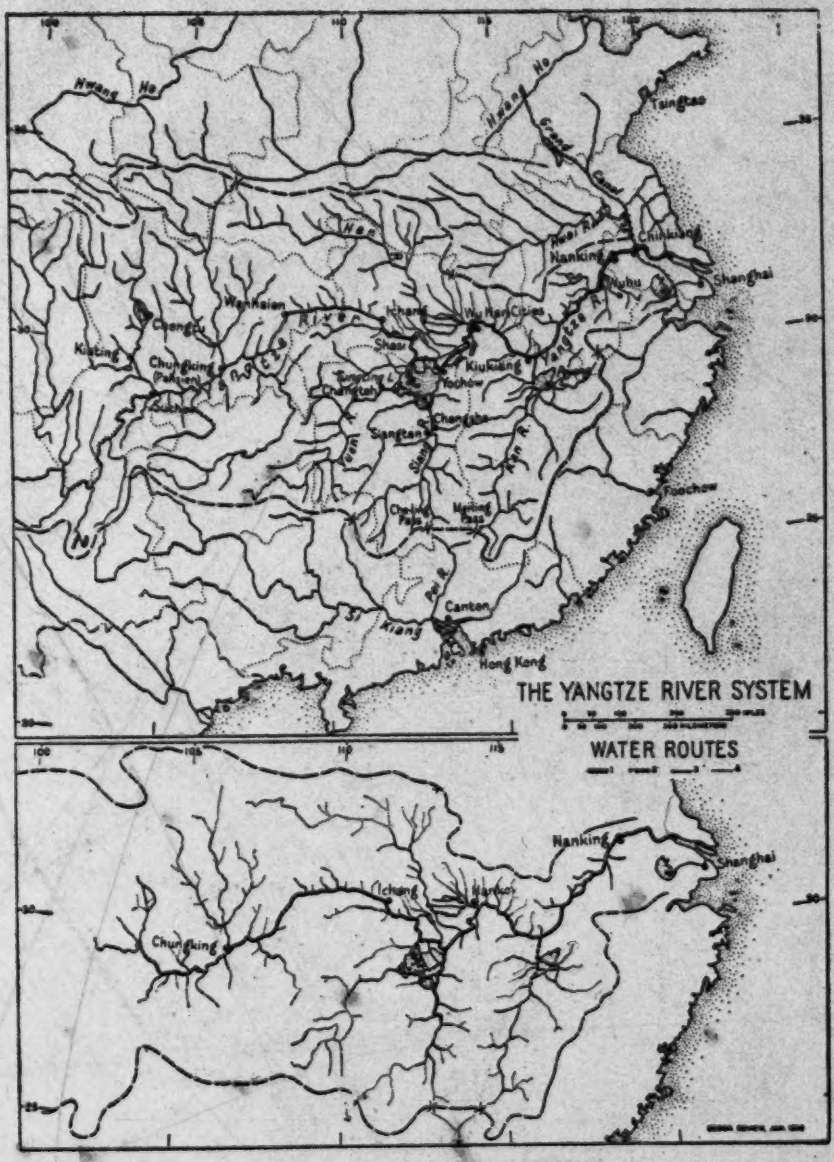

Map 4. The Yangtze River System (reproduced here by the courtesy of *The Geographical Review*). Numbers refer to: 1, regularly scheduled, all-year steamship runs; 2, waters open to all-year service by steam launches and tugs with barges; 3, waters navigable all year by large native boats; 4, waters navigable all year by small boats.

[p. 46]

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Nanking
is above the delta proper, and its water connections are limited com- 361
pared with those of its delta rivals. It has profited primarily from 487
its location at a break in transport routes (including China's major north-south railway, which breaks at the Yangtze—map 8), and from its periodic function as a political capital.

All three cities have been hampered in their modern development 504
by the lack of harbors adequate for ocean ships. At Hangchow an 361
impressive tidal bore and many shoals in Hangchow Bay preclude 439
use of the Chientang estuary by ocean shipping, and the river itself is navigable only for small boats. Soochow, once a maritime trading center, is now effectively land-locked, and was in any case superseded as a port city by Shanghai by at least the eighteenth century A.D. Nanking, 210 miles from the sea, must contend with silting, river currents, and an exposed anchorage. Both Nanking and Hangchow are handicapped as commercial centers, especially in a region where most goods move by water, by the rugged country around them (map 5), which contrasts with the extensive lowland focused on Shanghai. While all three of these cities were larger than Shanghai before the opening of China to foreign trade and to Western commercial exploitation, they were quickly outstripped by Shanghai under the new economic conditions, where access by water to the entire Yangtze basin and to the major ocean lanes of world commerce gave it a decisive advantage.

The city lies topographically at the focus of the east China low- 133
land, converging on it from both the west and the north, and of 487
the Yangtze basin as a whole (map 2). The river and its tributaries, draining the productive heart of China, all feed ultimately to the mouth of the Whangpoo. In the mainly pre-industrial economy of China, the great majority of goods moving beyond purely local markets do so by water. No other location can marshall a fraction of the advantages of Shanghai on this crucial point.

Of China's two other major river systems, the Huang (Yellow) in 505
the north is navigable for steam launches for 25 miles above its mouth and for a small part of its course through Honan, but it is otherwise useless for navigation except in short stretches by small boats. The Hsi (West) River in the south is navigable for some 230 miles in the high-water season (spring and summer) for vessels

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505 drawing fifteen feet and for the same distance at low water for vessels drawing six feet. Smaller steam launches use the river for about 700 miles at all seasons. The Hsi system, however, drains only about 210,000 square miles, and contains no such extensive lowland as the Yangtze basin (map 2).

On the Yangtze there is an all-year ship channel for 5,000-ton ships as far as Hankow, 600 miles from the river's mouth, and a summer (high-water period) channel to Hankow for 10,000-ton ships. Above Hankow, permanent steamship service is maintained as far as Chungking, 1400 miles from the sea, by vessels up to 2,000-tons, and river steamers also operate to Suifu (Ipin, Süchow), 150 miles farther upstream where the Yangtze leaves the mountain mass of central Asia and is joined by its navigable tributary, the Min, from the western part of the Red Basin of Szechuan. Map 4 shows the extent to which the river's tributaries are navigable by different sized ships (Suifu on this map is referred to as Süchow). The total of inland waterways navigable from Shanghai by junks at all seasons (excluding the canals of the delta) is nearly 30,000 miles, reaching approxi-
439 mately 200,000,000 people. This transport network is reflected in the fact that Shanghai between 1865 and 1936 handled between 45 and 65 per cent of the total foreign trade of China by value.

503 The Yangtze system feeding Shanghai is reproduced in miniature
505 within the delta itself (map 5). A maze of canals dissects the fertile triangle, connecting with natural waterways to form through water links between every village and town in this area and from
[312] all of them to Shanghai. The canals are used primarily for transport, but they also serve as sources of irrigation water for wet paddies and as community water supplies, in addition to providing drainage, which may have been their original purpose.[2] The alteration of the natural environment which the canals represent has been in progress for at least the last 2,000 years, and now constitutes probably the largest concentration of artificial waterways anywhere in the world.

When the canals are added to Tai Lake and the chain of smaller lakes to its east, the Yangtze, the Whangpoo, Soochow Creek, and many smaller rivers in this area, the landscape becomes an enormously magnified Venice. Within a radius of at least 100 miles from Shanghai it is possible to go from any village or town to any other

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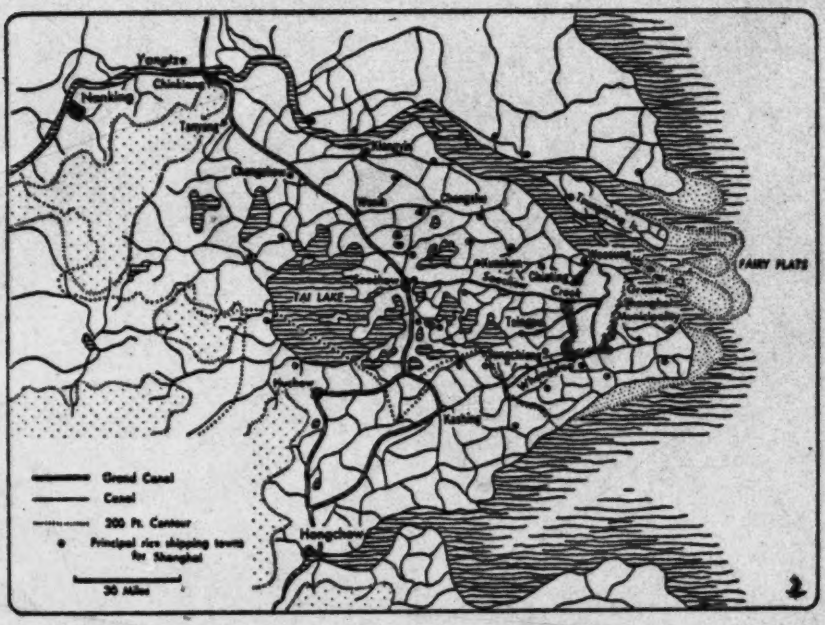
village or town entirely by water, and in most cases in no other way. 503
According to existing estimates,[8] and on the basis of the incomplete 505
cartographic data, the delta area must contain at least half a million
miles of canalized or artificial waterways. The railway between [496]
Shanghai and Nanking includes in its 193 miles 164 bridges over navigable rivers or canals.



Map 5. Waterways of the Yangtze Delta. All waterways shown are navigable. Provincial boundaries are indicated by a dotted line.

The use of water routes is reflected in the sparseness of roads com- 491
pared with other level areas of China and in the fact that such roads
as exist run in most cases at right angles to major waterways. In [493]
addition, carts and barrows are scarce in the Yangtze delta, in marked contrast with other areas of China, or with most pre-industrial regions. Traditional Chinese bridges in the delta area are nearly all of the single span hump-backed type, reflecting the virtual absence of wheeled traffic as well as the need to provide adequate clearance over waterways for the passage of masted vessels.

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505 438 496 The opening of the Yangtze to steam navigation by about 1862 following the Treaty of Tientsin (in 1858 between China and Great Britain; the commercial section of the treaty was not completed until 1860) ensured the ascendancy of Shanghai over rival southern ports by allowing the trade of central China to drain by its natural route, and within a very few years reduced to a trickle the formerly large volume of trade overland from points outside the Hsi system to Canton, via the Cheling and Meiling passes. The beginnings of highway and railway development in China (map 8) have added to the trade carried by the Yangtze system, by acting as feeders, just as any increase in the economic activity of central China will be reflected in more intensive use of its major trade artery. The Hankow-Canton railway, completed through the Cheling pass in 1936, has tended to augment the volume of goods carried by the Yangtze toward and from Shanghai, and the same has been true of the older railway built in 1910 by the French from Kunming in Yünnan, near the upper navigable reaches of the Yangtze, to the seaport of Hanoi in French Indo-China. With a complete and well-organized rail network, transport use of the Yangtze may eventually decline in relative, though not in absolute importance. At least as far upstream as Hankow, railway development may never supplant it as the major carrier in the lower river basin.*

496 Complemetary to the natural focus of water routes, and concomitant with the growth of the city, two of China's major railways (Shanghai-Nanking, with connections north to Tsinan, Tientsin, and Peking, and west to Chenghsien and Sian; and Shanghai-Hangchow-Ningpo, with connections west to Nanchang and Hankow and south to Canton) terminate at Shanghai (map 8), and a small network of motor roads links the city with most of the other centers of the lower Yangtze basin. The gathering of rail and highway routes at Shanghai is however a reflection of rather than a

* The importance of the Yangtze as a carrier in future competition with well developed railways may perhaps be compared with the current importance of the lower Rhine, below Mannheim. Although it runs through the heart of a major industrial region with one of the densest and most heavily traveled rail nets in the world (including lines along both banks of the river), the Rhine and its tributaries consistently carry a larger volume of goods than the combined railway lines through its basin.

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477 not employ their own agents.[11] At Shanghai, Consul Balfour found himself unwittingly involved in an attempt to create a local Cohong when after some difficulty in finding a house available for leasing as the consular residence on the day after his arrival in November 1843, he accepted the offer of a prosperous Chinese gentleman. His landlord leased him a large house in the Chinese city, and then established himself in the gate house where he carefully observed the comings and goings of his tenants. When Balfour was approached by his host on trade matters, it was revealed that the gentleman was a prominent Shanghai merchant and that by agreement with the taotai he had planned to acquire a monopoly of trade with the foreigners and to keep them conveniently under supervision in polite house arrest. Balfour quickly made other housing arrangements, and in 1846 moved the consulate to quarters rented outside the city in the foreign leasehold.[12]

651 By the end of 1843, eleven foreign trading firms were in business at Shanghai, most of them branches of British and American firms originally established at Canton. The new conditions under which they now operated were unique in the history of the China trade. Escape from the Cohong meant moreover a large saving in customs duties. Average total duties per ship exacted at Canton between 1800 and 1840 were estimated by the foreign merchants at 240,000 taels, of which 200,000 taels represented officially connived-in "squeeze." (The tael was a unit weight of pure silver which remained fairly constant from 1800 to 1860 at the equivalent of seven shillings.) At Shanghai the merchants estimated in February 1844 that since the port had been opened average total duties per ship had been 50,000 taels, of which only about 15,000 [505] represented "squeeze."[13] During 1844 a total of 44 foreign ships entered and cleared the port, and by 1855 the figure had risen to 437.[14]

439 The three great trade commodities of this period were tea, silk, and opium (tables I and II), and for all of them Shanghai was advantageously located. The major silk-producing regions of China lie in the lower Yangtze basin. Tea for export was grown primarily in the belt of hills which forms the Yangtze divide on the south, and waterways connected the northern slopes of this region (where

2: Murphy G-4 (no date) 1953 AF15 East China AF15

497 railways (exclusive of Manchuria).* The role of railways in the growth of Shanghai has clearly been minor, and they have never become large volume carriers on a Western scale, despite their connections with most of the several large cities in the delta, and despite the relatively great agricultural and industrial productivity of the lower Yangtze basin.

491 The highway pattern is also relatively little developed. Two roads run south from Shanghai to Hangchow (both opened to traffic in 1932), and one runs north to Nanking. A large proportion of the highway mileage runs beside the railway lines, which makes the highways less useful than if they ran independently of or as feeders for the railways. The northern and southern highway routes are joined by a road from Kashing to Soochow, but the few remaining roads are either short-distance feeders or dead ends. There is no direct road connection between the major cities of Soochow and Wusih or Nanking. With minor exceptions in the vicinity of Shanghai, none of these surfaces were paved, and nearly all of the mileage is two-lane only.

494 The paucity of roads is presumably not due either to construction difficulties or to lack of general trade volume, although level ground in this area is usually accompanied by a dense network of natural and artificial waterways over which bridges must be built. The roads were constructed primarily for tourists and for general automobile travel rather than for commercial haulage. At least two of the major links (the shore road from Hangchow to Shanghai and the northern road from Shanghai to Soochow) were legally closed to vehicles over three tons gross weight from the time of their construction.[3] Due partly to the high cost of fuel, trucks, and parts, and partly to the generally pre-industrial nature of the economy, the volume of truck haulage on all of these roads has remained slight.[4]

505 Within the delta, however, and within most of the Yangtze basin, goods can move so easily and cheaply by water that there is little

496 * The total length of railways in China proper in 1936 was 9,712 kilometers, of which the two lines discussed above accounted for 753 kilometers (including sidings, loops, branches, and 112 kilometers of second track in and on the outskirts of Shanghai, Nanking, and Hangchow), or 8.3 per cent.[2]

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need for mechanized carriers even to supply a city the size of Shanghai. The Shanghai Municipal Council made a traffic count in 1919 on Soochow Creek near its mouth and found a 24-hour average of 1858 cargo boats between 10 and 90 tons cargo capacity

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[496]

Map 8. Railways of China, as of 1936 (reproduced here by the courtesy of *The Geographical Review*).

and 807 freight sampans passing the point of count.[5] Assuming that half of these boats were empty and half were loaded to capacity, and assuming arbitrarily that the sampans had half of the average cargo capacity of the cargo boats, these figures show a volume of

2: Murphy G-4 (no date) 1953 AF15 East China AF15

505 haulage on this one creek (the main water connection with the delta hinterland, although there are several others as well) between five and ten times greater than on either of the two railway lines.

In addition to the Yangtze and the Whangpoo, three major water routes connect Shanghai with the delta: Siccawei, Soochow, and Woosung Creeks (maps 3 and 5). The lower reaches of Soochow and Siccawei Creeks were periodically dredged by the Whangpoo Conservancy Board until 1936, and on the former a minimum depth of five feet at low water within a 100-foot channel was maintained as far as Soochow, where the Creek terminates. This enabled boats up to 80 tons cargo capacity to reach Soochow, and to move from there into the wider water network of the delta. Siccawei Creek provides a through route for boats up to 40 tons cargo capacity as far as Tsingpu and from there to Tai Lake. Woosung Creek makes similar connections as far as Kunshan, where it joins several other navigable waterways. Five daily "boat trains" (barges towed by a steam launch) left Shanghai for Soochow during the 1920's and 1930's, a journey of ten to twelve hours. The "trains" carried freight as well as passengers, but more deck-passenger space was available west-bound, presumably because outward-bound Shanghai manufactured goods took less space than inward-bound rice, silk, cotton, or other agricultural raw materials.

489 There were no railway wharves inside the harbor limits. Those at Woosung and Lunghua (both outside harbor limits) were relatively little used, and the Woosung railway wharves handled almost entirely inbound ocean and river cargo destined for Shanghai rather than for other cities. On the right bank of the Whangpoo there was not a single motor road before 1936.* Three large creeks, however, connected the river's right bank with the sea and with the district southeast of Shanghai. The barrier represented by the Whangpoo, and the relatively small and unproductive countryside east of the river were largely responsible for the smallness of commercial and manufacturing development in Pootung. The shipbuilding, wharves, and manufacturing located there were maintained entirely by water transport.

* In 1936 a short road was built in Pootung, extended to 37 kilometers in 1948, paralleling the river behind the wharves.

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 C EC 505

The Yangtze system, of which the delta's waterways are a part, has been outlined above in chapter four. With its channel for ocean-going ships as far as Hankow, for river steamers to Suifu, and for smaller craft still farther, in addition to navigation on its tributaries, the Yangtze is in turn tributary to Shanghai. The hills and mountains which define its watershed are in most cases barriers sufficient to prevent volume movements of goods by land across the divides. The Cheling and Meiling passes (map 4) connecting Canton and the Hsi basin with central China, are the only two exceptions of importance, aside from the open coastal lowlands. By 1890 steamships had become more important carriers than native junks on the Yangtze and the lower reaches of its major tributaries for all but local hauls, but junks have continued to operate over the entire navigable length of the river and are of course particularly important in its upper reaches and along the tributaries. C EC

Junks of the type in use on the lower Yangtze average about 100 tons cargo capacity, and draw between six and eight feet of water, so that they can also use the major delta waterways and most of the Yangtze tributaries. Large rafts are also used on the Yangtze for transporting general goods as well as the timber of which they are made, the rafts being broken up and the timber sold at the end of the downstream trip, as on the Mississippi during the eighteenth and nineteenth centuries. Such rafts were until recently often so big that not only families but entire villages, including barbers, tinsmiths, and restaurateurs lived on them during the downstream trip to Shanghai, which was slowed by the size of the rafts. 501 505

While the winter low-water period limits the range of steamships, it tends to make junk navigation easier because of quieter waters and because the easiest towpaths are then exposed along the river bank. Steamships using the river above Ichang in winter frequently tie up for the night, but along many stretches, especially in the gorges immediately above Ichang, junks cannot move with safety during the summer because of the current and because the flood waters covering the winter towpaths are confined between nearly sheer rock walls. On the lakes within the Yangtze basin, notably Tung Ting and Poyang Lakes, strings of barges towed by steamships are the major carriers.

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505 The usefulness of the Yangtze system for the transport of goods is due in large measure to the number of navigable tributaries feeding the master stream, each draining its own highly productive area (maps 1 and 4). Of the major tributaries, the Kan, entering the Yangtze at Kiukiang, is navigable for steamships for 100 miles from its mouth at all seasons, and for 300 miles in summer. Both figures are exclusive of the navigation on Poyang Lake. Steam navigation on the Han from Hankow is possible for 150 miles in winter and for about 375 in summer. Junks and sampans make connections via the Han with southern Shensi. Steamships operate on the Hsiang (Siang) from its mouth in Tung Ting Lake, Hunan, for 150 miles in winter and for 250 miles in summer. On the Chialing, there is steam navigation for about 100 miles from Chungking in winter, and for 280 miles in summer. The Chialing also provides a navigable connection for sampans with southern Shensi and southeastern Kansu. On the Min, regular year-round steamship service is maintained for 80 miles from Suifu. The steamships operating on the Yangtze and its tributaries are predominantly registered in Shanghai, an indication of the extent to which the trade of the river's basin drains to the city.

C EC

505 133 These waterways of the Yangtze system were collectively the backbone of China's transport facilities in the nineteenth century, and they have remained so. Their limitations are in general those of unreliability. Stream regimens fluctuate widely through the year in all mid-latitude continental climates. In the moderately monsoonal climate of western and central China, the denuded watersheds of the Yangtze and its tributaries, where intensive agriculture has centuries ago removed most of the original forest cover, make for further seasonal extremes in stream levels. Snow melt-water from the northern and northwestern parts of the Yangtze watershed, and the rains of late spring and summer, drain rapidly into stream channels, and produce a yearly range of 90 feet in the level of the Yangtze at Ichang, and 60 feet at Hankow.

In addition, the Yangtze cuts across the major north-south mountain range of central China in its progress from the Szechuan basin to the east China lowland. Between Chungking and Ichang (the gorges of the Yangtze where it has cut through the mountains

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are between Wanhsien and Ichang), a distance of about 400 miles, there is an average drop in elevation of 14 inches per mile and a total of 15 major rapids. These gorges and rapids are responsible for the break from orthodox ocean and river steamships to special shallow-draft and high-powered steamships at Hankow, which because of its location at the mouth of the Han is a more convenient shipping and commercial center as well as a breaking-point in transport than Ichang, whose hinterland is relatively unproductive and poor in waterways. On all of the Yangtze tributaries beyond the reaches navigable by steamships, navigation by native boats is increasingly seasonal toward the headwaters, and as we have seen above, steam navigation is considerably restricted during the winter low-water period. C EC 502

The Chinese of the Yangtze basin have learned to make maximum use of existing waterways, with the technical means available to them, and are accustomed to floating rafts and even specially designed junks on one or two feet of water.* Such rafts can carry up to 20 tons of goods and remain waterborne in one foot of water. Spring and summer floods present more of a danger for them than does the winter low-water period. In southwestern Shensi and southeastern Kansu, a region which produces wool, cotton, and hides for export, these products are sent to market during the time of the spring floods by making them up into bundles around which the hides are sewn in a waterproof covering. The bundles are then put into the headwaters of streams leading eventually into the Chialing or Han Rivers, down which they float to collecting centers near the head of junk navigation. C EC 505

Despite such ingenious adjustments to an environment poor in easy overland routes and rich in waterways, movement of goods along many reaches of the Yangtze system virtually stops during the lowest low-water and highest flood periods, and is seriously hampered even on the master stream by currents, gorges, and rocks. Merchants of Ichang, just downstream from the main gorges of the Yangtze, estimate that about 20 per cent of east-bound boats and

* See Baron von Richtofen, *Letters to the Committee of the Shanghai Chamber of Commerce* (1871), p. 7. He describes navigation in the upper waters of Yangtze tributaries in the central mountain belt on two inches of water.

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KEY FUNCTIONS

505 cargoes between Wanhsien and Ichang are damaged in transit, and about 10 per cent of west-bound boats.[6] Rates of course vary according to the season and to whether the cargo is to be moved up or downstream.

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502 More than a few villages along the Yangtze between Ichang and Chungking depended for their livelihood largely on salvage from boats wrecked on the rocks or in the rapids. Many of these villages were engaged in neither agriculture nor fishing. Hsin Tan (the characters mean "new rapids"), some eighty miles upstream from Ichang, was described by the delegates of the Shanghai Chamber of Commerce in 1869 as a large and prosperous town whose wealth derived mainly from its location at one of the most dangerous rapids along the upper Yangtze. The original channel there was blocked by a landslide in the fourth century B.C., and shortly thereafter Hsin Tan was founded a few hundred yards from the new channel, which contained a series of rapids. The new town presumably acted as a lay-over point for boat trackers, but the rapids also yielded another form of income. Navigation on this stretch was originally forbidden by the provincial authorities between November and April, but the inhabitants of Hsin Tan cleared a channel adequate for the passage of boats during the low-water period but not adequate enough to prevent frequent wrecks, from which they realized most of their livelihood.[7]

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Trade within the Yangtze basin has to adjust itself to the seasonal limitations on navigation. Merchants in each trading place, including Shanghai, are obliged to keep large reserves of goods on hand to tide over the periods of flood and low water, and to be ready to ship in large quantities when navigation is possible. Water transport is also liable to interruption by civil disorder (peasant risings, troop movements, bandits), since boatmen fear expropriation of their craft and cargoes at such times. Foreign traders in Shanghai found that most of the Chinese dealers in the hinterland had insufficient capital to buy goods adequate to ensure a uniform supply, and that it was therefore necessary for local branches of the Shanghai firms in inland trade centers such as Hankow or Kiukiang to keep on hand at all times a minimum of 18 months' supply of goods. Under such conditions, only the largest foreign firms could afford to operate,

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since only they could make such large investments, and could 505
spread the risk of loss over many distribution centers in the interior. 442
Only the largest firms could also keep prices reasonably uniform throughout the year by balancing seasonal and regional losses against seasonal and regional gains.

These operations could not be conducted by foreign firms from 505
a non-Chinese port (such as Hong Kong, or such as was at one time envisaged on Chusan Island), where customs dues and handling charges would be added costs, and because much of the Yangtze trade can best be conducted by junks which are usable over most of the basin's waterways but are not suitable for coastal navigation. Junks drawing between five and eight feet can navigate both the upper and lower Yangtze (i.e., above and below Hankow) as well as most of the major tributaries and the larger waterways of the delta. Their shallow draft and unseaworthiness eliminate them from coastal navigation; a dual-purpose junk would be an overly expensive carrier. Cargo packed at the Shanghai headquarters of foreign firms for shipment to inland centers can be packaged more cheaply for river transport than would be possible for non-Chinese entrepôts dependent on coastal shipping for their connection with the transport routes of the mainland.*

All of these factors, in particular the advantages accruing to the largest firms from the seasonal variations in water transport facilities, redounded to the benefit of Shanghai, since the great majority of the largest foreign and Chinese firms engaged in the import and export trade had their headquarters there. Hankow was handicapped in its direct foreign trade by the low-water period of winter, during which most ocean ships could not reach the city. Shippers preferred to operate out of Shanghai as the only year-round ocean port for the Yangtze basin.

The advantages of unfettered access to this trade artery were 648
apparent to the early foreign traders at Shanghai before the Yangtze 439
was opened to foreign steam navigation by the commercial section

* A statement from a "businessman of wide experience in China," cited in R. C. Feetham, *Report to the Shanghai Municipal Council* (1931), I, 289–90, makes many of these points. What is discussed here is of course the "break-in-bulk" theory. The statement goes on to say that "fully 80 per cent of cargo delivered to ultimate consumers in China moves via waterways."

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Chinese commercial houses in Hankow were branches of Shanghai 439
houses.*

The foreign merchants at Shanghai, aware that their trade was 484
increasingly based on the commercial exploitation of the entire 505
Yangtze basin now made possible by the new treaty, combined in 438
1868 to finance an expedition under the leadership of Alexander Michie and Robert Francis to explore the trade of the upper Yangtze. The leading American firm in Shanghai, Russell and Company, paid the travel expenses of the expedition by steamship as far as Hankow, and the remainder of the expenses were met by the Shanghai Chamber of Commerce, from which body the members of the expedition had been selected.

The report of these delegates, published in 1869, stressed the 505
importance of water transport in the trade of major commercial 438
centers along the Yangtze, and in the overall movement of domestic trade to and from Shanghai. They noted the extensive tea shipments moving via the Kan River and its tributaries and Poyang Lake to Kiukiang and Hukow and thence via the Yangtze to Shanghai. They commented on the widespread water connections of Hankow, via the Han River system, which brought tea, hides, hemp, timber, and vegetable oils for transshipment to Shanghai, and via the Hsiang River system, which brought mainly tea and cotton. Szechuan sent hemp, hides, bristles, tea, vegetable oils, and opium via the Yangtze to be transshipped at Hankow for Shanghai, these goods having originally been assembled at Chungking via the Chialing, Yangtze, and Min Rivers.[11]

British dominance of the trade of the newly-established treaty 648
ports was secure, but the organic connection between the growth 439
of their primary stronghold at Shanghai and a similar dominance of the Yangtze hinterland which fed it was perhaps the most compelling reason for the early development of Britain's traditional sphere of influence in central China and throughout the Yangtze basin. In north China they could better afford to give ground later in the nineteenth century to Russia and Germany, and in the south to

* The British consul at Hankow notes this pattern in his trade report for 1865, which further emphasizes the conditions of Yangtze trade favoring a monopoly by the large Shanghai firms.

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city long after tea and silk had lost their commanding positions. 548
The import of opium into China was legally abolished in 1917 by 439
the terms of an international convention (see below, Chapter Eight), and it disappeared from customs figures at that time. But it was clearly still a powerful generator of capital and trade in the Shanghai of the 1930's. Opium also became a highly profitable export from Shanghai once its import had been officially banned, though as a then wholly illegal trade its volume and mechanics can only be guessed at.*

It also appears likely that the activities of Chinese opium merchants and distributors during the period from about 1800 to about 1870 helped to pioneer the commercialization and integration of the China market for sales of foreign goods, and that the later rapid spread of merchandizing, especially from Shanghai, was in some measure due to this earlier development of the techniques of commercial exploitation. Concurrently, opium continued to flow into Shanghai for domestic marketing and even for export, a trade which under the circumstances was increasingly profitable.

Tea and Silk

However, it was the trade in tea and silk, the two dominant 439
staples of China's export trade until the close of the nineteenth century (table I), whose contribution to the commercial growth of Shanghai is clearest. The city's original near-monopoly as a result of the concentration of tea and silk production in or near the delta was further implemented by the opening of the Yangtze and its ports by the Treaty of Tientsin.

Transport costs for tea and silk by overland routes were high, 494
averaging during the 1860's and 1870's 13 taels per bale of silk 505
(approximately six bales to the ton), and 12 taels per hundred chests of tea (approximately 100 chests to the ton), for 200 miles. Taking the tael at this period as equivalent to about 6s 2d, these rates work out at about £24 per ton of silk (US$.56 per ton/mile), and £21 per ton of tea (US$.50 per ton/mile), as compared with

* See R. d'Auxion de Ruffe, *La Force de l'Opium* (Paris, 1939), for a somewhat bitter *ad hominem* account of opium smoking and the opium trade in Shanghai, against the background of local and international measures designed to suppress it.

494 505 average per-ton costs over similar distances in the same areas for ordinary goods of about £12 (US$.30 per ton/mile).[15] Tea and silk required special handling, and neither was supposed to get wet or to touch the ground during its transport.* These rates compare with an average of about £14 per ton for tea and silk over similar distances by water transport.[16] Shanghai's water connections were thus a vital advantage in securing for it the lion's share of foreign trade in these two leading commodities. Robert Fortune estimated in 1848 that transport costs for tea from the hinterland to Shanghai averaged about 50 per cent of total costs to that point, while he estimated the figure for Canton at 70 per cent.[17]

651 A desire on the part of the Ch'ing Government to continue the diplomatic and economic advantages resulting from the monopoly system of the Canton Cohong was apparently combined with a desire for increased revenue from the newly expanded trade with the foreigners in a movement to tax tea and silk exported via Shanghai at the same rate as would have been applied if these had moved out via the much longer route to Canton. The resulting Imperial Edict of 1845 ordering the imposition of extra transit dues on this basis had, however, only a nominal effect, since the locational advantages of Shanghai meant that the saving in transport costs and interest charges on tea and silk shipments more than made up for the additional dues.[18]

[245] Map 9 shows the major tea-producing areas of China in the nineteenth century. The Yangtze itself runs through the northern 505 part of the area producing the best quality teas, and its tributaries 487 and the Chientang River (with its mouth at Hangchow, from which multiple waterways lead to Shanghai) drain most of the remainder. In spite of its river connections into this area, Wenchow was not a major tea exporter. This was certainly due in part to its relatively late opening to foreign trade, but that fact is in itself related to the high relief in Wenchow's hinterland, through which interrupted navigation provides the only adequate means of trans-

482 * For overland transport, they were carried in special frames mounted on porters' backs, with a supporting stick attached so that the load could be rested without being set down on the ground. For water transport, special care was taken to see that tea and silk were kept in clean dry holds or securely under cover. See Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters to the Committee*.

505 port. Most of the teas from this area could move out more easily
487 by water to Ningpo, or to Hangchow for transshipment to Shanghai. Foochow and Amoy drew their tea for export primarily from the southern part of the chief producing area, by way of the rivers which terminate at each port, and Canton depended for its tea supply mainly on the route through the Meiling Pass. Ningpo, situated on an indifferently navigable river, in fact drew some of its tea for export from the Chientang basin, via a canal from the Chientang ten miles upstream from Hangchow, but even so three portages were necessary between the river and Ningpo.[19]

245 Shanghai could draw tea from almost all of the chief producing area with much greater facility. Tea in China, as in most of the important tea areas of the world, is a mountain or a hillside crop. It is displaced from the lowlands by grain crops, and it is considered by the Chinese that a more fragrant leaf is produced on slopes and at higher altitudes, where drainage is good, nights are cool, and mists are frequent.[20] In the chief producing area, most of the tea is grown at elevations between 1000 and 2500 feet, and was thus necessarily transported by portage to the local curing and collecting centers. From these local centers, however, the tea moved to larger collection places and to ports of export predominantly by water, especially after the Yangtze was opened to foreign trade.

505 All of the leading tea districts of the area producing the best
439 quality teas (map 9) have through water connections with Shanghai, while only a few of them have similar connections with Foochow, Ningpo, or Wenchow. Amoy and Canton have no through water connections with this area except by sea.[21] Hankow acted as a collecting center for the teas of Szechuan, Hupeh, and Hunan, brought there largely by water and largely transshipped to Shanghai for export, although direct exports of tea from Hankow during the late nineteenth and early twentieth centuries amounted to about one quarter of the amount transshipped to Shanghai for export.[22]

245 The tea of central China is grown in the northern and southern
505 highlands of the hill and mountain ranges south of the Yangtze
487 (called by Cressey the "South Yangtze Hills"), with the better quality teas coming from the northern highlands. The tea leaves are

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picked as a rule three times a year: in April, May, and September, so that the bulk of export shipments comes during the summer high-water period, but occasional picking and regular shipments from the collecting centers continue through most of the winter. The stream pattern is better developed in the northern highlands than in the southern, and it focuses ultimately on Shanghai, either directly via the Yangtze, or via Hangchow. The less well developed stream pattern of the southern highlands drains to at least five separate ports, each in its own isolated river basin. 245 505 487

Along these streams, as along all of the rivers in China, successive trading centers developed at each break in navigation necessitated by rapids or by a change in the depth of the water where junks gave way to sampans or sampans to bamboo rafts. More of these trading centers which acted as collection places for tea are located north of the divide than south of it, and they naturally tended to ship their teas to northern ports for export, although the normal routes were occasionally abandoned in favor of roundabout routes in order to avoid excessive local transit taxes or arbitrary dues, as for example the shipment of tea from the upper Chientang basin overland to Ningpo and thence by sea to Shanghai.[23] 505 487 [651]

The cargo capacity of the boats, and hence the freight rate from these local centers to larger regional collecting centers, varied sharply with seasonal changes in the water level. In a tea area approximately 150 miles up the Chientang River from Hangchow in 1870, rates for transporting 100 chests of tea to Hangchow varied during the year from Mex$20 in summer to Mex$50 in winter.* During the summer the average time for tea in transit to Hangchow was five days, as against ten days in winter, while goods moving from Hangchow to the area in question took about twenty days at all seasons.[24] The use of water transport in this case is clear from the fact that these rates and transit times follow so closely the conditions of stream navigation, and are the only ones quoted for the tea trade in this area.

W. H. Medhurst in the account referred to above in Chapter Five commented on the fact that tea, at that time marketed entirely by Chinese merchants at the treaty ports, moved to Shanghai from the

* Mex$1 at this period equaled about US$.80

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505 487 producing areas by water, but that many of the routes to Canton began on land and were interspersed with portages. Medhurst also noted that tea was being shipped in large quantities from the northern highlands of the divide to Shanghai, via the smaller tributaries of the Yangtze in Kiangsi and Anhwei.[25] Robert Fortune (see above, Chapter Five) visited the same areas a few years later, also in disguise as a Chinese. His account corroborates in more detail the general impression of Medhurst that tea from nearly all of the collecting centers in the area producing the best quality teas moved to Shanghai by through water routes, while some part of all of the routes to Canton lay on land.* [26]

505 439 By 1867, the British consul at Shanghai, in commenting in his trade report for that year on the greatly increased trade of the port resulting from the opening of the Yangtze, gave his opinion that the greater ease, cheapness, and speed of transport for tea to Shanghai had resulted in a decline in the quality of the tea. He considered that less care was taken with grading and packing the tea for the short haul to Shanghai (where its cost price was of course considerably lower than it had formerly been at Canton), and that it therefore often arrived stale and poorly sorted. This may illustrate in reverse the common association of high unit-value and high-quality goods with high transport costs. He added that before the opening of Shanghai, tea from the northern slopes of the divide frequently spent six months in transit to Canton, but that the average transit from this region to Shanghai after the opening of the Yangtze was approximately six weeks.[27]

However, it was as much the great increase in the volume of the tea trade through Shanghai, in which many more producers were able to enter the export market with the drop in transport costs, which accounted for the decline in quality of the tea. This was no longer a small-scale, specialized, luxury business, but a large commercial enterprise, made possible by uninterrupted water connections. It was clearly these transport advantages of Shanghai as much as its relative nearness to the tea-producing districts which were

* Tea grown along the Hsi-Yangtze divide (the area known as the "Bohea Hills") was necessarily moved to collecting places north or south of the divide by porter.

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responsible for the city's commanding position in the tea trade. Its tea exports rose from one million pounds in 1844 (the year after it was opened to foreign trade) to 80 million pounds in 1855. Smaller amounts continued to be exported direct via Hankow, Kiukiang, Ningpo, Foochow, and Canton, but by 1855 Shanghai accounted for 58 per cent of the total, and in 1864 (two years after the effective opening of the Yangtze) for 64 per cent.[28]

505 439

For the silk trade, Shanghai was even more favorably located. From the opening of the treaty ports through the 1930's, there were four principal silk-producing areas in China (map 9): the Canton region, producing so-called "soft" silk; central Szechuan, producing "yellow" silk; northeastern Shantung, producing "tussah" silk; and southern Kiangsu-northern Chekiang.* This last was by far the largest producer, and its silk (known generically to the foreign merchants as "China" silk) was considered by both Chinese and foreign traders to be the finest in the world.† Kiangsu and Chekiang together accounted for about half of the total production of raw silk in China through the nineteenth century and into the 1930's, while the Canton region accounted for about 20 per cent, Szechuan for 15 per cent, Shantung for 5 per cent, and Hunan and Hupeh together for 5 per cent.[29]

231

The area around Tai Lake was the major center within the Kiangsu-Chekiang silk region. In certain districts there, notably around Wusih, Soochow, and Huchow, mulberry displaced rice as the first crop, and nearly all of the farmers were engaged in silk culture during the six-week worm-rearing season in April and early May. Hangchow was also a leading silk center, and was especially important in silk reeling and weaving. The cocoons were reeled and the silk spun into yarn either in these cities (and lesser centers), or in Shanghai, but nearly all of the silk produced in this

* Silk for export also came in smaller quantities from Honan and Anhwei (notably Wuhu). Hopeh and Liaotung (southern Manchuria) were important "tussah" producers in addition to Shantung.

† The study of the silk industry and trade published in 1881 by the Maritime Customs (Special Series #13) includes an account by the Rev. Mr. Milne, a British missionary who traveled around the delta and a little beyond in the mid-1840's, disguised as a Chinese. He details the nature of silk worms and describes their care and the production of silk according to the traditional Chinese ideas and practices, expressed in picturesque language in the spirit of the Chinese texts.

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231 "China" silk area for foreign trade was marketed in Shanghai, through both Chinese and foreign trading firms, who sold it for
288 export. Steam filatures for the reeling and spinning of silk had largely replaced domestic reeling and spinning by 1920, but this did not affect the concentration of silk marketing in Shanghai, since the reeling centers remained tributary to Shanghai and since the silk-reeling industry was also concentrated, in differing degrees at different periods, in the city.

[177] After the introduction of cotton from India in the Yüan dynasty
231 (1260–1368) and the manufacture of cotton cloth in China on a
439 large scale by the end of the Yüan, this much cheaper fabric largely displaced silk, which previously had been produced in almost every region of China and was universally worn. The quality of the silk also declined. By the end of the eighteenth century only the four major areas listed above were important silk producers, but the great increase in China's foreign trade, especially in tea and silk, which followed the opening of the treaty ports stimulated both the quantity and quality of silk production in these areas, most of all in the chief silk region of the Yangtze delta, where foreign traders were closest on the scene.

231 The leading silk areas within the delta coincide closely with the
505 areas where navigable waterways are most numerous. The upland districts south of Nanking and west of Tai Lake, where waterways are relatively sparse, are largely avoided by silk culture. This is mainly due to the fact that silk culture is a painstaking and time-consuming process which requires prodigious amounts of hand labor. It is therefore heaviest in lowland areas with a dense population, as is the case with nearly all of the silk producing regions of China, but such a location facilitates a virtually exclusive dependence on water transport for marketing the silk. This in turn tends to make Shanghai, as the primate commercial center of the delta, the dominant market for silk exports, since it can draw silk from the producing areas by water transport nearly as easily and cheaply as can inland centers.

Every important cocoon and filature center in the delta has multiple water connections and depends on them for the collection of cocoons and for the marketing of silk. Liu Ta-chün in his study of

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the silk industry makes this clear, and uses the case of Huchow as an example. No less than sixteen navigable waterways connect Huchow with the local silk culture districts, and with Shanghai, where the bulk of its cocoons and spun silk was marketed.[30] 231 505

Shanghai was also the primary market for the silk exports of Szechuan, Shantung, and Hupeh-Hunan. Before 1843, and to a lesser extent until 1862, the silk exports of these areas went to Canton via the Cheling and Meiling passes, or from Shantung by coastal junk, but after the opening of the treaty ports, and particularly after the opening of the Yangtze, these exports moved out via the much nearer port of Shanghai. The silk areas of the upper Yangtze basin, notably in Szechuan, are closely related to the Han and Chialing Rivers, or to the Yangtze itself. With free navigation throughout the river system, it was natural that this silk should be marketed through Shanghai.

Before the abolition in 1834 of the East India Company's monopoly of the British trade with China, yearly exports of silk from China averaged under 6,000 bales. By 1840 the figure had risen to 16,000 bales, largely as a result of the new volume of trade by private firms out of Canton.[31] However in 1844 Shanghai, one year after its opening to foreign trade, exported alone 6,433 bales, and by 1855 the figure for Shanghai had risen to 92,000 bales, or over 60 per cent of the total exports of silk from China.[32] By 1864, after the opening of the Yangtze, Shanghai accounted for approximately 64 per cent of China's silk exports, and in 1930 for 62 per cent, as against 29 per cent in 1930 for Canton.[33] Canton was left with only the local silk areas in Kwangtung to draw on, while Shanghai in 1925 drew 30 per cent of its spun silk exports from filatures in the city (whose cocoon supply came almost entirely from the delta), 10 per cent from other delta filature centers, 11 per cent from Szechuan filatures, 15 per cent from Shantung filatures, 9 per cent from Hupeh-Hunan filatures, and 25 per cent from domestic reeling, primarily in the delta.[34] Cheap transportation made it possible for Shanghai to add to its monopoly of local silk marketing for export the silk of all the other leading areas except for Kwangtung itself. 437

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438 stopped the marked growth in Shanghai's total trade was due predominantly to the opening of the Yangtze, and it was this new commercial sphere with its new commodities which after 1880 increasingly supported the city.

Shanghai's commanding position for marketing is revealed in the fact that between 1860 and 1930 it accounted for an average of 68 per cent by value of the total re-exports of goods from Chinese ports to Chinese ports. For the period 1925–1935, goods re-exported from Shanghai to Chinese markets went (according to percentages of the total value of such exports) to Kiangsu and other provinces as shown in the accompanying table.[28]

Kiangsu	18	Szechuan	8
Chekiang	17	Honan	6
Anhwei	16	Fukien	3
Hupeh	11	Shantung	2
Hunan	9	Other	1
Kiangsi	9	TOTAL	100

In a largely pre-industrial economy still characterized for the most part by local rather than regional or national markets, these figures show a truly remarkable areal extent over which Shanghai was able to market (and to purchase) its goods, and the degree to which Shanghai served as the dominant place of exchange for China as a whole. They suggest a close relationship between the size and areal distribution of the market and the waterways and sea routes which focus on the city.

669 Political and military events in 1926, and later during 1937 and
•505 after, re-emphasized the importance to Shanghai of this water
438 network for the supply of its trade and industrial goods and for the distribution of its exports. Civil war was widespread in the middle and lower Yangtze basin during the latter half of 1926 as part of the campaign of the Kuomintang against the local and northern warlords. Commandeering of boats, including native craft and 13 out of the 31 Yangtze steamers of the China Merchants Steam Navigation Company by December 1926, led to the suspension of nearly all river sailings between Shanghai and Hankow by Chinese vessels before the end of the year. British and Japanese shipping

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firms continued to operate, but under difficulties, and they could not handle more than a small fraction of the normal volume of trade on the river. As a result, sales of piece textile goods in Shanghai had fallen by January 1927, to one quarter of their August levels. The kerosene trade out of the city was badly hit, and large stocks accumulated in warehouses. Imports of Chinese tobacco leaf to Shanghai virtually ceased by January, and forced the closure of several of the large cigarette factories. Egg imports to the city in January were less than 30 per cent of normal. By the end of 1927, with order restored in the Yangtze basin and navigation no longer interfered with, Shanghai's trade with its hinterland returned to normal levels. Both railway lines serving the city remained in regular operation for all but a few days during this period.[37]

In November 1937, in order to hamper Japanese naval movements on the Yangtze, the Chinese Government placed booms across the river at Kiangyin and Chinkiang, and fighting in the delta area and upstream from Nanking further disrupted traffic. The value of Shanghai's foreign trade fell by 76 per cent between July (hostilities began at Shanghai on August 13, 1937) and December 1937, as much because of the interruptions in transport as because of the local fighting, which ended at Shanghai itself in October. During the same period, the total value of the foreign trade of China as a whole decreased by only 2 per cent. Shanghai's relative decline continued through 1938, with a 49 per cent decrease in imports and a 63 per cent decrease in exports over the 1937 figures, while for the same period the total foreign trade of China increased by 8 per cent.[38] With its water connections disrupted, Shanghai could no longer compete commercially with rival centers, which despite the progress of hostilities over nearly the whole of east China by the end of 1938 increased the total of their trade at the expense of Shanghai.

But the disruptions of war should not obscure the fact that the Yangtze basin is the economic heart of China, nor that its river system will continue to be a basic element in China's transport pattern. The city at the mouth of the river will remain a metropolis under whatever conditions the future or the Communist Government of China may impose.

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438 Chinese vessels beyond the purview of the Maritime Customs. We
439 are obliged to rely on reasoned estimates by customs officials and other observers, and on the partial evidence contained in customs records.

505 Shipping from foreign ports entering Shanghai averaged about 650,000 tons monthly from 1933 to 1936 inclusive, according to the records of the Maritime Customs. During the same period, coastal

TRADE PASSING THROUGH SHANGHAI

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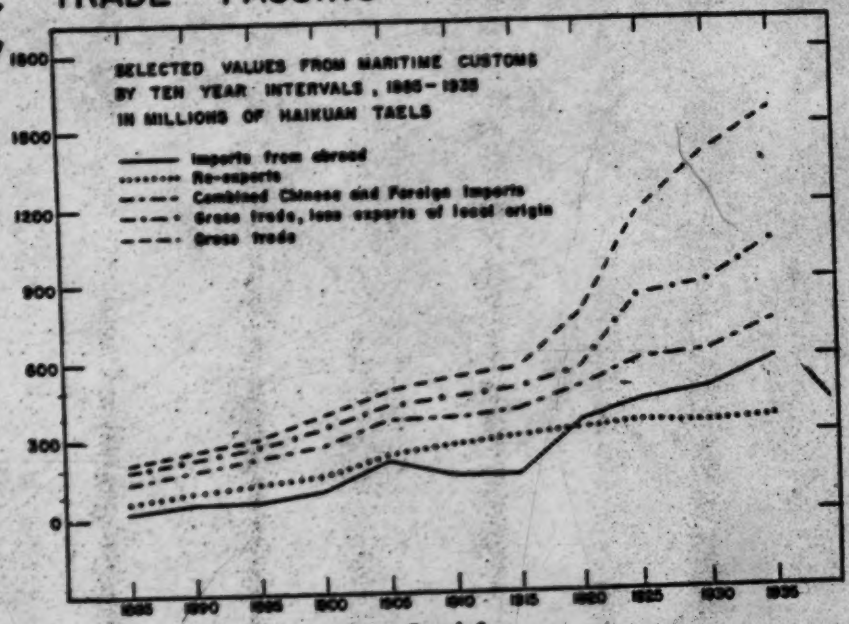

Graph 8

505 shipping entering Shanghai through Maritime Customs averaged about 640,000 tons monthly, while shipping entering from inland (i.e., Yangtze River) ports averaged about 250,000 tons monthly. These figures are exclusive of Native Customs, which recorded at Shanghai during 1930 a total of 54,410 junks entered and cleared (no tonnage given).[11] Combining the Maritime Customs tonnage figures, and adding a conservative 20 per cent for the recorded and unrecorded shipments by junk and sampan, gives a total for coastal and inland shipping (640,000 tons plus 250,000 tons plus 20 per cent,

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or 1,068,000 net tons monthly) 40 per cent greater in volume than shipping from foreign ports (650,000 net tons monthly). Among the domestic imports, food and industrial raw materials for the city, and among the exports, products of Shanghai manufacturing (or original exports) probably accounted (as we have seen in the above analysis of graphs 6, 7, and 8) for 50 to 60 per cent of these shipments to and from Chinese ports, but the remainder, or 40 to 50 per cent, was transit trade.* 505 438 439

Other published estimates corroborate the estimates of the relative importance of Shanghai's transit trade given above. The *Journal of The British Chamber of Commerce* at Shanghai in its issue for February 1920 estimates that about 65 per cent of the shipping of all types entering and clearing Shanghai was destined to or from coastal or Yangtze River ports, and only 35 per cent was engaged in overseas trade. Bowman estimates that about 50 per cent of Shanghai's imports of foreign goods were re-exported to ports on the Yangtze—20 per cent to ports below Hankow, 15 per cent to Hankow itself, and 15 per cent to ports above Hankow.† In the cotton trade, Fong Hsien-ting estimates that between 1920 and 1930 Shanghai accounted for an average of 80 per cent of China's total exports of cotton piece goods, although less than 60 per cent of this 80 per cent was produced in Shanghai.[12]

Finally, published citations of the records of the Native Customs at Shanghai add a not inconsiderable figure to the total values of domestic trade as shown in graphs 6 and 8. The Native Customs in 1928 recorded total imports from Chinese ports to Shanghai to the value of approximately 65,000,000 Hai-kuan taels, and total exports from Shanghai to Chinese ports to the value of approximately 46,000,000 Hai-kuan taels, or a grand total of 110,000,000.[13] In 1930, this grand total had risen to over 114,000,000 Hai-kuan 438

* During the same period (1931–1936 inclusive), the railway line to Nanking carried into and out of Shanghai a monthly average of about 80,000 total tons of freight, and the line to Hangchow a monthly average of about 40,000 tons, according to Ministry of Communications, 1931–1936. These two figures combined are less than 12 per cent of the total domestic waterborne trade as estimated in the preceding paragraph (1,068,000 net tons).

† Bowman's estimates take into consideration the unrecorded trade carried in junks and sampans. Of the major Yangtze ports, only Chinkiang, Nanking, and Wuhu have direct rail connections with Shanghai.

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438 Most of the places so mentioned recur every month except during
489 the rice planting season from early May to early June, and nearly all of them cluster within a relatively small area in the immediate neighborhood of Shanghai (map 5). In about half the cases they are *hsien* towns (county seats), which presumably draw on most of their respective *hsien* (counties), and in the other cases simply towns or villages which serve as collecting places for the rice-producing areas immediately around them. For the most part, they are located with indifference to existing road and railway networks. Most of the exceptions are large towns through which the road and/or railway are obliged to run in any case. The majority of the places however are located on main waterways, and in every case there is a direct water connection with Shanghai.

433 When the rice supply pattern for Shanghai as shown in these
438 reports is compared with total figures for rice production in Kiangsu province by *hsien*,[14] it is seen that for the most part only the heavy rice-producing *hsien* which lie within about 75 miles of Shanghai send amounts to the city significant enough to be recorded consistently in the market reports. If a surplus exists in the other heavy rice-producing *hsien* * then either transport costs to Shanghai are too high for this rice to compete with areas nearer the city and it therefore moves to other consuming centers, or Shanghai can draw sufficient amounts from the nearer areas at a reasonable price to fill the majority of its rice needs.

For example, Kashing, an important rice marketing center on the railway 60 miles southwest of Shanghai sends little of its rice to Shanghai, although it does send large amounts of locally produced ginger. The comparatively high unit-value by weight of ginger can bear transportation costs which make shipment of rice uneconomic by either rail or water in this case. Another rice center, however, 19 miles farther south on the railway, sends large amounts of local rice to Hangchow 39 miles away. It is near enough apparently to be included in Hangchow's tributary rice area.[15]

438 Although water transport, especially in this delta area, is relatively
505 easy and cheap, it is also relatively slow, and it is reasonable to find

* Kiangsu government figures indicate that this is the case—*Kiang-su sheng-chien*, cited above.

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438 505 that for the most part beyond approximately 75 miles from Shanghai, the time-distance-transport costs make water shipment of rice uneconomic under present conditions. It is correspondingly a logical conclusion that the heavy dependence of Shanghai on this small local rice-supply area is implemented by the Venetian network of canals and natural waterways in the immediate hinterland of the [435] city. Discussions of rice production and marketing in the delta area state that rice moves to both local and distant markets almost entirely by junk or sampan, and that in hilly areas with little or no water transport (such as the country southeast of Nanking, or west and south of Hangchow) the local market price of rice is double the price in the delta lowlands.[16]

The crucial importance of water transport in the pre-industrial economy of China as a whole is heightened in the Yangtze delta area, where water routes are so highly developed. Shanghai lies at the focus of these routes, and of the level terrain of the delta over which transport by water can operate at optimum efficiency. This has been a vital factor in making possible the development of a city of four million people.

438 439 The Shanghai rice merchants divide their main supply areas into three categories: a. local rice (roughly from within a 75-mile radius); b. out-province rice (from Anhwei, Kiangsi, Chekiang, Kiangsu north of the Yangtze, and at scattered intervals from Hunan); c. foreign rice (from the Indo-Chinese peninsula, mainly ex-Saigon, but including small amounts from Bankok and Rangoon).*

435 439 The factors influencing the rice market in Shanghai and its general behavior through the year throw considerable light on how the city is fed. These factors (in addition to the amount and quality of the rice harvest in the main supply areas) may be summarized as follows:

1. The price of foreign and out-province rice. Average monthly prices for the three area categories of rice for the period 1920–1936 were approximately as follows: a. (local rice), CNC$12.00† per

* The export trade in rice from Indo-China, and to a lesser degree from Siam and Burma, is in the hands of overseas Chinese.

† Chinese National Currency — the Chinese dollar.

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picul (the Shanghai rice picul during this period equalled 172 435
pounds); b. (out-province rice) CNC$12.40 per picul; c. (foreign 439
rice) CNC$12.30 per picul.[17] At these levels the composition of the rice supply tended to remain stable, with local rice accounting for over 80 per cent of the total. Shanghai in general prefers to eat local rice even when its price rises slightly above that of foreign rice, as usually happens during the local planting season and at certain other times (see below). Foreign rice is a different type from [262] the local product and there is prejudice in Shanghai against its taste and cooking properties. Any great change in these relative prices, however, upsets the balance. When foreign rice is relatively cheap, its Shanghai sales are large, but as fresh supplies continue to be ordered by the merchant groups, the Saigon price rises and the normal price and supply situation is restored.

2. The planting season for rice in the delta area, which lasts 241
from early May to early June. During this period, movements of 435
rice to Shanghai from the delta virtually cease, and the city draws 438
on rice it holds in storage, plus foreign imports. The fact that the planting season usually coincides with the wet period of the plum rains means that the Shanghai price of rice rises sharply from late May to mid-June. New supplies of local rice come into the Shanghai market in early July (i.e., from the previous year's crop, which has been stored in the local collecting centers but which is not moved to Shanghai during the planting season, the greatest peak labor period of the agricultural year). The Shanghai price regains its normal level as a rule before the end of the month.

3. The weather. Hot and/or humid weather tends to rot stored 132
rice, and thus depresses the price by forcing sales, or stimulates it by 435
jeopardizing what is stored. Drought seldom affects harvests 438
seriously in the delta with its network of canals to supply irrigation 505
water. The greatest effect of rain is on the day-to-day movement of rice from local production areas to the Shanghai market. The delta waterways are easily flooded over their banks by rain and wind, and by both in combination with the tide in the stretches which receive tidal inflow from the Yangtze or the Whangpoo.*

* This might be deduced from the discussion of the delta above in Chapter Three, and it is referred to specifically in the two journals cited for this account of the rice

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132 435 438 505 The boatmen on these waterways usually refuse to load or unload rice when it is raining (whether out of regard for their own safety or for that of their cargo is not clear), and the flow of rice to Shanghai stops almost entirely whenever it rains. The Shanghai rice market, including foreign and out-province rice, reacts with great sensitivity to the rain situation in the city, price changes for rice from all sources often following changes in the weather as closely as an hour.* The role of the weather in the Shanghai rice market as a whole underscores the fact that local sources of rice hold the commanding position, and that the rice moves to the city largely by boat. The monthly reports on the rice market refer repeatedly to water transport connecting Shanghai with the rice-producing areas of south central Kiangsu, but very little mention is made of railway transport of rice during the entire period 1920–1936. Highway transport of rice is not mentioned at all. The dominance of water is so marked that these monthly reports lay great stress on the weather, and conclude in one case that "Rain and wind make a great difference to the rice merchant's heart."[18]

527 435 438 4. Traditional festivals, especially the Chinese New Year (a lunar festival occurring as a rule in early February). Their effects may be summarized as follows: a. since the New Year is the time for settling of accounts as well as for feasting, the farmers need cash and sell their rice; the price falls as a result at the beginning of the festival period; b. however, the holiday on the farms decreases the amount of rice collected and transported to inland centers as the festival continues, thus counterbalancing the earlier selling; c. banditry resulting from inability to pay debts slows or stops move-

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market on an average of ten or twelve times a year, principally from March through July.

* According to records kept by the Public Works Department of the International Settlement at Shanghai (printed each year in the Annual Reports of the Municipal Council from 1920 to 1939), rainy days occurred in the city from 1920 to 1939 on an average as follows:

	Jan.	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*
Number of days on which some rain fell	3	4	6	6	8	14	7	5	5	4	4	1
Number of days with rain continuously 6 A.M.-6 P.M.	1	2	4	4	5	8	4	3	3	2	1	1

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that rail transport to Shanghai can compete with water transport. 438
Given the lines, one might assume that they would carry the most 497
important product of the delta. The surprising fact is that they carry such insignificant amounts. Total figures given by the railway for rice haulage leave little or no margin for highway transport of rice, and we may assume that it is negligible.

The relatively small figure of 30,000,000 pounds given for arrivals 438
by sea from domestic sources is probably accounted for by small-lot 505
junk cargoes from the northern and southern shores of Hangchow Bay, and from the seaward-extending tip of Kiangsu just north of the Yangtze. South of Hangchow Bay all of the coastal areas import rice to balance their local rice deficits, and north China has no rice surplus for export.

Most of the foreign rice imports to Shanghai, according to the 438
market reports referred to above, are ordered by rice brokers from 439
Nanking, Tientsin, Hankow, and Ningpo operating at Shanghai as China's leading rice market, and this rice is then shipped from Shanghai to their respective cities. At certain periods when the Ningpo rice brokers ordered directly from Ningpo for Saigon rice, Shanghai's stores of foreign rice became superabundant and its price fell sharply, even producing a fall in the price of local rice during the planting season, as in May 1929. All of these cities are relatively more dependent on foreign rice imports than is Shanghai. The focusing of delta waterways on Shanghai, and the relatively less easy transport in the hilly or semi-arid hinterlands of the other cities mentioned, are certainly as important as the concentration of rice production in the delta in accounting for this difference.

The greatest period of foreign rice invasion on the Shanghai market for consumption in the city coincides roughly with the planting season, showing a natural lag of about one month during which Shanghai stores of local rice are drawn on. As soon as new supplies of local rice enter the Shanghai market in July, the situation returns to normal and prices are stabilized. Foreign rice is also ordered by Shanghai merchants when other natural or threatened hiatuses occur in the local supply due to weather, civil unrest, short supply in storage, or price stoppages. As a rule, these breaks in the local supply are short-lived or do not materialize.

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256 438 489 market. The semi-arid north, where most of China's wheat is grown, has almost no water transportation. Water in the delta has made it possible for wheat production there to become highly commercialized as Shanghai developed into a huge industrial market which water routes made accessible in terms of transport costs for bulk shipments.* This helps to explain the anomaly of Shanghai (rather than Tientsin — a close second) as the largest wheat-milling center in China despite its great distance from China's major wheat-producing areas where other industrial centers, notably Tientsin, also mill flour.

439 505 Domestic sources of wheat, however, accounted for slightly less than half of the city's supply during most of the 1920's and 1930's. Although Kiangsu sources held the commanding position domestically, wheat also came to the city especially from the major wheat area of Shantung, by sea from Tsingtao, where it was collected largely by rail. Shanghai's connections by sea thus implemented its water connections in the delta in ensuring a steady flow of low-cost cereals. Dependence on overseas sources for more than half of its wheat was more workable economically for Shanghai, with its location and harbor facilities, than for any other China port. It was cheaper for Shanghai to bring in wheat from Canada, the United States, and Australia (the three major overseas sources in order of importance) than for Tientsin, without inland water transport, to bring in wheat from the producing areas of north China beyond its immediate Hopeh region of the north China plain.

These imports of wheat from overseas fluctuated considerably from year to year according to price conditions. As in the case of rice, wheat imports were unusually high in years of civil disorder and (or) rain and floods in the delta area, notably in 1926, and decreased markedly in intervening years of political and climatic stability.[33] Again the inference is that stoppages of water transport in the delta were the key factor. As an ocean port near major world shipping lanes, Shanghai could import at a practicable cost whatever goods normally obtained from the delta which temporary cir-

* Water as rainfall, or as irrigation, also keeps wheat yields higher in the delta than the north China average.

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cumstances interfering with inland transport made inaccessible locally.[34] 439 505

Other food commodities have a relatively higher unit-value by weight, and are therefore able to move to the city over greater distances, in some cases independently of the water network. Fruit, largely citrus, comes in principally from Chekiang which is just south of the delta but in many areas cut off from water routes by high relief. For this comparatively long-distance overland shipping, the fruit is packed in pine boxes and wrapped in sacking as a protection against frost. In the rugged areas of Chekiang it is carried by porter, and is transferred to junk or sampan when it reaches the edge of the delta.[35] Other fruit sources for Shanghai are even more distant, but most of them can ship to the city over at least part of the route by sea. Grapes and melons come to Shanghai from Hopeh and Shansi, oranges and lichees from Kwangtung and Fukien, and apples from Liaoning (southern Manchuria).[36] 438 489 [245] [258] [482]

Fresh meat is sold in the city only in limited quantities and is supplied (except for the tiny foreign consumption before 1941, which drew on refrigerated shipping from New Zealand and Australia) almost entirely from the immediate market-garden area. Fish and eggs are far more important elements in the average Shanghai diet than fresh meat, but some cured or salted meat is available from greater distances. Shanghai's main supply of cured hams comes from Chekiang, via Hangchow, and from Kiangsu and Anhwei by Yangtze steamer. Substantial amounts also come from as far as Szechuan and Yünnan, where the making of famous high-quality hams has long been a specialty. The tremendous cost of transporting hams from Yünnan does not apparently make their price prohibitive, although it does limit the market for them.[37] High unit-value is of course the basic factor. 262 438 253

Eggs have become industrial raw materials, in addition to their part in the city's diet, with the development of freezing and drying plants to prepare eggs for export. Fresh eggs are also exported from Shanghai in cold storage to places as distant as the United Kingdom. The Shanghai supply for this varied market is drawn from surprising distances. Within Kiangsu, eggs come to the city from all but two of the *hsien*.[38] These two are in the northernmost part of [258] [439] 235 505

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235 the province where arid north China fairly begins, and where
505 water transport facilities are limited. Eggs also come to Shanghai from places up the Yangtze valley as far as Hankow, transported in bamboo crates holding from 500 to 1000 eggs and carried entirely by water. 40 per cent breakage in transport is given as an average figure.[39] This apparently does not make the longer hauls uneconomic, and implies that cheap transportation is an important factor.

[262] Fish, however, after cereals and vegetables, is the most important
226 protein-supplier in the city's diet, and Shanghai handles one third
435 of the fish and marine products marketed in China annually for which there are market records. Seasonal variations in the catch
251 and lack of adequate cold storage facilities make for violent fluctuations in the price of sea fish, in the case of one common species from a yearly low of CNC$3 per *shih* (200 pounds) to a yearly high of CNC$50 per *shih*. A good catch is often disastrous to the fishermen because it depresses the Shanghai price below cost, since in the absence of cold storage the fish must be sold within a few days.[40]

226 Shanghai's fishing fleet in the 1930's was about two-thirds sailing
251 junks and one-third steam trawlers, both of which packed their catch at sea in iced barrels. In summer, spring, and autumn the packing preserved the fish for only about two days in this climate, and a premium was put on quick marketing. The fishing boats were allowed only a limited amount of salt for preserving, in order to prevent smuggling abuses. The main fishing grounds off the coast of central China are approximately fifty miles to the seaward of the Chusan Islands, or about 140 miles from Shanghai, a good two days' run for the junks and not much less than that for the trawlers. The catches are of course not all made in one day, so that fish arriving in Shanghai might be as much as four or five days old and in a questionable state of preservation.[41] Small fast power boats from Shanghai met the fishing fleet at the fishing grounds when the catches were good and rushed the fish to market in the city, but this stratagem greatly increased the cost and did not remove the need for making an immediate sale.[42] Dried and salted fish comes to Shanghai mainly from small villages and islands along the coast of northern Kiangsu and southern Shantung, where it is pre-

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served, packed in barrels, and shipped to Shanghai by junk, but this supply also is irregular and its price fluctuates widely.[43] 226 251

The supply and price of fresh-water fish are much steadier. The catch from the lakes, canals, and rivers of the delta comes in alive in specially constructed boats with built-in wells floored with grating through which the water can circulate freely. The fish are fed en route with powdered egg yolk, and the average journey from source to Shanghai is about three days, or approximately 100 miles. These boats are built for the Shanghai trade, since fish do not travel alive for such relatively long distances to any other market. The boats avoid the lower reaches of Soochow Creek in approaching the city because they fear that its polluted water will harm or kill the fish.[44] Several alternate routes are available. Fish are also transported alive to Shanghai in tanks from places along the Yangtze as far as Wuhu, Hukow, and Kiukiang, the water being changed several times a day en route.[45] Although no complete figures exist, it is estimated that the supply of fresh-water fish and its sale in Shanghai are much greater than of sea fish.[46] This fact is certainly related to the ease of live shipment by water, which maintains a steady supply at a relatively constant cost.

Of the higher unit-value food items discussed above, only fruit and cured hams travel long distances independently of waterways. The extension of the egg supply area to as far as Hankow would seem to be related to the water connections between it and Shanghai. In the case of fish, although Shanghai is an ocean port near the main fishing grounds of the central China coast and served by a large commercial fleet, the city's fish market is dominated by a supply whose freshness, cheapness, and abundance at all seasons is the direct result of inland water transport. 505

Local Rice Surpluses, and the Future

There remain two principal unsolved problems. The first is accounting for a rice surplus in the densely settled delta where so many large cities compete for the food produced on these tiny farms by traditional farming methods. Only indirect explanations can be suggested, but it should be remembered that the Yangtze delta is by no means unique in this respect. The three great rice-exporting 433

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surplus began at this period to move to Shanghai and has continued to do so. 433

Grain shipments on the Grand Canal from the delta to Peking had actually become insignificant after the Taiping Rebellion (1850–1864), and ceased entirely in 1901. Sea transport of rice was substituted until 1911, but it never brought from the delta to Peking more than a small fraction of what had previously moved by the Canal. During the nineteenth century, Kiangsu and Chekiang had yearly quotas of tribute rice shipments to Peking of over one million piculs each, totalling for both over 320 million pounds,[47] or about one-third of the annual rice consumption of Shanghai alone in the 1930's. However Morse suggests[48] that the rice actually collected (much of which never got to Peking) may often have been six times the official quotas. 505 651 [661]

The population of Peking did not decline after 1911, since the city remained the seat of a northern warlord regime and became China's largest rail junction, especially with the economic development of Manchuria. Its estimated population total in 1936 was 1,400,000, in all likelihood the highest figure it had ever reached, as compared with about 800,000 in 1900. But it was no longer the seat of a court, garrison troops, and an extensive bureaucracy, recruited from all over China including the rice-eating south, and with power to command shipments of tribute rice, which made up part of many official salaries. After Peking ceased to function as the imperial capital, its population subsisted primarily on the millet and wheat readily obtainable from north China, while the flow of rice from the Yangtze delta followed economic rather than imperial dictates. 000

It does however seem possible that rice surpluses in the delta available for urban consumption have been greater since the twentieth-century growth of Shanghai (and of its many urban rivals in the delta) than during the imperial period. The following paragraphs suggest one explanation of this. Another might be that local farmers had less incentive to produce rice when most or all of the surplus went to Peking as tribute, or was absorbed as "squeeze," than when they could sell it in a reasonably free market for consumption in Shanghai. 433

In the early years of the foreign settlements when foreigners were 000

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1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

The average Shanghai price before the war was nevertheless substantially below that of foreign vegetable oil imports (despite the production of coconut oil in southeast Asia). Vegetable wax from central China also largely replaced foreign imports of paraffin wax after 1930, when the *likin* (internal customs tax) was abolished by the Kuomintang government. The cheapness of domestic tallow, oils, and wax in Shanghai relative to seaborne foreign imports was clearly related to the use of inland water transport in bringing these products to the city. The fact that 80 per cent of Shanghai's soap production in the early 1930's was marketed outside Kiangsu also suggests that the city's water connections with its hinterland were basic in locating the industry there. Only 10 per cent of the Shanghai soap industry's raw materials were imported, largely coconut and olive oils for making especially high-quality soap for the domestic market.[33]

By contrast, the Shanghai match industry was almost entirely dependent on overseas sources for its raw materials. It imported all of its sulphur (largely from Japan), all of its paper and cardboard (from Sweden), and all of its match-making machinery (from Japan). Most of its phosphorous was also imported, but some was produced locally from animal bones. Ample sulphuric acid was produced in Shanghai. For this product of such high unit-value by weight, raw materials to which so much value was added by manufacture could economically be imported, and the finished matches were marketed in every province of China.[34] Shanghai was never-

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condition operates to approximately the same degree in all Chinese industrial centers.[39] The second oper :es for all Chinese industrial centers, but not to the same degree. 435 489

Only two important carriers are involved: railways and waterways. Highway transport by truck remains negligible in China, relative to the scale necessary for the maintenance of modern manufacturing, and with the shortage of fuel, vehicles, and parts as well as of adequate roads it is an impractically expensive carrier. Non-mechanized overland carriers in general use in China (porters, wheel-barrows, pack animals, carts) are also notoriously expensive, and are inadequate to handle volume movements.* Representative rates for railway transport of bulk goods (exclusive of coal) in carload lots in China during the 1930's ranged from the equivalents of US$.02 to US$.07 per ton/mile.[40] This compares with an average ton/mile rate on United States railways during the same period of about US$.01.[41] Accurate or even representative rates for water transport in China are not available, but the average for unobstructed inland routes may be estimated at between US$.018 and US$.02 per ton/mile during this period. In any case, where adequate water transport is available in China, it is a cheaper carrier than railways under present conditions, and can handle bulk shipments. 489 [497. [505]

As we have pointed out above in Chapter Seven Shanghai is not a major rail center, and the two railways which serve it are not

that year under five headings. Expressed in percentage terms, these costs are tabulated, for United States manufacturing as a whole, and for the textile industry in the United States:

	All Manufacturing (%)	*Textile Manufacturing (%)*
labor and salaries	53	57
materials and supplies	37	35
fuel	2	1
purchased electric power	1	4
other	7	3
	100	100

"Materials and supplies" is not defined. No figure is given for overhead and interest, so that all of these figures must be scaled down in order to make them comparable with the figures cited for Shanghai.

* Average ton/mile rates for truck transport in China range from the equivalents of US$.30 to US$.50. For porter and wheelbarrow they often reach US$1.00 per ton/mile.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

course depressed by the high figure for raw cotton. Nevertheless 288
it seems clear that Tientsin, despite its rail and water connections 435
and its location in a major cotton-producing area, paid a considerably higher price than Shanghai for delivered raw cotton. If this was true for raw cotton, we may assume that it was true for most of the other industrial raw materials consumed in Tientsin, with the obvious exceptions of coal and the wool, hides and skins of north China, and the possible exception of wheat.* If Tientsin could obtain the necessary raw materials in these latter cases more cheaply than Shanghai, this is further evidence of the paramountcy of the Shanghai market and of the market-oriented character of its manufacturing. If Tientsin paid a higher price than Shanghai for most delivered raw materials, we may assume that other Chinese industrial centers did so too.

Water transport has been a key factor in the development of 505
manufacturing in Shanghai. The city's railway connections are inferior to Tientsin's, and yet its manufacturing apparently paid less for most of its raw materials, and in fact was a greater consumer than Tientsin manufacturing of the leading industrial raw materials of north China: coal, hides, and wheat, all of which can move to Shanghai by sea from north China ports. In turn, the primacy of the Shanghai market depends in large measure on the water transport network which includes half of China in the city's tributary area. The market is able to exercise its attractiveness for manufacturing of all kinds by its ability to draw to its generally resource-poor area by sea and river transport the industrial raw materials which it needs.

Coal and Electric Power

The single most important industrial raw material, coal, has 375
been left for final consideration, since it plays a major role in nearly every industry, directly, or in the form of electric power.

* Shanghai nevertheless led Tientsin in the 1920's and 1930's in the consumption of coal and in the production of leather goods and flour, and in fact shipped nearly 10 per cent of its total flour production to Tientsin on an annual average. (For comparative figures on consumption of coal and production of leather goods and flour, see respectively Leonard Ting, "The Coal Industry in China" (1937), p. 217; Chinese Year Book (1936), p. 1153; Y. C. Chang, "Flour Milling in China" (1922), p. 219).

2: Murphy G-4 (no date) 1953 AF15 East China AF15

in Chapter Ten (it constituted probably Shanghai's outstanding advantage for manufacturing), the present situation is discouraging. We may assume that the newly rebuilt railways are now carrying much larger amounts of coal from north China to Shanghai than they did before the war, but this greatly increases its price as against sea shipment, and is unlikely to have the necessary capacity. Industrial machinery, liquid fuels, rubber, chemicals, and the other goods which were imported from overseas and which are vital to Shanghai's industrial recovery are also short under the combined Nationalist blockade and United Nations embargo.

Ocean shipping using the port virtually disappeared during 1949 and most of 1950. Toward the end of 1950 it reappeared on a very small scale, and now averages perhaps two or three ships a month, all in the coasting trade. The entrances to the Yangtze have been mined by the Nationalists, and the main ship channel in the estuary has not been dredged since 1937. Sunken ships, to which floating mines still occasionally add, further block the river. Until early 1951 there was a small trade with Hong Kong, but this has now nearly disappeared with the adoption of the United Nations embargo in December 1950, and the few ships which call at Shanghai are restricted almost entirely to the trade with Tientsin, Tsingtao, and Dairen. Rates are prohibitively high, and all imports and exports through the port of Shanghai are rigidly controlled by the government. Luxury goods and most consumers' goods are excluded from the list of admissable imports. The city's busses and most of its other gasoline vehicles have been converted to run on charcoal gas. Export and import licenses can be obtained only where it is considered in the national interest, but buyers to whom exports might be sent are in many cases unreachable, as witness the consistent import surplus for Shanghai itself of 100 to 120 per cent over exports during 1951.*[4] Such conditions are crippling for a city which

* The Soviet bloc however seems now to be filling the gap in China's foreign trade left by the shrinking of commercial relations with the West, judging from current reports. (See Ch'en Han-seng, "The Future of China's Foreign Trade" (1952), *New China News Agency Bulletin*, September 29, 1951, *Hsin-Hua Yüeh-Pao*, October 1951, *Ching-Chi Chou-Pao*, September 27, 1951 and April 24, 1952, *Peoples' China*, August 1, 1952.) But for trade with the Soviet bloc, though it is still a new development whose permanent outlines are uncertain, Shanghai is in a relatively

505 not only depended heavily on seaborne supplies, but which had a
439 large and important transit trade.

As if in a commentary on the nature of the city's food supply,
433 food, in particular rice, has remained cheap and plentiful throughout the period of Communist control. Order was quickly restored in the delta in 1949, and the flow of low-cost food to the city was maintained despite a nearly universal food shortage or famine in the rest of China during the winter of 1949–50, and despite the Nationalist blockade, which prevented any substantial amounts of food from arriving in the city by sea. The Communist Government has apparently been able to solve, at least to a degree, the problem of local rice supply during the planting season and at festival periods, by controlling prices and arranging for large government purchases which are released on the market at stable prices whenever the situation requires. There is no suggestion that local food supplies are not entirely adequate to meet the city's demands under such a
[162] system of management. While no official figures have been released, it is unlikely that Shanghai's population is substantially less than the four millions it had reached in 1936; it may have risen closer to the five million mark, since the great influx of people after the Japanese war has not apparently been balanced by the still limited exodus.*

288 Nationalist bombings during the winter of 1949–50 did only minor industrial damage, and came to an end by late 1950 with the arrival of jet defense planes from the Soviet Union and the Nationalist loss of the Chusan Islands, which had been the major base for the bombings of the city. A continuing deterrent to industrial recovery however has been the still inadequate domestic production of raw cotton. Several cotton textile factories in the city were obliged to shut down entirely during 1949 and 1950 for lack of raw cotton, and while all or most of these have subsequently reopened, not enough cotton is coming in to maintain peak production.†

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poor position, and its economy has in the past been closely geared with that of the West.

* See above, p. 21. Foreign and Chinese press reports still consistently refer to Shanghai as the fourth largest city in the world, with a population given variously as 5 or 6 million.

† *Hsin-Hua Yüeh-Pao* for November 1951, 130–131, reports that while production

1:Stanford U. S-4, 5 1956 AF15 East China
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505 head office in Shanghai, was first changed to
471 the People's Steamship Company in 1950 and reorganized into the Ocean Shipping Administration[20] in 1951. The former Min-sheng Industrial Corporation, the largest privately owned shipping company in China, was reorganized into a joint public-private ownership concern in 1952 and changed its name to Min-sheng Shipping Corporation.[21] A number of privately owned inland water transportation firms, including Chung-hsing, Ta-t'ung and Ta-ta, were transformed into jointly owned and operated companies. By 1953, about thirty-four companies had been transformed into jointly owned and operated firms.[22]

V. AIR TRANSPORTATION IN EAST CHINA

509 When the Nationalist were forced to flee the Mainland in 1949, the two aviation companies, the China National Aviation Corporation and the Central Aviation Transport Corporation, took

20. Navigation in Communist China, p. 3.
21. Ibid.
22. Ching-chi Nien-pao [Economic Year Book] Hong Kong, Ching chi tao-pao she 1954, p. 52.

509 almost all available planes. Most of the planes were concentrated in Hong Kong, but in November 1949 Liu Ching-i and Ch'en Cho-lin, the leaders of the two companies, defected and flew back to the Mainland with a dozen planes.[23] Approximately 4,000 persons employed by the two companies remained in Hong Kong, and only a small number went to the Mainland when news came of the defection of Liu and Ch'en.[24]

By 1955, according to a Communist report, three civil air routes were being operated by the People's Aviation Company in the East China Region: (1) the Shanghai, Nanking, and Peking Route, (2) the Shanghai, Wuhan, Chungking, and Kunming Route, and (3) the Shanghai, Wuhan, Heng-yang, and Canton Route.[25] According to a New China News Agency release, the civil aviation target for the first half of 1955 were surpassed. The number of passangers carried was 13 per cent above the target, and the freight handled was 5.9 per cent over that

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23. Far Eastern Economic Review, Hong Kong, Dec. 1, 1949, Vol. VII, No. 22, p. 693.

24. Finance, Economics and Transportation in Communist China, p. 165.

25. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, Ching-chi tao-pao she, Jan. 10, 1955, p. 13.

1:Stanford U. S-4, 5 1956 AF15 East China
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509 of the same period in 1954.[26]

489 A. Transportation of Key Commodities and
438 Their Trade Routes

Before the war, East China depended upon the import of rice and flour in order to meet the consumption requirements of the larger cities in the region. In 1954, the Communists claimed that East China had become a grain-surplus region, but this is true only because grain from Central-South China is shipped by the Chekiang-Kiangsi Railway and by barges on the Yangtze River to Shanghai and other important centers in East China. Wheat from Shantung is usually shipped to Shanghai, Tientsin, or Chengchow for milling and distribution. Rice produced in Kiangsu is shipped to North and Northwest China because in recent years these have been grain-deficit regions.

B. Cotton Transportaton and Trade Routes

Generally speaking, East China is a cotton-deficit region. Shanghai and Tsingtao, the two leading textile manufacturing centers of China, need tremendous quantities of raw cotton each year. The general pattern of cotton movements in East China is shown in the following table.

26. NCNA, Peking, July 20, 1955.

1:Stanford U. S-4 5 1956 AF 15 East China
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[p.209]

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variations represented by urban life.

A. The Pattern of Village Life

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First of all, life in the farming village is meager. In Shantung in 1932 there was .45 acres of cultivated land per person; the richer semi-tropical province of Chekiang had only .3 acres for each person.[1] Farm families save everything; fecal matter and refuse go into a pit near which a pig is kept, and at the time of spring fertilizing the material from the pit is mixed with topsoil or water and spread on the fields. Grass and grainstalks are carefully husbanded to be used as fodder for the farm animal, by no means one animal to a family and as fuel for cooking and rarely, for heating the house. Cloth is scarce and clothing is worn until it falls apart; after that the rags are used to make the soles of cloth shoes. The shortage of wood for all purposes has long been acute, and farm buildings are made of pounded earth, mud bricks, and, in the rice region, of bamboo lathe and mud plaster. Floors are of earth and only the dwellings of the wealthier farmers have glass windows. The dominant fact of life in the Chinese countryside is poverty. This has grown steadily worse during the last hundred years as factory-made goods destroyed village handicrafts, usury and tenancy increased, wars and ineffectual governments brought disruption and oppression, and overpopulation became steadily worse. "The

1. Geo. B. Cressey, Asia's Land and Peoples, New York, 1944, p. 87. Cressey cites C. C. Chang "An Estimate of China's Land and Crops "Nanking, 1932; Cressey p. 88:"...an average farm family of 6.2 persons must obtain its entire livelihood from a farm of 4.18 acres of which but 3.76 [cont'd]

511 most bankrupt countryside in Asia is the Chinese. The worst crisis of over-population China has yet had to face has been accompanied by a breakdown of traditional ideas and traditional authority so complete as to lead to a state of near anarchy."[2]

511 182 The characteristic way of life of the peasants has been slowly disintegrating under manifold pressures. In prosperous periods in the past a delicate balance of human and economic factors fostered a crowded, conformist, but on the whole harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

178 Despite all the fissures that have developed, it is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus much of the sweeping change that occured in city life under comparable pressures did not occur in the peasant villages.

527 262 The main economic and social unit of the village is the family and a special study is devoted to that subject. Here we should sketch the rhythm of village life and something of its annual cycle of activity.

[Footnote No. 1 cont'd.] "... acres are actually in crops.

2. Maurice Zinkin, Asia and the West, London, 1951, p. 111.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER VII

HOUSING

OFFICIALS OF THE Shanghai Municipal Council gave much thought to the question of housing congestion in the Settlement. The Commissioner of Public Works, writing of the situation in 1935, stated: 362 511

"The poorest people of this country, through age-long poverty and hardship, have become inured to a condition of living which, in some other countries, would be thought insupportable. Overcrowding, however, is not confined to the poorest classes, nor to habitation . . . and is a vast social and economic problem which can only be solved gradually by the Chinese people. As far as Shanghai is concerned, serious overcrowding is a permanent and widespread condition from Hongkew Park to the Southern Station, and from Lay Road to Avenue Haig. Political disturbances in the past (first in 1861) have often led to an influx of refugees. It is inevitable that at such times new standards of overcrowding are established more or less permanently, and from general observation it would appear that overcrowding had increased in the past decade. Actually it is overcrowding in the first instance that makes high rents possible, and it is because of overcrowding, and the consequent high rents which have been possible with but a trivial addition to the cost of the buildings, that capitalization of the increased net rentals goes on to the land and creates a high land value that it is difficult to break down."[1]

How true these words were was to be tragically demonstrated in 1937, two years later, when the influx of refugees fleeing from hostilities was to produce worse overcrowding and higher rentals than Shanghai had ever experienced before.

According to the 1935 census figures, there were in that year 1,120,860 Chinese residents in the International Settlement or more than 99½ per cent of the total population. A count of heads for food supply purposes in February 1942 put the figure at 1,800,000, a number considerably less than generally believed. At the turn of the century, when the first count of Chinese population in the Settlement was made, their number had been 345,276. In 162

[1] Quoted in the *Report of the Housing Committee*, Shanghai Municipal Council, 1937.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

342 stairway. This dark loft may be the only home that many a family
362 knows. The kitchen, at the rear of the house, may or may not be used for its original purpose; more likely it is the residence of yet another family, while portable coal-briquette stoves are placed anywhere for cooking purposes. In the same way the upper front room may have both vertical and horizontal partitions, making spaces for other families; and the room above the kitchen will house yet another household. The area for each family is obviously minimal.

● 511 The alteration of buildings without permit was illegal. Application should be made to the Building Surveyor of the Public Works
362 Department for permission to carry out any building alterations. In practice, however, it was very difficult to detect interior alterations while they were being made. While theoretically the removal of unauthorized structures might be required, and while the Building Surveyor waged a vigilant struggle against such structures, there were certain difficulties in the way of complete enforcement. Not the least of these difficulties was the fact that the earnings of the majority of the Chinese population were insufficient to permit them to rent larger living quarters than they actually occupied. The basic cause of housing congestion was economic. As we have seen, the earnings of a principal wage earner were in general insufficient for the needs of his family, nor did the average total wages earned by all family members meet these needs. Under these circumstances it is obvious that a family will pay as little as possible for rent, and will occupy an unbelievably small space in order to reduce rental expenditure.

633 THE SETTLEMENT WAS by no means complacent in the matter of
362 its bad housing conditions. At the annual meeting of ratepayers in 1936, a British resident proposed the following resolution:

"Whereas the constant growth in the population of this Foreign Settlement has been accompanied by a rapid development of industrialism and many changes in the living conditions of the people: and

"Whereas serious public concern has been manifested over the resultant housing congestion and other unfavourable conditions associated therewith: and

"Whereas no definite steps have been taken toward the examination of the problem with a view to possible measures for preventing its further aggravation,

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

new dormitories. Provision for rooms for drying workers' clothes by steam, instead of having them hanging damp, depressing and unhygienic in already crowded bedrooms, represented further betterment. Standards were rising. The happiness of workers in dormitories is conditioned also by psychological factors. In an effort to enlist dormitory matrons in the campaign for better conditions of dormitory life, a course of discussions over six weeks was held. Thirty-six women from twenty-six factories came, their interest increasing as the course proceeded. Hygiene in the dormitory, food, provision of recreation and education, and some talks aimed to interest the matrons in achieving harmony and more ordered living were among the subjects discussed. Individual visits were paid to the matrons and they were encouraged to come to the office of the Division for consultation and refreshment in their task.

REFERENCE HAS BEEN made to the high rents which the overcrowding resulting from hostilities produced. Rents in 1942 were almost five times what they had been in 1936. To some actual property owners this figure seemed fantastic. By rulings of the First Special District Chinese Court, rentals of those lessees amenable to the Court were not permitted to be raised by more than twenty per cent, which means that the property owner did not receive more than twenty per cent above his 1936 rate. His costs meantime increased greatly. Charges for water consumed in many cases equalled the rent received. For the purpose of the cost of living index figures, actual "retail" rentals paid by sub-tenants who rent a portion of a house from the principal tenant were considered. The principal tenant, taking advantage of the enormous demand for housing produced by the hostilities, raised the rentals of his sub-tenants on every pretext.

To discover the extent to which principal tenants were exploiting the housing shortage and squeezing the last cent possible from their sub-tenants, a study of the problem was made by Council officials in 1940. A typical situation was found to be as follows. The principal tenant paid his landlord an annual rental of only $960, although investigation of investment, water costs, which the landlord met, and other charges demonstrated that he should, instead, have paid $1,398. In rentals from his sub-tenants, however, he took in $2,004, in addition to the value of the space which he

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

511 occupied, worth another $550 to him—or $2,554 in all. Admitting
427 that he was entitled to a certain return on his investment and for services, and putting this at the generous figure of twenty-five per cent, his excess profit after all charges was $453, approximately fifty per cent of his initial rental.

In face of sufficient houses for the increased population the find-
511 ing of any basic solution to the situation proved difficult. During
427 1940 Council officials and committees sought means to relieve the obviously exploited sub-tenant and to give the actual owners of
633 houses a return on their property more in keeping with their increased liabilities. Every conceivable method was considered. The proposal was made to property owners, for example, that they might let directly to sub-tenants, eliminating the functions of principal tenants, but many legal difficulties appeared. Tenants on monthly leases had a virtually perpetual lease, as interpreted by the Chinese courts. A suggestion was made in 1940 that controls might be exercised through licensing sub-lessors. Legal advice then held that it was not within the Councils competence to license sub-let premises. Competent Chinese advisers warned against instituting a procedure which might create difficult relations between the principal tenant and his sub-tenants. In the housing shortage, they stated, no sub-tenant would dare to take advantage of a provision aimed to reduce his rentals. Without a new dwelling to which to go, he would rather pay his present rent than create a strained situation finally forcing him to move.

But emergencies frequently shake authorities from their purely legalistic interpretations, sometimes with social betterment in consequence. After the outbreak of Pacific hostilities in December 1941, it was apparent that unemployment consequent on this development would make it impossible for many, even those formerly well placed, to pay ruling rents. Accordingly the Council issued a notification forbidding landlords to evict tenants during a period of three months, and instructed landlords and tenants to reach mutually satisfactory rental relations without recourse to the Courts. A Conciliation Board was established to mediate rental disputes between landlords and tenants. Sanction of the Consular Body was obtained for a new Byelaw to require a licence to sub-let and to make the acceptance of key money illegal. Through the licence the rentals of sub-let premises could be controlled. From

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the point of view of the people's livelihood, this measure involving control of rentals of 250,000 families was potentially an important social instrument. By the conditions of licence, the licensee had to post in a conspicuous place the exact rental paid by him to the landlord, together with his outpayments for municipal rate, licence fee, water and light charges if the licensee supplied light to the sub-tenants. Upon the basis of these total charges the sub-lessor might make a profit of not more than 20 per cent or a similar profit proportionately for any portion of the house sub-let. An important provision stated that no addition might be made to a sub-tenant's rental to compensate the licensee in respect of any money paid for alterations made to the premises. The significance of the key-money provision will be discussed later.

511 427 633

In the first quarter, 42,000 licences were taken out. An inspection staff paid 19,000 visits in this quarter, first instructing as to the necessity for obtaining a licence, then as to the method of computation of the rentals of various locations. To reinforce the efforts of the inspection staff 65 cases were instituted in the First Special District Court. Fines up to $250 and in five cases imprisonment, in one case up to six days, were inflicted. By the end of the first three months it was calculated that the rentals in 30 per cent of the sub-let premises had been adjusted in accordance with the provisions of the licence. By the licence conditions also, sub-let premises further sub-let could not earn any further profit. Since this practice had been very common the provision was a further factor in keeping down the people's rent.

Key money is a lump sum payment demanded by a landlord before he will give tenancy of a house: or by a tenant in the transfer of a lease: or by a tenant wishing to sub-let. It is not recoverable. When housing shortage is acute, key money for accommodation may be many times the monthly rental and can run into thousands of dollars for a house whose monthly rental is one or two hundred. The Byelaw forbade the demanding or taking of key money, or the taking of money in excess of the market value of furniture or fixtures for any premises let. Cases of key money came easily to light, through newspaper advertisements on the part of those not yet cognisant of the new ruling, or through information obtained by inspectors on their rounds. The support of the Court was obtained in applying the penalty of detention upon proper legal

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

511 basis but contrary to usual practice in cases involving infraction of
633 a Byelaw. A judgment of three months' imprisonment was handed
427 down in one case where the accused was charged with taking $20,000 key money. When the sale of furniture and fixtures was involved, valuation by the Court's valuers was obtained, on the basis of which a case was instituted if it was found that the sum asked in the transfer of premises was greatly in excess of the value of these items. It will take a considerable period before key money will become recognised as being illegal, and there will always be cases where payments are made secretly. There will always be those ready to pay illegally for what they cannot obtain otherwise. Nevertheless a beginning was made in destroying the value which accrues to the tenant from the mere holding of a tenancy. Related to the question of key money was the provision in the licence to sub-let that not more than one month's rent could be collected in advance. Without such a provision a lump sum payment could be passed off as rental in advance, though monthly rentals would, in fact, also be collected.

362 The licence to sub-let aimed also at improving actual housing
633 conditions. It required that the kitchen in a house might not be sub-let for residential purposes. It provided that passages must be kept free and rear and front entrances available for use at any time. If conditions become such that housing shortage becomes less acute, the instrument of licence could be used further to require improvement in housing conditions. Use of lofts as living accommodation, for example, might ultimately be forbidden.

There exists another instrument which might be invoked. A
744 proposal by the Council to prevent overcrowding was approved
362 in the form of a Byelaw by the Ratepayers' Meeting in April 1941. For years its necessity had been admitted, but difficulties in obtaining a quorum of ratepayers had prevented this and other needed reform measures from securing formal approval. It was understood that the Commissioner of Public Health would apply the Byelaw with discretion, at first only in the most flagrant cases, because of the housing shortage.[6] Nevertheless its existence provided an instru-

[6] *Byelaw against overcrowding*: "Every building or any part thereof found to be inhabited in excess of a proportion of one person for every thirty square feet of habitable floor space, or superficial area, and four hundred cubic feet of clean and unobstructed internal air space shall be deemed to be overcrowding, and the householder shall be liable to penalty or fine not exceeding twenty-five dollars."

3; Hinder G-5 (1933-1942) 1944 AF15 East China AF15

438 chiefly in the form of the city's cotton textiles, soap, cigarettes,
262 matches, and rubber shoes. In addition, through importing firms,
722 a certain amount of foreign rice arrived, usually from Indo-China; but Saigon rice was considered inferior, and Chinese rice was preferred when it was available.

It was obvious that when the city was surrounded by Japanese troops, its waterways could no longer be used for the transportation of rice. Immediately after the outbreak of hostilities the Shanghai Municipal Council placed orders in Saigon for 7,000 tons of rice, and chartered ships to bring it to the city. But because fighting was taking place across the Whangpoo River, the ships would not enter it, and it was necessary to send steel lighters by tug out into the Yangtse mouth to off-load the rice. This rice, stored in godowns all over the area south of Soochow Creek, was available when in November 1937, the expected severance of supplies from the interior occurred.

It was then hoped, as time went on and hostilities were removed further from the neighbouring provinces, that normal trade relations with the hinterland might be restored. For a time rice did come into the city in fair quantities. But increasing controls exercised by the Japanese military, who gave Japanese firms the privilege of collecting rice with reservation for military use, and increasing difficulties of obtaining rice in the growing districts due to various factors, by 1940 compelled Shanghai to rely almost en-
511 tirely on rice imported from Saigon. The steep rise in cost of living
439 in Shanghai dates from the commencement of dependence on for-
722 eign sources. It was tragic that Shanghai should be tied to foreign exchange in order to feed its population at a time when the exchange value of the Chinese national currency was falling.

Other factors soon intruded. Freight rates and insurance charges rose month by month following the outbreak of the European war and added their share to the increasing cost of imported rice. But the situation was to become even worse. During the autumn of 1940 Japan was engaged in gaining control of northern Indo-China, with the result that after early February 1941, no orders for rice would be accepted in Saigon until the Japanese demand for 700,000 tons had been met.

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262 WHERE, THEN, WAS Shanghai to get rice? Renewed efforts to obtain
438 rice from Chinese provinces near Shanghai failed. Prior to the sign-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the
439 efforts of the police to control the lines. Because of this situation,
434 "rice rustlers" stood in the queues, securing the amount permitted
722 to be bought, which they then sold at more than the official price. It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures
511 undertaken to secure essential commodities. Before Pacific hostili-
722 ties developed, through an Association of Importers and Manufacturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

a matter of regret that control of vegetable oils, so important in the cooking of a Chinese family, could not be exercised by the Council. The Japanese regarded these commodities as materials of war. But stocks found their way uncontrolled into the market. In the case of sugar also, the Council was not permitted by the Japanese authorities to exercise controls. 435 633 262 511 722

The cost of living continued to rise despite the efforts of the Council to control the prices of the most significant items as indicated in the preceding paragraphs. The rise was particularly evident when, toward the end of May, Chinese National Currency depreciated day by day till two national currency notes were equal to one Central Reserve Bank note issued by the Nanking Chinese authorities. Prices then naturally rose in terms of Chinese National Currency. When, in June, it was announced by the financial authorities that Central Reserve Bank notes would henceforward be the only legal currency, most shopkeepers merely altered the enhanced National Currency prices unchanged into prices expressed in Central Reserve Bank notes, automatically doubling them. The Council attempted to halt this process by issuing a notification that prices should not exceed those of the last week in May, but with little success. Shopkeepers claimed that replacement costs would exceed the prices of the end of May.

It became apparent therefore that extensive machinery to examine the fair selling prices of a wide range of commodities must be set up. Prices for many food items, including milk, were carefully examined: the selling prices for woollen, silk and cotton cloth of standard grades, and of shoes, were studied: and many other items and services came under close scrutiny. 435 434 633

To enforce selling at official prices, the selling of permitted quantities, to penalise those who refused to sell, who did not display price tags, who moved goods without a permit or without a valid permit, or who did not comply with other emergency regulations, some enforcement machinery had to be set up. For a time after December 8, 1940, the Court, formerly staffed by Chungking-appointed judges, did not function. Later it was taken over by Nanking authorities. But enforcement of emergency requirements could not await the re-opening of the Court, nor, it was felt, could the already overworked Court handle the many cases of infraction of new regulations. Accordingly an enforcement machinery was

466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
427 per cent of his earnings for the rent of his vehicle. The large number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
745 the rental should be fixed by the Council, and that, in order to form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 ricksha petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first

believed impossible.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

believed impossible. Based on 1934 standards, which of course represented an inadequate livelihood, his real earnings index was 93.48 in 1939; and in 1940, when three separate studies were made, it was between 93.59 and 108.93. The tendency persisted. 434 511 594

It is doubtful whether the authorities succeeded in ameliorating the puller's lot to any material extent. His standard of living was low in 1934 and apparently did not improve. What remained a puzzle is why he was ready to pull for so small a return. His monthly earnings failed by a considerable margin to meet the minimum needs of a worker's family.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

In the early years of the foreign settlements when foreigners were

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permitted into the hinterland for half a day's travel from the city (since they were originally not allowed to spend a night beyond the Settlements), they moved very largely by boat, and "they inevitably met on the way dung boats, dung tanks, dung buckets, and dung carriers wherever they went."[49] Until 1923 (the 1925 population of Shanghai was approximately 2,300,000, including 29,000 foreigners), there were virtually no flush toilets anywhere in the city and no central sewage system. The human wastes (or night soil) and the garbage of the city, in common with the usual practice in east Asia, were carefully saved and "sold" to contractors, who were paid a small fee for their services in removing the wastes and distributing them for sale to the farmers of the delta. Up to 1923, when a central sewage system was installed, these night soil contractors collected the wastes at most of the houses in Shanghai, including the foreign houses, and were under contract to the Shanghai Municipal Council for the removal of wastes collected by the Council from public buildings and a few private houses within the International Settlement. The Council realized an average annual revenue between 1910 and 1920 of US$50,000 from these transactions.[50]

The Council made its first contract with the night soil collectors in 1867 because it was alarmed by the health menace presented by the promiscuous dumping of wastes of all kinds in the creeks which flowed through the Settlement. Night soil contractors had been operating in the Settlement for several years before this date, but they had not removed all of the wastes, and the Council in its new contract provided for a complete disposal system.[51] By 1932, the Health Commissioner of the International Settlement was defending this system as essential not only to the health of the Settlement but to the productivity of the farms which supplied it with food.[52] As a means of disposing of the city's refuse it also had notable advantages of economy, if not of attractiveness to the foreign residents. The Council estimated in 1920 that the cost of collection and disposal of household wastes in Shanghai over the period 1908–1919 averaged about 1s 2d per ton, as against an estimated cost in London at the same period of 9s 1d per ton.[53]

In 1923 the Council built the first central sewage system, which

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by 1934 included four sewage-treatment plants and two incinerators for household refuse. During the same period cesspools were dug for most buildings in the Settlement beyond the limits of the central sewage system. The night soil contractors continued to remove wastes from buildings without cesspools, and, by agreement with the Council, to drain the cesspools at regular intervals. Most of the sewage treated by the new plants was sold to the night soil contractors as before, but now in a concentrated form which was also less dangerous to health when used as fertilizer. Non-organic wastes were dumped at sea by the Council, or were used for raising low-lying land. Household garbage continued to be collected by the night soil contractors as before.[54] These malodorous cargoes went out from Shanghai entirely in barges, many of which were open and which were (and still are) to be seen on all of the waterways running through the city. It was these which attracted the adverse comment to which the Municipal Health Commissioner replied in the statement referred to above.

The night soil produced by two, three, or four million people and distributed to farmers must have been a not inconsiderable factor in maintaining or enhancing soil fertility and in making possible unusually high yields within a thirty- or forty-mile radius of Shanghai.* Existing figures for crop yields are unfortunately calculated on the basis of *hsien*, and *hsien* boundaries do not even approximately coincide with the thirty- or forty-mile radius. The Municipality of Greater Shanghai itself occupies 320 square miles (of which 210 square miles is listed as farm land) within the area of night soil distribution from the city. The effect of this distribution therefore cannot be measured with any accuracy in terms of crop yields, although the figures do show about 10 per cent higher yields of all crops in the *hsien* which have some part of their area within a forty-mile radius of Shanghai than in the remaining *hsien* in the Kiangsu section of the delta south of the Yangtze and east of Tai Lake.[55] Soil and land forms are generally uniform over this area. It is a readily observable fact that fields are greener and crops heavier and further advanced within a day's foot or water travel

* See above, p. 137. Buck's figure was compiled from surveys in only one district (about one quarter of one *hsien*) within this area.

558 return often dissipated the fortune of the family and led to the loss of economic status. Moreover, the belief that those who used their brains were superior to those who used their brawn contributed to the scholars' contempt for manual skills and commercial activity. Therefore, if a scholar did not pass the examination or, having passed it, failed to obtain official appointment, and if the successive divisions of his family property reduced his own holdings to a small plot, he would find it difficult to improve his economic status. At the same time, his lack of economic means would deprive his children of the opportunity to study. Thus, the scholar ideal also contributed to the downward movement of families in the social hierarchy.

517 The scholars, therefore, are not to be regarded as a separate class or a separate occupational group, except as they relied for their livelihood on the teaching profession or the use of their literary skills in a clerical capacity, but rather as "leisurely" members of families of varying degrees of wealth of the bureaucratic, agricultural, artisan, or commercial classes. When recruited by the government to study at the imperial academies, scholars were protégés of the government, and were regarded as potential bureaucrats even if they were engaged only in the compilation of historical documents of no current

517 import. Certainly the majority of those who devoted their full time to study considered themselves potential bureaucrats. To those who did not cherish the dream of becoming bureaucrats and who had other economic means, education was only an additional sign of their prestige.

The road to status and wealth through education and government service was often bypassed in time of chaos; military skills enabled individuals to obtain high positions in the bureaucracy. But military men seldom won social esteem until they had acquired cultivation, and such esteem generally accrued to their children, who were given the opportunity by reason of their parents' wealth to acquire learning under the tutelage of well-known scholars.

C. Social Organizations

571 182 Social organizations which had no basis in kinship were not recognized as approved parts of the social hierarchy or as approved means for gaining social prominence. However, they helped to supplement relationships otherwise neglected by the social order. Most of the traditional non-kin social organizations had an economic motivation. The success of such organizations, however, served as a disintegrating influence on the existing social system.

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871 citizenship.[11] Their curricula opened a new
178 and different world, far more interesting and intelligible to the younger generation than the Classics of old. If modern education had not always succeeded in giving new skills to the student, at least it had taught him not to be satisfied with his lot, to look to the future rather than to the past for betterment.
565 With the increase of schools, there emerged
178 in the cities a considerable professional class and a large number of students cut off for
517 years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together; with their newly-found organizations, came a semblance of a distinct class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period when the landed aristocracy contested with the merchants, industrialists, and bankers

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11. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbank, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass., Harvard University Press, 1954.

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for positions in the ruling elite, political power and economic power in modern China continued to be in the hands of a single group. When social mobility was made difficult by the lack of a clear and recognized channel for upward social movement, social roles were less clearly defined; the sons of high government officials became industrialists, bankers' sons became diplomats, and all owned land. Intermarriages between the new and the old upper-class elements were taken for granted. Modern intellectuals, mostly from middle-class families, were unable to obtain position and status in the new business or political hierarchy and yet were unwilling to return to their home villages. They had been too long removed from their original environment to feel anything but estranged from it.

Influenced by the idea of democracy which they had discovered in school, the intellectuals began to solicit support from the masses, a move which traditional scholars would not have considered. Robert North's study of Kuomintang and Communist leaders shows that the majority of them came from the middle-class, landowning, and merchant families and were graduates of modern schools.[12] The labor

12. Robert North, Kuomintang and the Chinese Communist Elites, Stanford University Press, 1952, pp. 116-21.

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unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

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III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

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668 Yet the villagers' way of life has been greatly altered by the intervention of the government, 517 through the cadres, in all social, economic and 369 political activities. The pressure to conform, at least outwardly, is formidable. Self-chosen leisure-time activities are few, meetings occupy a great deal of time and attendance at harangues by Party cadres, entertainment furnished by traveling theatrical groups (all with their ideological message) take up more of his leisure. The slack winter season may now find him in winter school or involved in a community work project directed by the local cadre.

668 Settlement of accounts before the New Year holiday means payment of taxes and the sale to the 369 government of most of the balance of the farmer's grain, for which he receives coupons. The cadres carry this out at the village level.[21] The New Year festival itself is characterized by some traditional activities, modified by some new features to help promote government aims. The peasant may buy New Year's pictures to decorate his house, but they will probably be romanticized portraits of Mao and other Communist heroes rather than the colorful deities of former days.[22] He may decorate his gate with paired mottoes but the mottoes will no longer carry the old

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21. SCMP 979, Feb. 2, 1955, p. 30.
22. Enlightenment Daily, Jan. 23, 1955, p. 2.

III. STUDENTS AND INTELLECTUALS

517 184 565 Of all the groups of people in China, the intellectuals are probably the most varied in their attitudes. They do not constitute a "class," hence their attitudes do not show any distinctive "group" characteristics. There are those whose strong convictions make them active leaders of social and political movements in defiance of authoritarian rule; there are others whose education and experience make them flexible under pressure. Hence no dependable conclusion on the attitudes of the Chinese intellectuals as a group has been arrived at.

Though the attitudes of Chinese intellectuals differ, the great majority of them are exceedingly patriotic. It is therefore conceivable that to some of them, at least, the Communist emphasis on loyalty to the state rather than the traditional loyalty to the family must have a great appeal. There is reason to believe that most of them who accepted Communism in 1949 did so because they saw in the Communist program some hope of restoring China to a position of dignity and power. After five years of Communist rule, some of the intellectuals are probably elated by the truculence with which Red China has been conducting its foreign affairs, and by the feeling that China, at long last, has been unified and become a nation of importance. But on the negative side there are the restrictions on intellectual freedom imposed by the Communists.

517 Furthermore, the Communist policy of gradually
184 substituting the freshly trained and well-in-
565 doctrinated intellectuals for those who have had a "liberal" or "conservative" background must have created a sense of insecurity among many.

Traditionally, Chinese intellectuals aspired to high positions in the government, where they could attain wealth, social esteem, and influence. For those intellectuals who still harbor such personal ambitions, it must be heartening to see people with no seniority in either the Party hierarchy or the government bureaucracy among the ranks of the nation's leaders in all fields. For others, who have modified their personal ambitions and who sincerely wish to make their training useful to the country, something they have been unable to do for many years in the past, Peking's policy of finding a place for intellectuals in the national reconstruction program is a welcome move.

Since the early days of the Chinese Communist movement, the Communists have always had the enthusiastic support of students. Many loyal Communist cadres are recruited from among the students who, so far, have not shown any lack of enthusiasm for the Communist cause. However, while accepting Communism as their ideal, the students may not be able to suppress entirely a simultaneous impulse toward individualism.

578 discontent and tension have not been eradicated.
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656 A. Public Discontent

1. Regimentation and Restriction.

517 The Communist attempt to organize the people
656 and regiment their activities meets the
668 greatest resistance. The forced establishment of agricultural producers' co-operatives in the rural districts and the organization of all urban workers into unions are Communist efforts of note.

The imposition upon the peasants of spare-time activities and duties is perhaps the most objectionable feature. The peasant is required to attend meetings, to attend winter schools, to be advised on all farm activities, and to perform various duties according to his age and sex. Even how he is to spend his money is decided by Party counseling. Such advice is, in fact, a series of propaganda bombardments, which may include interviews, meetings, and classes. This process is both time-consuming and vastly irritating.

Similar restrictions are imposed upon the workers in the city. During working hours, workers are required to observe labor discipline. They are severly punished if they are late to work or leave early. Loafing and belligerence are crimes subject to punishment. During their "leisure time,"

517 workers are required to participate in
656 organizational and cultural activities and to
668 attend technical and cultural classes. Since most workers hold membership in a number of Communist organizations, no time is left for private affairs.

668 2. High Taxation and Public Obligation.
656 High taxation and business restrictions are
[651] other unpopular Communist policies. In the rural districts, the Communist San Ting policy, formulated at the end of 1953, fixes a quota for farm production and for purchasing and marketing. Other measures which regulate the sale of farm surplus products -- mainly rice and cotton -- only to the centralized market, meet resistance. Businessmen are required to pay high taxes, pubchase bonds, and make "voluntary contributions." Other measures taken by the Communists to eliminate private business doubtlessly create great dissatisfaction among the people.

Public obligations imposed upon the people are also a cause for discontent. The peasant, for example, is called upon whenever his services are needed. For major irrigation projects, peasants are enlisted for work in distant areas. The service of the militia is necessary on many occasions, and so the young peasant is required to accept military training in his spare time. When he becomes a member of the militia, he must patrol the

511 most bankrupt countryside in Asia is the Chinese. The worst crisis of over-population China has yet had to face has been accompanied by a breakdown of traditional ideas and traditional authority so complete as to lead to a state of near anarchy."[2]

511 182 The characteristic way of life of the peasants has been slowly disintegrating under manifold pressures. In prosperous periods in the past a delicate balance of human and economic factors fostered a crowded, conformist, but on the whole harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

178 Despite all the fissures that have developed, it is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus much of the sweeping change that occured in city life under comparable pressures did not occur in the peasant villages.

527 262 The main economic and social unit of the village is the family and a special study is devoted to that subject. Here we should sketch the rhythm of village life and something of its annual cycle of activity.

[Footnote No. 1 cont'd.] "...acres are actually in crops.

2. Maurice Zinkin, Asia and the West, London, 1951, p. 111.

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262 The New Year holiday, for the people of China the first fifteen days of the year, is the main period of leisure for the villagers. Food is prepared in advance, and even the women may rest from their cooking during the first days of the holiday. The town is decorated with nien-hua (New Year's pictures) and ch'un-lien (paired New Year's Day mottoes). Visiting friends and relatives, gambling, eating the best food of the year, wearing the best clothes, and indulging the children make this the most festive period in the year. For many families it is the only time in the year when they can afford to eat meat dishes. The special dishes of the season vary from province to province. In a northern province such as Shantung, chiao-tzu, meat dumplings, are particular favorites; as one moves south, rice-based delicacies such as nien-kao, "year cakes," figure more prominently in the New Year's feasts. Besides being a time of celebration, the New Year is also the time for settling accounts, and, for many farmers there will be little left for celebration when the creditors have been dealt with.

221 The regular work of the agricultural year beings immediately after the New Year. In Shantung the farming cycle is governed by the need to conserve water and by the demands of the principal crops: wheat, millet, kaoliang. From the Yangtze valley south through the East China Region, the year is phased by the steps in wet rice cultivation. In early spring, the Shantung farmer begins his year-long effort to conserve moisture that has accumulated in the soil during authumn and winter rains. About half the fields are then in winter fallow awaiting the spring

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221 the work of all available hands and are done with
651 primitive implements. The harvest in, the farmer must deal with the tax collector and then ready his fields for the winter crops; in some parts of the East China Region, this may be winter wheat and rape; in others, two rice crops are produced in a single agricultural year. The rice farmer like the wheat farmer in the north, uses the winter to work on tools, handicrafts, and repairs, and the women of his family may carry forward their raising of silkworms and the spinning and weaving of silk. In other areas tea is an important supplement to rice agriculture, [5] and fishing is a full or part-time activity of about a quarter of a million people in Chekiang and Fukien. [6]

527 The farm year, toilsome in north and south
769 alike, is punctuated by other activities and festivals which relieve some of the monotony of the long seasons of work. The first of the annual festivals after the New Year is that of Ch'ing-ming which corresponds in time to the Western Easter. Also like the Western Easter, it was once a Spring fertility festival. On this occasion the ties of the living and dead members of the family and clan are celebrated. Families often take picnics to the family or clan graveyard, make food offerings to the dead, sweep the graveyards, and then enjoy their feast. All relatives make special efforts to join in this annual celebration of family solidarity, and the outing is a pleasant relief from winter and indoor work. [7]

5. On agricultural year-cycle, see excellent description in Gerald Winfield, China, The Land and the People, New York 1948, pp. 34-61.

6. Cf. Geo. B. Cressey, Land of the 500 Million, New York, 1955, p. 127.

7. Wolfram Eberhard, Chinese Festivals, New York, 1942, pp. 113-127.

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On the fifth day of the fifth lunar month is the Dragon Boat Festival. This is of southern origin and is traced by Eberhard to the human sacrificial rites of the Tai aborigines of south China.[8] In modern times it has been somewhat less popular in the north than in the south. It is in the south that the dragon boat races were held on rivers and lakes. For most rural families the festival meant somewhat better food than sual and particularly the steamed rice dumplings known as tsung-tzu, symbolic of the rice sacrifices made on this occasion to the shade of Ch'ü Yüan -- ancient stateman and poet of the feudal state of Ch'u.

On the fifteenth day of the seventh moon, usually in late August, is the feast of souls the primitive origin of which has been transmuted by Buddhist belief and symbolism. It is at once a festival for the souls of one's ancestors and a community salute to the dead. Ancestral graves are cleared, sacrifices of food are made, and paper replicas of desirable objects are burned. The salute to all the dead takes the form of floating paper boats with lanterns in them on some body of water, symbolizing the communities' concern that all the dead may be guided to the "other shore" -- Buddhist metaphor for salvation. Many pay visits to a nearby temple and pay for masses for the souls of the dead, particularly for the souls of the people in the community who died without descendants to commemorate their passing. In this festival, too, special food

8. Eberhard, op. cit., pp. 69-96.

527 769 is prepared for the dead and for the living, and the farmers and their families enjoy leisure and conviviality.[9]

The mid-autumn festival is primarily a moon festival, and the ceremonies in honor of the moon carried out at moon-rise on this autumn night are full of the symbols of fertility and longevity. In modern times it has been mainly a festival of women, and the Old Man in the Moon is sacrificed to as the one who arranges all marriages on earth. The moon cakes in the shape of the full moon, are one of the special delicacies of this season. This too was perhaps originally a fertility festival, and in some areas it is a popular time to make pilgrimages to nearby mountains.[10]

These are the festivals that have continued to have the most significance for the Chinese farmer into modern times. Many of them have changed drastically through time, and we shall shortly see that the Chinese Communists are greatly altering the meaning and symbolism of those few which they have allowed to survive.

527 In addition to the annual festivals, the farmer's life of toil may be relieved by ceremonial family events. A wedding meant for those who could afford it a great feast and ample wine; even the poorest families made every effort to make a marriage ceremony festive. Practical jokes were

9. Eberhard op. cit., pp. 129-33.
10. Ibid., pp. 97-112.

527 played on the bridegroom, traditional songs were sung and the guests, particularly the men, thoroughly enjoyed themselves. The births of male children were often celebrated as were the betrothals, and the like. In modern times the government of the Republic of China decreed certain national holidays but these were little observed by the farm villages.

217 In addition to these occasions for relaxation, there were activities which interested some of the villagers and helped to vary their lives. Itinerant dramatic troupes occasionally performed, and until very recently the storyteller spinning out his tales to the villagers was often seen. The election of a headman for the village often involved political maneuvering and a town meeting. Pilgrimages to famous mountains or shrines were often undertaken in the slack agricultural season for religious reasons or purely for relaxation. Perhaps the most universal recreation was as in all illiterate communities gossip and desultory conversation about the weather, the crops, the iniquity of the government local disputes, and on their rare occurrence, lawsuits involving
156 fellow villagers. Despite the grim struggle for survival the average villager tended to be cheerful, self-respecting with a robust sense of humor. He went through life with a continuous concern for his own "face" or prestige among his fellows and with the strong determination that, despite all, the fortunes of his family might steadily improve

B. The Pattern of Urban Life

369 Urban life, although it meant a different pattern of work, was closely akin to life in the

369 villages. Town and citydwellers -- perhaps 20% of China's population -- kept their ties with their native villages. returned there whenever possible and many saw commercial activity in the town only as means to the acquisition of sufficient wealth to buy farming land and return [162] to the village.[11] The town population, then. was mostly made up of artisans and peasants plus a small number of landlords retired officials county functionaries and established merchant [634] families. The county seats (hsien capitals) were the centers for tax collection and administration of the surrounding farm-villages and also served as market towns where the peasant might sell his crop and purchase the manufactured goods he could not produce.

369 Town life for the average artisan was as meager as that of his relatives in the village. 511 Long hours hard work low pay. few holidays were the lot of most and living conditions were generally poorer and more crowded than those [466] in the villages. Proprietors of many shops required their employees to live on the premises so that they seldom visited their families. The [562] diet of the town dweller was as poor as that of the poor farmer -- mostly cereals vegetables, and some condiments and meat and fruit on holidays only. Brief holidays were allowed at 369 the New Year the Ch'ing-ming festival. the 527 mid-Autumn festival, and the Dragon Boat festival. On these occasions, townspeople usually tried to return to their villages; if this was impossible they enjoyed such delicacies as they could afford and strolled the streets, perhaps

11. Cf. Cressey. Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.216]

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527 visiting friends and attending seasonal fairs and theaters.

369 Life in the towns was then closely linked with village life. But in the provincial capitals such as Tsinan, Nanking, and Foochow, life in some respects has been greatly altered by the modernization that spread from the coastal to the inland cities. The streets are paved and schools, newspapers, motion pictures, and radio make the people more aware of the outside world than are their cousins in the towns and villages. In Shanghai and other modern cities major industries built large dormitories for workers labor unions and political clubs developed as new foci for social activity. Yet the living conditions grew worse as workers moved into the cities. Crowding reached unbelievable proportions. The only comparable figures are for Chengtu, a city outside the East China area, but they suggest the dimensions of this problem in all urban centers. Chengtu, with predominantly one-storied buildings, had a population density of 50,000 per square mile, as compared with 22,500 per square mile in New York City.[12]
[466] One survey suggests that workers in the newer industries were somewhat better off than workers in the traditional trades,[13] but their traditional holidays were shortened without in most cases
527 the introduction of a six-day week. In the crowded
369 cities the festivals of the agricultural year continued to determine the holidays -- although

12. Winfield op. cit. p. 88. These figures would seem to be for the period 1945-47.

13. Lang op. cit., pp. 88-89.

527 national holidays were increasingly observed -- 369 and like the town dwellers city workers tried to return to their family villages for at least one of the holidays. Another link to one's native place 515 was the system of clubs composed of those city- 369 dwellers who had a common provincial origin; the clubs operated hostels and sometimes arrangements for mutual-aid. Secret societies provided another focus of social life, particularly in the towns and cities. Their rituals passports and secret signs of greeting were all subordinate to their basic aim, which was to provide members with security-through assosi ation with an insurance against the hazards of a disintegrating and increasingly predatory society.

369 It will be noted that the ties of kinship and custom were strong even between the large modern cities and the farm villages. The ways of life tended increasingly to diverge yet one of the strongest cohesive forces of all was the common set of attitudes and values which even when change has been accounted for held together all Chinese of village and town and city.

II. THE INFLUENCE OF COMMUNISM

668 In discussing Communist efforts to alter the Chinese way of life, it should be stressed that our material is unsatisfactory. Statistics, declarations, news releases -- all give few realistic details of life in the villages under Communist domination, and most refugees from Communist China have come from the cities.

First of all, the farmer's annual routine is basically unchanged. Pilot collectives are in

668 wishes for long life, happines, and wealth, but
369 exhortations to conform to Communist standards.[23] The government may allow some additional foods for the season, but gambling is forbidden, and social life has been so thoroughly organized that it can be no longer restricted entirely to family and friends. The peasants have been urged to organize their own dramatic troupes to play the approved repertoire. Traveling troupes brought dramas to the villages, and 1500 film projecting teams moved into the countryside. The cadres organized "cultural lectures" for the rural groups. The old exchange of visits with relatives in nearby towns now has its Communist counterpart: interchange of visits between urban and rural workers' groups to observe one another's "progress in Communist reconstruction."[24]

668 The seasonal pilgrimage, in company, to
369 some famous shrine also has its Communist
788 counterpart: mass pilgrimages to Mao Tse-tung's native villages, which is being publicized as a national shrine.[25] Despite its frontal attack on the old familism, the Communist government last year provided special trains to take city dwellers back to their native villages for the holiday; a mass exodus was reported from Peking.[26]

668 Ch'ing-ming is no longer an approved festi-
527 val, presumably because of its function as a celebration of kinship ties and family continuity. The next approved traditional holiday is the Dragon Boat festival in June. The boat races

23. Cf. collection of mottoes in Hua-nan t'ung-shu [South China Almanac]. Canton, 1953, p. 32.
24. Enlightenment Daily, Jan. 23 1955, p. 2.
25. Ibid. 26. Ibid., Also, SCMP972, 1954 p. 21.

668 have been revivied, and the poet Ch'ü Yüan, nov
527 a "People's hero martyred in protest against a corrupt feudal regime," is the focus of celebrations.[27] The moon festival in autumn is also celebrated with extra food allowances and "cultural" activities. The various anniversaries of the Chinese Communist and of the World Communist movement probably do not break into the agricultural working year but they may be the occasion for special propaganda arranged by the local cadre. It will be seen that the pattern of living in the villages has been drastically altered; what remains of the old pattern is precisely what the government and the Party permits in the interests of morale or adapts in the interests of their rural program of change and indoctrination.

668 III. CHANGING PATTERNS OF LIVING

156 In the town and cities as in the countryside, the greatest changes in living patterns have been brought about by the network of new associations by which the regime envelops and controls the individual. Workers in various traditional crafts, merchants industrial workers, are all organized by the Party, and it is within these groups, under the guiadance of cadres, that the urban working population is most strenuously indoctrinated. In long and frequent meetings, the city dweller is under intense pressure to manifest "correct attitudes," to show himself free of all "feudal" and "bourgeois" taint, and to demonstrate his complete commitment to Communist goals.

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27 SCMP, 1075, June 23, 1955, p. 25.

668 156 Through these and other channels he is under continual pressure to step up his efficiency and productivity. The meetings take such a toll of his energy at the end of the working day that they are openly referred to as "fatigue meetings."[28]

City and town dwellers are also organized into street and ward units, and through these they are given further directives on the management of their lives.[29] The townsman more than the peasant, is open to an "around the clock" propaganda barrage From the first call to early morning calisthenics the radio blares in every street until late at night. There is pressure to join sports groups, study groups -- all with their ideological purposes. The major Communist holidays are celebrated in the cities with great parades and with endless speeches. Privacy, the chance to be at ease with family or friends, are both rare.

668 527 The New Year's holiday has some of its old gaiety, although within the same restrictions imposed on the peasant. The cities receive special shipments of seasonal delicacies, as they appear to do at the mid-Autumn and Dragon Boat Festivals, and trips back to the family village may be possible for a minority of the urban population.[30] New Year's activities in East China

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28. Rostow, op. cit. p. 160.

29. "Urban Organizations," Current Background 310, Jan. 17 1955. "Regulations of--"

30. [See following page.]

668 in 1955 suggest the way in which all public
527 celebrations of the festival are made to serve the Communist purpose. It was reported that, along the East China coastal area, traditional merrymaking was combined "with strict vigilance and celebration of the Yikiangshan I-chiang-shan Island liberation." In Foochow, special exhibitions on the theme "Taiwan Must Be Liberated" drew large crowds. In the Amoy area and along the Chekiang coast, people called on units of the armed forces in their neighborhood "to bring them gifts and thank them for their efforts in national defense." In Shanghai, 40,000 spectators watched military teams play football, and Red Army song and dance troupes performed at thirty factories.[31]

668 Cities have been cleaned up and enlarged, and
565 building has apparently proceeded rapidly, although improvements in housing probably mainly affect the industrial workers the favored class

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30. [continued] Enlightenment Daily, Jan. 23, 1955 p. 2. In preparation for the New Year exodus from the cities in 1955 the Ministry of Railways estimated that "Over three and a half million more people will travel than on normal days mostly to join in united family celebrations of the holiday." NCNA dispatch, Jan. 19, 1955; SCMP, 972 Jan. 20, 1955, p. 21.

31. NCNA dispatch, Jan. 27, 1955. SCMP, 976, Jan. 28, 1955, p. 15 In all such activities one should remember that the cadre is instigator and manager.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 As to urban unemployment, Shanghai in East China was most seriously affected among the large cities on the Mainland. The All-China Federation of Trade Unions published an open letter to all its members on April 20, 1950 on the need of relief for the unemployed in Shanghai and other cities. It estimated that there were 150,000 unemployed, jeapordizing the livilihood of 500,000 workers and family dependants. In addition to other common causes for unemployment, East China, particularly the Shanghai area, had suffered bombardment by the Nationalist air force in the early days of the Communist regime. The Shanghai Federation of Trade Unions, called on all employed workers to contribute one day's pay for the relief of unemployed families.[28] At a work relief conference in Peking called by the Department of Labor in April 1954, it was reported that from July 1950 to the end of 1953 the Labor Bureau of the Shanghai People's Government had obtained work for 256,200 people.[29]

V. CHILD WELFARE

527 858 In 1931, following the international practice of dedicating one day in the year to the children, April fourth was promulgated as China's Children's Day by the Nationalist Government.

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28. New China Monthly, Vol. II, No. 1, May 15, 1950, pp. 64-65.

29. Ibid., No. 5, May 1954, pp. 157-58.

1:Stanford U, S-4, 5 1956 AF15 East China
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527 858 The Chinese Communist regime changed this date to June 1st, in accordance with a decision made by the International Democratic Women's Federation in 1949 at Moscow.[30] Children's Day as it is celebrated in the United States and in Great Britain was branded as "capitalistic," i.e., not designed for the well-being of the children of the laboring classes. Around June 1st every year, all the propaganda media are mobilized for the promotion of child welfare, praise of the happy state of children in Communist China and in the Communist bloc of nations, and derogatory references to the "plight" of children in the free nations. And it is also around this time in most large cities on the mainland of China that health examinations for children are conducted. In the period 1950-52, according to one report, more than 1,000,000 children throughout China received health examinations.[31]

In preparation for International Children's Day in 1952, the Shanghai Municipality gave a special broadcast. Two hundred children's delegates were present at the broadcast, and 268 listening units were organized with some 52,000 young listeners. The mayor of Shanghai,

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30. Hung Hsin-t'ao, Chi-nien Chieh-jih Shih-shih Tzu-liao [History of the Memorial Days], Shanghai, 1953, i, pp. 180-83.

31. Hsin-hua Jih-pao [New China Daily], Chungking, May 30, 1953, p. 3.

1:Stanford U. S-4, 5 1956 AF15 East China
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527 as the chief speaker, exhorted the children to
858 cultivate strong bodies, to master the Chinese language, to study science, and to love the fatherland and chairman Mao. On the evening there was a campfire gathering of some 6,000 children with a number of government and political leaders, fighting heroes, labor models, scientists, and artists as guests. On this occasion, there was a meeting of young scientists at the Sino-Soviet Friendship Association and a health exhibit in the Municipal Children's Health Center. The New China Bookstore offered a special ten per cent discount on all children's books.[32]

744 A mid-year report in 1952 on the progress of child welfare and related work in East China since 1950 claimed that 160 health centers, stations, and mobile teams for women and children had been established and over 10,000 midwives trained or re-educated. In the same period, according to the report, about 19,000,000 children were vaccinated against smallpox and 70,000 were given B.C.G. shots. Several million people were said to have visited the 46 health exhibits for women and children held in
747 East China. The report further claimed that 5,000 creches had been organized in the rural

32. Chieh-fang Jih-pao [Liberation Daily], Shanghai, June 2, 1952, p. 1.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

132 435 438 505 The boatmen on these waterways usually refuse to load or unload rice when it is raining (whether out of regard for their own safety or for that of their cargo is not clear), and the flow of rice to Shanghai stops almost entirely whenever it rains. The Shanghai rice market, including foreign and out-province rice, reacts with great sensitivity to the rain situation in the city, price changes for rice from all sources often following changes in the weather as closely as an hour.* The role of the weather in the Shanghai rice market as a whole underscores the fact that local sources of rice hold the commanding position, and that the rice moves to the city largely by boat. The monthly reports on the rice market refer repeatedly to water transport connecting Shanghai with the rice-producing areas of south central Kiangsu, but very little mention is made of railway transport of rice during the entire period 1920–1936. Highway transport of rice is not mentioned at all. The dominance of water is so marked that these monthly reports lay great stress on the weather, and conclude in one case that "Rain and wind make a great difference to the rice merchant's heart."[18]

• 527 435 438 4. Traditional festivals, especially the Chinese New Year (a lunar festival occurring as a rule in early February). Their effects may be summarized as follows: a. since the New Year is the time for settling of accounts as well as for feasting, the farmers need cash and sell their rice; the price falls as a result at the beginning of the festival period; b. however, the holiday on the farms decreases the amount of rice collected and transported to inland centers as the festival continues, thus counterbalancing the earlier selling; c. banditry resulting from inability to pay debts slows or stops move-

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market on an average of ten or twelve times a year, principally from March through July.

* According to records kept by the Public Works Department of the International Settlement at Shanghai (printed each year in the Annual Reports of the Municipal Council from 1920 to 1939), rainy days occurred in the city from 1920 to 1939 on an average as follows:

	Jan.	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*
Number of days on which some rain fell	3	4	6	6	8	14	7	5	5	4	4	1
Number of days with rain continuously 6 A.M.-6 P.M.	1	2	4	4	5	8	4	3	3	2	1	1

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ment of rice by water to Shanghai. This last has the greatest effect on the rice market. In general, the Shanghai price of rice tends to rise at New Year about 5 per cent and at other festival times a little less. The above effects of festival periods also demonstrate the leading position of local rice supplies, since the entire Shanghai rice market (including the price of foreign rice imports) reacts at these times to purely local festival activities. Local rice being in short supply, foreign rice is at a premium. 527 435 438

5. Civil disturbances. Movement of local rice to Shanghai is notably interfered with during periods of local unrest, especially when troop movements occur. The boatmen fear commandeering of their boats and expropriation of the cargoes. This was a frequent occurrence during the unsettled political period of the late 1920's, and later during the Japanese attacks on Shanghai in 1932 and 1937, as well presumably as the wartime period and the large-scale civil war which shortly followed it. Civil order has unfortunately not been the rule in this area during the past thirty years. In October 1926, despite an excellent harvest just gathered, large amounts of rice already in storage in Shanghai and the accumulated demand in the city after the mid-autumn festival, a local uprising in Chekiang and troop movements connected with it in Kiangsu brought water transport to a complete halt in the delta south and west of Soochow. As a result, the Shanghai price of rice nearly doubled instead of falling as it otherwise would have done. The railways to Hangchow and Nanking were kept open during the entire period. In this case the rice supply situation was eased by shipments on special order from Tsingpu, Sungchiang, and other nearby areas removed from the trouble.* 577 435 438

* Rice was stored both in Shanghai and in the collection centers in the local producing areas. However, the Shanghai rice market was very sensitive to day-to-day changes in the supply arriving from the local areas. This suggests that relatively small amounts of rice were stored in Shanghai, and that the market depended on regular shipments. When these were interfered with, it was not possible for the Shanghai rice merchants to keep the Shanghai price from rising, since orders for foreign rice could not normally be delivered in less than two weeks. The hiatus in local supplies during the planting season was of course anticipated by the Shanghai merchants in the form of advance orders for foreign rice which were delivered during May and June, but even so the price of rice rose during this period, as indicated above, further evidence that the market was dominated by local supplies moving regularly to the city during most of the year.

369 166 morality for the laxity and easy virtue which some Shanghai residents thought would prove a match even for the Peoples' Government.*

369 166 722 455 Another element which made life in Shanghai exciting, lawless, and profitable for the foreigners was the periodic flooding of the city by refugees from civil disorder in China. Shanghai was a tiny island of relative security at such times, where the presence of foreign consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

Land within the Settlements which sold for an average of £50 an [529] acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

3 Hinder G-5 (1933-1942) 1944 AF15 East China AF15

of a foster home programme were available. In this situation it was felt that a stimulation of the practice of adoption would be beneficial, and this policy was embarked upon. 635 736 597

In every case of adoption arranged or recommended by the Child Protection Service, documents of approval were given to the adoptive parents. These papers were granted only after all preliminary steps (including a medical examination and a subsequent six-month trial period) had been observed. The purpose of this procedure was to formalise adoptive relationships by official approval. It was hoped thereby eventually to create the conception that adoption in accordance with Chinese law should be encouraged.

There are other phases of the care of children which, it was felt, might rightly be termed the concern of the administration even in the peculiar situation in which the Settlement found itself. What is well known as family case work, the effort to assist a family to make adjustments and to solve its problems, was scarcely known in Shanghai, at least in any formal way. Many cases were known where children were delinquent, or begging, the root cause of which lay in the economic situation of the family. Often a child might well have been saved from a future life of crime if the family situation could have been solved. In general, the view was taken that, with the numbers of homeless children as great as they are, children with homes should not be cared for in institutions. Only the children in institutions had the attention of the authorities. The attention of certain social agencies, notably the Pullers' Mutual Aid Association, and some socially minded Chinese leaders, was turned in the direction of family case work as a means of serving the city's needy children.

THERE WAS AN ALMOST complete lack of recreational facilities for even the children of well-to-do parents, a consequence of the congestion in the city. There were some children's parks where younger children went, usually in care of *amahs* as nurses, and to which some more privileged older children also resorted. It was hoped that some beginning might be made with the provision in these of organised play under trained recreation leaders. A revival of a plan formerly instituted by the Joint Committee of Shanghai Women's Organisations could have obtained the use of open spaces 529 [857] 741

3: Hinder G-8 (1933-1942) 1944 AF15 East China AF15

529 for playgrounds whenever through building demolition or some
741 other chance an area might be temporarily cleared.

The financing of children's institutions in a time of rapidly
262 rising costs proved difficult. Some were stimulated at times to
741 make efforts to improve the diet. "An egg a child a week," "some oil each day" have been aims which in some instances have been met, only to find that the cost of eggs has doubled, and that of oil trebled, so that the former ration again became the rule. There was felt to be a need for the organisation in Shanghai of a Children's Community Chest, when the citizens would be challenged to give largely and generously to its children, and all organisations caring for children might benefit. Leadership in the community to better the situation of its children was not lacking, as the extensive services for homeless children show.

736 THE WORSENING OF the economic situation in the city following
633 the outbreak of Pacific hostilities was followed, inevitably, by the
735 abandonment of many children on the streets by those unable to
748 care for them. Institutions which down through the years had been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

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Annex "A," Subparagraph li,
Sociological Background

INTELLECTUAL AND ARTISTIC EXPRESSION

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Intellectual and artistic expression is interpreted in this chapter to mean the communication of ideals and ideas through creative and academic writing, painting, the plastic arts, dancing, and music.

The bulk of the creative and academic writing of the East-China Region does not differ from that produced in China as a whole. The Chinese written language is the universal vehicle for official business and cultivated expression in all parts of China. In the last three decades, Shanghai, having more publishing houses and better international communication, vied with Peking as the nation's cultural center, until the Communists made Peking the nation's capital in 1949. Cities like Soochow, Nanking, Hangchow, Tsinan, Foochow, and Amoy of East China have been centers of higher learning. The new literary movement, although originating in Peking, also stirred these cities and Shanghai. The support from these cities gave the movement a national character. The identification of the bulk of the creative and academic writings of the East-China Region with that of the Chinese nation as a whole is particularly true today when the nation is ruled by an authoritarian and centralized government and when all cultural innovations emanate from Peking.

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532 538 The Chinese, especially the Chinese Communists, often speak of literature and the arts as one. In the Communists' policy statements, what pertains to literature also pertains to the other arts. Therefore, as far as the theory and policy of the arts are concerned, no separate treatment is necessary.

532 538 184 In less sophisticated folk literature and folk art, however, East China exhibits some unique regional characteristics. But even in this respect, the East-China Region is by no means an integrated whole: Shantung is more closely related to the North China tradition, and is oriented toward Hopei rather than toward the provinces in the south; Fukien has South China characteristics not shared by other provinces in the region. Furthermore, in the mountains of southern Chekiang and western Fukien there are minority groups who have forms of intellectual and artistic expressions unlike those of the Han Chinese.

I. GENERAL CHARACTERISTICS OF LITERARY ACTIVITIES IN COMMUNIST CHINA

814 The reform of literature and art (wen-i cheng-feng) at Yenan in 1942[1] made the practice

1. Mao Tse-tung's speeches at the Party School in Yenan in February and at the Yenan Literary and Art Circles' meeting in May 1942 established the "line" of literature and art endorsed by the Central Committee of the Chinese Communist Party which has since been upheld as the creed of writers and artists in Communist

(continued next page)

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536 It should be mentioned that the Communists have elevated the social position of actors and actresses from that of "entertainer" to that of "artist." Actors and actresses have their own organizations in the capital and are invited to take part "under the leadership of the Party" in the deliberation of new policies pertaining to their profession.

III. ARTISTIC EXPRESSION

A. Painting and the Plastic Arts

• 532 Painting and the plastic arts are largely utilitarian in China today. The utilitarian spirit puts them in the realm of either propaganda or craftsmanship. As propaganda, they have become extremely derivative and stereotyped; as craftsmanship, they utilize local characteristics and traditional skills and sometimes are unrestrainedly florid and pretentious. Chinese brush paintings, woodcuts, oil paintings, pencil sketches, water colors, sculpture, ceramic figures, wood-carvings, cartoons, and chalk drawings are entries in most of the art exhibitions. Among these categories, ceramic figures and wood-carvings represent local craftsmanship and are little influenced by Communist ideology. Other art forms have followed Communist policies and adopted Communist slogans as themes. Woodcuts, sculptures, and water colors seem to have been more easily adapted to the new themes than oil paintings and the traditional Chinese brush

•532 paintings. The oil paintings done by Chinese artists lack imagination in composition; at their best, they are only photographic depictions of political activities. Traditional brush-painting technique is at its best in landscape paintings and in depicting rural life and is ill-adapted to the illustration of modern people and their activities. No prominent artists in oil or water color have emerged under the Communist regime.

Under the general principle, "Accept the heritage of the world," the Chinese Communists have commemorted Western artists like Rembrandt and Leonardo da Vinci and printed reproductions of Western art (the Mona Lisa, for example) in literary and art journals.

B. Woodcuts

The woodcut, a traditional art in China, is used to adorn story books. Lu Hsün (Chou Shu-jen) was the first to renew popular interest in this art. Woodcuts became popular in Yenan during the war against Japan because they did not require elaborate equipment. Many people remember the lively woodcuts of the Liberated Areas, which showed the influence of the West. Woodcuts are popular in Communist China. There is a tendency to incorporate the traditional Chinese woodcut style in the illustration of Communist themes. One also

532 finds elaborate woodcuts in multiple colors, the technique of which antedates the Yenan period. In recent woodcuts, rural life is more effectively presented than scenes depicting blast furnaces or anti-U.S. activities.

C. New Year's Pictures (Nien-hua)

In Chinese households not influenced by the West, a new picture is hung or pasted on the wall on New Year's Eve to assure a prosperous and peaceful year ahead. Such pictures are called nien-hua. They are exploited by the Communists as a means to secure the people's consent and support for their regime. The traditional theme of superstitious propitation to the gods has been transmogrified to one of glorification of Mao Tse-tung for bringing happiness and prosperity to the people, or of the Long March of the Chinese Communists, the distribution of land certificates after the land reform, the woman train-conductor, or the "great meeting of Stalin and Mao Tse-tung."[21]

The Communists have been boasting of a tremendous sale of the "new" nien-hua during the last few years. The production and printing of the new nien-hua are now done

21. People's Pictorial, February 1951.

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532 entirely by Communist publishing houses, and the Chinese people have no way of buying the traditional ones. The aesthetic value of the nien-hua is practically nil, but it blends together so well the traditional customs, beliefs, and sayings of the people that the messages it conveys are easily understood and often accepted.

D. Comic strips (Lien-huan t'u-hua)

The Chinese comic strip is neither literature nor art, but it borrows a little from both to enable the barely literate to be educated and entertained with stories. The Communists, knowing the popularity of comic strips among children, women, and the uneducated, have contrived to use them as tools with which to teach "patriotism" sanitation, and health to the masses. Earlier comic strips are looked upon as "feudalistic" and superstitious and have been replaced by "new, healthy, and educational ones." The new comic strips, created by artists recruited and guided by the Communists, are available at street corners and in factories, villages, armies, and schools.

The Communists claim that the sale of comic strips is increasing daily. The Lien-ho Bookstore in Shanghai, which handles the new comic strips, reported the sale of more than 600,000 copies in January 1951, and more than one million copies in the following April. The comic strip periodical Lien-huan Hua-pao is reported to have a circulation of 400,000 copies

532 every issue.

The most representative and most publicized new comic strip is The Letter with a Chicken Feather,[22] which uses 243 pictures to "give Chinese children a patriotic education." The story concerns a young boy who, after receiving a Communist education, successfully fulfilled the "heroic" task of delivering an important message to anti-Japanese guerrilla force. It is claimed that more than 58,000 copies of The Letter with a Chicken Feather have been sold.

E. Dance

535 China as a whole does not have any distinctive form of dancing, although yang-ko is sometimes so considered. Combining singing and dancing, it is derived from the song pattern of peasants who sing in groups in an antiphonal manner while working in the rice-fields. The dance steps follow a simple pattern -- two steps forward and one step backward -- resembling the movement of the peasants as they work in the fields. In village festivals, the yang-ko is sometimes performed, but it became truly popular only after the reform of literature and art in 1942, when the Communist used the dance to

22. It was a traditional practice to include a chicken feather with an urgent message, to signify the letter's importance and the need for safekeeping.

538 Ma Fan-t'o and Li Chi are often spoken of together. Ma's poems are modeled upon popular rhymes. Li Chi's poems are modeled after Shun-t'ien-yu, a folk-song pattern popular in Shansi and Suiyuan during the war against Japan.

All the poets mentioned above are known nationally. Their styles are imitated by lesser known poets. Kuo, Ai, and T'ien won their first recognition as poets among Shanghai literary circles before the war.

E. Popular Rhymes and Folk Songs

538 533 Popular rhymes and folk songs in East China are not as free in form as those in North China. They are usually of 4-line stanzas, each line containing seven syllables which are, in fact, seven characters in written form. Only those of Kiangsu are unrestricted in the number of words to line, although they do adhere to the four-line stanza.

The Chinese Communists have always been active in fostering folk songs and popular rhymes which welcome or accept the new political order. The best example is "Tung-fang Hung" ("All Red the East"), a folk song originating in Shensi and now well-known in East China, which likens Mao Tse-tung to the sun rising in the east. Some of the newer folk songs fostered by the Communists praise construction and eulogize the "new people" under the present regime.

538 Some of the older folk songs are now being rearranged so that the old forms accomodate the
533 new ideology. The most notable example is Yüan Chang-ching's rearrangement of "The Water of the Chang River." In East China nothing of comparable quality is known to have been composed.

F. Drama

536 Stage plays in China can be roughly divided into four kinds: (1) folk plays native to small dialectal districts, (2) ching-hsi or p'i-huang (Peking opera), which is appreciated in all parts of China proper, but particularly in Peking, Tientsin, and Shanghai, and in big cities of other regions, (3) the new opera, a genre created by the Chinese Communits, and (4) the modern play. These, together with motion pictures, are now utilized by the Communists to disseminate ideological and political messages.

1. The folk plays. Just as there are many dialectal differences in East China, so the folk plays are both numerous and various. The following are the most representative.

"Shantung pang-tzu" is one of the many variations of the North China pang-tzu. The

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535 177 The Central Experimental Opera Institute at Peking has also been giving instruction in ballet, and there are many aspiring ballerinas. Interest in ballet is unprecedented in China and is clearly influenced by the popularity of ballet in Russia.[27]

535 658 Activities associated with dancing are organized and directed by the government. There is the All-China Association of Dancers, a subdivision of the All-China Federation of Literary and Art Workers,[28] with headquarters in Peking. Tai Ai-lien, a well-known professional dancer heads the association. She has dedicated herself to the incorporation of folk life, especially that of the minority peoples, into her dances. Her training, however, is Western.

F. Music

533 Appreciation of Western classical music has been revived in accordance with the principle of "accepting the culture of the world." A municipal symphony orchestra in Peking performs Beethoven as well as Tschaikowsky and is intended to set an example for musical

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27. Ibid., May 1954.

38. The All-China Federation of Literary and Art Circles was changed to the All-China Federation of Literary and Art Workers in September 1953.

533 activities elsewhere in the nation. The quality of the symphony's performance is unknown. No major composer has emerged under the Communist regime. Most of the musicians seem to be absorbed in collecting and rearranging folk music, in composing scores for the new operas, or in turning out at short notice musical accompaniment for propaganda films.

Marching bands have been very popular under the Communist regime; nearly every school has a band. This is in keeping with the Communists' effort to foster some kind of marshall spirit in the youths of the country.

536 musical rhythms of these plays are marked by the beat of a foot-long wooden stick, which in North China is called pang-tzu. P'ing-chü, which is also called peng-peng-hsi, is native to T'ang-shan and Juan hsien in Hopei. They are usually love stories both unsophisticated and vulgar. The popularity of pang-tzu and p'ing-chü in Shantung indicates that traditionally Shantung is more closely related to North China than to the southern provinces.

The most popular folk play in East China is Yüeh-chü. Compared with other folk plays, Yüeh-chü is decidedly richer in content and more integrated in form, having a large professional group which is composed exclusively of young girls, and a leisure class, mostly of middle-class housewives, dedicated to its appreciation. The most celebrated Yüeh-chü actress in recent years is Yüan Hsüeh-fen. As the result of her ideological "progressiveness," plays incorporating themes approved by the Communists have been introduced in Yüeh-chü.

2. Ching-hsi. A composite of many regional plays, ching-hsi is popular in all parts of China. The best actors and actresses of ching-hsi, however, have been those associated with the Peking theaters. Shanghai, because of its wealth, has also been able to invite the
536 best actors and actresses to its theaters. The
•534 musical accompaniment is carried by the

536 hu-ch'in, a string instrument, assisted by other
534 strings and by wood-winds. Percussion is used to accentuate rhythms of body movements and to dramatize heightened movements.

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532 every issue.

The most representative and most publicized new comic strip is The Letter with a Chicken Feather,[22] which uses 243 pictures to "give Chinese children a patriotic education." The story concerns a young boy who, after receiving a Communist education, successfully fulfilled the "heroic" task of delivering an important message to anti-Japanese guerrilla force. It is claimed that more than 58,000 copies of The Letter with a Chicken Feather have been sold.

E. Dance

535 China as a whole does not have any distinctive form of dancing, although yang-ko is sometimes so considered. Combining singing and dancing, it is derived from the song pattern of peasants who sing in groups in an antiphonal manner while working in the rice-fields. The dance steps follow a simple pattern -- two steps forward and one step backward -- resembling the movement of the peasants as they work in the fields. In village festivals, the yang-ko is sometimes performed, but it became truly popular only after the reform of literature and art in 1942, when the Communist used the dance to

22. It was a traditional practice to include a chicken feather with an urgent message, to signify the letter's importance and the need for safekeeping.

535 propagate new ideas in Shensi and, later, in North China. It was introduced to other parts of China in time to greet the advancing People's Liberation Army. The opera The White-haired Girl was based on singing and dancing forms of the yang-ko; and at the first stage of land reform this opera was utilized by the Communist cadres in many different parts of China to stir up class hatred in villages. The vogue of the yang-ko in East China now seems to be over, because the sophisticated cadres seem to prefer the new operas and the Western social dance to yang-ko singing and dancing.

The Chinese Communists have always fostered any art form that would assist their revolution. In 1950, Hsien Hsing-hai's Production Cantata (Sheng-ch'an Ta Ho-ch'ang) was transformed into an operatic spectacle. The new song-and-dance version is divided into four parts celebrating spring cultivation, seeding, harvest, and prosperity respectively, to portray the rural people's enthusiasm for production and their "prosperity" as the result of the Communist "liberation."[23]

The Central Dance Corps at Peking, sponsored by the government, recently gave a

23. People's Pictorial, August 1950.

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535 "Lion Dance". It was an adaptation of a traditional festival dance performed in North China during the lunar New Year season.[24] Another dance, "Tea and Butterflies," has also been widely publicized; it shows maidens gathering tea leaves in Western Fukien.[25] The purpose of these dances is "to beautify the working spirit" and to set a pattern to be developed by dance corps elsewhere in China.

The Cultural Work Corps (Wen-kung T'uan) of the Central Institute of Nationalities at Peking has been visiting the minority communities in Southwest China and has adapted some of the dances of the minority peoples for performance in Peking, in other Chinese cities, and abroad. Among those performed are a flute dance (a courtship dance) and a wedding dance of the Miao people; "Happy Sun" (a tap dance) and "Good Harvest" (a traditional dance around the family cooking stove) of the Tibetans in Southwest China; "Please Stay, You Guests from Afar" of the Yi people; and the "Peacock Dance" of the Tai (Thai) people.[26]

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24. Ibid., March 1954.
25. Ibid., April 1954.
26. Ibid., July 1954.

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535 177 The Central Experimental Opera Institute at Peking has also been giving instruction in ballet, and there are many aspiring ballerinas. Interest in ballet is unprecedented in China and is clearly influenced by the popularity of ballet in Russia.[27]

536 658 Activities associated with dancing are organized and directed by the government. There is the All-China Association of Dancers, a subdivision of the All-China Federation of Literary and Art Workers,[28] with headquarters in Peking. Tai Ai-lien, a well-known professional dancer, heads the association. She has dedicated herself to the incorporation of folk life, especially that of the minority peoples, into her dances. Her training, however, is Western.

F. Music

533 Appreciation of Western classical music has been revived in accordance with the principle of "accepting the culture of the world." A municipal symphony orchestra in Peking performs Beethoven as well as Tschaikowsky and is intended to set an example for musical

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27. Ibid., May 1954.

38. The All-China Federation of Literary and Art Circles was changed to the All-China Federation of Literary and Art Workers in September 1953.

814 momentous events would accomplish literary
538 feats of equal magnitude. On the contrary, one finds, with only rare exceptions, "formula" stories which have all the correct political ingredients demanded of them but which lack originality and any attempt at characterization. One story of land reform reads much like another, the only differences being the names given the heroes and some few idiosyncracies of the writers in the use of colloquial expressions and political jargon. Necessary adherence to a prescribed political formula has blighted creativeness.

C. Literary Criticism

Fear of originality in literature is the result of the influence of officially organized and directed literary criticism, which uses Communist literary theories to coërce. The disparity in regard for critical and creative writing has stunted the young Communist literature and precluded a normal growth.

814 Outstanding instances of the enervating
538 effect of Communist criticism are the reviews of the play "The Song of the Red Flag" and the story "Old Worker Ku Fu-shan." The play,
536 concerning shock-teams in a production drive, was initially praised by the Communists themselves; later, it was criticized because "it did not give a strong protrayal of the trade union and the Party." According to the critics, the

814 author should have used the play to strengthen
538 the prestige of the trade union among the worker-
audiences and to emphasize the "heroic"
536 qualities of the leading protagonist, a Communist
cadre. The portrayal of the Party cadre P'eng
Kang in the play was deemed incorrect, "for
the Party's leadership is invariably collective,
but in the play, P'eng seems to be quite alone."
The play was thus rated "of low educational
value." The author of "Old Worker Ku Fu-shan"
was reprimanded because he "not only distorts
the image of a model Party member but also
completely ignores the function of Party training
and leadership."

814 The classic example of Communist literary
and artistic criticism involves the 1951
546 Shanghai-produced film, "Wu Hsün Chuan,"
based on the life of a famous nineteenth century
advocate of free education who lived in Shantung
Province. Wu Hsün was born into a poor
family and was thus deprived of formal education.
In order to help children to attend school, he
dedicated himself to hard work and frugal living;
and by shrewd investment of his savings, he
succeeded in accumulating funds for the education
of the poor. Wu Hsün's contribution to Chinese
education was never questioned until the Com-
munist critics attacked the film. Wu's efforts,
according to the Communist critics, only
strengthened the feudal order and arrested the
forces of progress; rather than serving as an
"accomplice" of the Manchu rulingorder, the

538 Some of the older folk songs are now being rearranged so that the old forms accomodate the
533 new ideology. The most notable example is Yüan Chang-ching's rearrangement of "The Water of the Chang River." In East China nothing of comparable quality is known to have been composed.

F. Drama

536 Stage plays in China can be roughly divided into four kinds: (1) folk plays native to small dialectal districts, (2) ching-hsi or p'i-huang (Peking opera), which is appreciated in all parts of China proper, but particularly in Peking, Tientsin, and Shanghai, and in big cities of other regions, (3) the new opera, a genre created by the Chinese Communits, and (4) the modern play. These, together with motion pictures, are now utilized by the Communists to disseminate ideological and political messages.

1. The folk plays. Just as there are many dialectal differences in East China, so the folk plays are both numerous and various. The following are the most representative.

"Shantung pang-tzu" is one of the many variations of the North China pang-tzu. The

536 musical rhythms of these plays are marked by the beat of a foot-long wooden stick, which in North China is called pang-tzu. P'ing-chü, which is also called peng-peng-hsi, is native to T'ang-shan and Juan hsien in Hopei. They are usually love stories both unsophisticated and vulgar. The popularity of pang-tzu and p'ing-chü in Shantung indicates that traditionally Shantung is more closely related to North China than to the southern provinces.

The most popular folk play in East China is Yüeh-chü. Compared with other folk plays, Yüeh-chü is decidedly richer in content and more integrated in form, having a large professional group which is composed exclusively of young girls, and a leisure class, mostly of middle-class housewives, dedicated to its appreciation. The most celebrated Yüeh-chü actress in recent years is Yüan Hsüeh-fen. As the result of her ideological "progressiveness," plays incorporating themes approved by the Communists have been introduced in Yüeh-chü.

2. Ching-hsi. A composite of many regional plays, ching-hsi is popular in all parts of China. The best actors and actresses of ching-hsi, however, have been those associated with the Peking theaters. Shanghai, because of its wealth, has also been able to invite the
536 best actors and actresses to its theaters. The
534 musical accompaniment is carried by the

536 hu-ch'in, a string instrument, assisted by other
534 strings and by wood-winds. Percussion is used to accentuate rhythms of body movements and to dramatize heightened movements.

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536 reinterpret history, the ching-hsi is at present rendering unique service. The Communists have not only revised many of the old scripts to conform to their ideology, but have also encouraged the writing of new scripts. In this attempt, well-known actors like Mei Lan-fang and Ch'eng Yen-ch'iu are asked to lend a helping hand.

Playwrights in Communist China are now told to study ching-hsi, because this form can be used to dramatize personalities. In the Communists' effort to glorify the image of the "new heroes," this art is considered extremely important.

3. The new opera. The new opera in China is modeled after the operatic forms of the West but the content deals with revolutionary themes. The first experiment in this form was The White-haired Girl (1944), a collective creation of the writers and artists of the Lu Hsün Institute of Literature and Art. In the arias sung by the heroine, the musical pattern of the Hopei pang-tzu is borrowed to convey her changing moods. This is considered a very successful adaptation by the Communists. But the melodies of the other sung parts, which appear to be of yang-ko origin, are close to folk songs and lack dramatic effect. The White-haired Girl has been characterized as "drama-plus-song," a term which indicates that the operatic form is not well enough developed to enable the music to carry the themes.

536 This inadequacy was remedied in the second major opera commissioned by the Communists. The opera Liu Hu-lan gives the heroine Liu Hu-lan opportunities "to delineate her heroic personality" in longer and more frequent arias. The musical pattern of the Shansi pang-tzu is used in the arias, and the whole opera has a Shansi color.

The composers were alarmed when they discovered that the melodies which describe the corrupt life of the landlord in the opera The White-haired Girl were hummed by the audience rather than the arias of the heroine and the chorus of the 8th Route Army. They resolved not to give the "negative" personality strong musicalization. As a result, the opera Liu Hu-lan incorporates queer and disjointed melodies for the villainous roles, and the villains are shallow caricatures. Thus, for ideological reasons, the Communists now limit "true music" to the expression of "lofty passions" for the "right cause."

The new operas are intended for national consumption irrespective of regional differences, although local airs are incorporated into the scores according to the locality of the stories. Both The White-haired Girl and Liu Hu-lan are based on incidents which occured in North China, although they have been transformed

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536 by grossly "dramatic" exaggeration. They are performed by opera troupes all over China, and their influence is national. Other well-known operas include the Long March, in which Mao Tse-tung is impersonated for the first time.

4. Modern play (hua-chü). The modern play, like the motion picture, has no regional character. Any acceptable play will be staged in all parts of China, and kuo-yü (the national language) is used rather than the various dialects. Ch'en Ch'i-t'ung's Thousands of Rivers and Mountains proves that the Communist Long March in the thirties is always "correct" material for dramatization. The Song of the Red Flags, concerned with production drives in a textile factory in North China, was the collective creation of three playwrights, written after they had agreed on the ideological significance of this type of play and had sketched out the plot under the "guidance" of Chou Yang, the Vice minister of Cultural Affairs. The Song of the Red Flags was performed in Peking, Shanghai Nanking, Chungking, Lan-chou and other bit cities. In Shanghai alone, it had 159 performances, and some 125,000 people attended it.[20]

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20. People's Pictorial [Jen-min Hua-pao], Peking, July 1950.

536 If we take into account the fact that theater-going is now an organized activity of the various mass organizations such as the labor unions, the Women's Federation, the New Democratic Youth Corps. the Young Pioneers, and the study circles, the length of the run and the size of the audience do not accurately reflect the enthusiasm of the people but rather the effectiveness of the Communist organization for mass participation in the field of recreation.

Russian plays have been staged in Shanghai with considerable fanfare. However, a most spectacular event was the recent production of a Polish play, translated into Chinese, called The Rosenburgs, depicting "the suffering of innocent people in the capitalist, war-mongering country, i.e., the U.S.A."

546 5. Motion pictures. Shanghai and Mukden are now the centers of China's motion-picture industry. The White-haired Girl, based on the same version as the opera, won the first prize among the thirty-eight entries at the Communist International Motion-Picture Festival in Czechoslovakia in 1951. The Concentration Camp at Shang-yao, which was made in 1951, describes the life of the "patriotic people" in the Kuomintang concentration camp, and, according to the Communist reviewers, successfully demonstrates the "collective heroism" of the Communists under duress. When the rural production drive was about to begin in 1954, the movie Good Harvest was

546 timed to be shown to the peasants during the festivities of the lunar New Year, in order to emphasize the importance of increasing the output of the land. The People on the Grassland is a movie about the Mongols in Inner Mongolia. Sound tracks in the Mongol and Uigur languages have been made so that this picture may be circulated among those ethnic minorities.

G. Shou-shu

•536 Popular entertainment in East China, especially in places like Shanghai, Soochow, and Nanking, includes story-telling with or without singing parts and musical accompaniment known as shuo-shu. Stories with singing parts and musical accompaniment are called ta-shu, and those without singing parts are called hsiao-shu. Since they are not meant for staging, adaptable to extemporizations and the singer or narrator is free to add his own interpretation of the story. Most of the singers and narrators obtain their stories and verses from favorite sources like the Shui-hu Chuan (The Water Margins or All Men Are Brothers), The Dream of the Red Chamber, The Romance of the Three Kingdoms, and the West Chamber.

At first, the Communists tried to "educate" and "reform" the singer and narrators so that they could sing or narrate more "worthy" stories. Now that the Communists themselves have learned to appreciate the value of traditional literature, they seek new interpretations of the old fiction.

536 It should be mentioned that the Communists have elevated the social position of actors and actresses from that of "entertainer" to that of "artist." Actors and actresses have their own organizations in the capital and are invited to take part "under the leadership of the Party" in the deliberation of new policies pertaining to their profession.

III. ARTISTIC EXPRESSION

A. Painting and the Plastic Arts

532 Painting and the plastic arts are largely utilitarian in China today. The utilitarian spirit puts them in the realm of either propaganda or craftsmanship. As propaganda, they have become extremely derivative and stereotyped; as craftsmanship, they utilize local characteristics and traditional skills and sometimes are unrestrainedly florid and pretentious. Chinese brush paintings, woodcuts, oil paintings, pencil sketches, water colors, sculpture, ceramic figures, wood-carvings, cartoons, and chalk drawings are entries in most of the art exhibitions. Among these categories, ceramic figures and wood-carvings represent local craftsmanship and are little influenced by Communist ideology. Other art forms have followed Communist policies and adopted Communist slogans as themes. Woodcuts, sculptures, and water colors seem to have been more easily adapted to the new themes than oil paintings and the traditional Chinese brush

IV. STAGE AND SCREEN

208 536 The stage and screen are effective media for bringing messages to the illiterate and semi-literate. The Communists realize this and have been fully exploiting the possibilities of both forms of mass communication. A summary of the developments in this region follows:

A. Stage

1. Control. The key directive in the Communist policy for development of the stage as a medium of mass communication is the consolidation and reform of the available facilities and personnel before expansion is begun. This approach was adopted by officials concerned with dramatics in East China immediately upon the establishment of new local governments in 1949. The system of control includes both professional and amateur dramatic groups. Professional actors, playwrights, and stage workers have their respective associations led by a provincial federation of such associations. In larger cities, artists also have their organizations belonging to the same pyramid. Amateur dramatic groups are encouraged and aided by these associations. Before abolishment of the Greater Regional governments, the provincial federation received orders from regional authorities. Now the provincial federations work hand in hand with provincial governments and Communist Party branches, receiving direction from the Cultural and Information administrations under the State Council in Peking. The Drama Reform Bureau

208 536 under the Cultural Administration is directly and exclusively responsible for interpreting broad policies laid down by the Communist Party. In East China, Ch'en Wang-tao, as chief of the Cultural Bureau for this region, remained the highest authority in charge of development of drama until June 1954 when regional agencies were abolished. Ch'en Wang-tao, a noted leftist writer in East China, has had a long literary career.

The control system in this region was organized rapidly; by April 1950, most of the provincial federations had had at least one conference of delegates from local associations.[45]

2. Development. The development of the new-type stage plays in this region dates from the May 4th Movement of 1919. New dramatic troupes have gone a long way in expanding their activities to reach throughout the countryside. In 1950, over 300 plays new and old scripts revised, had successful runs in Shanghai. Most of these plays were widely circulated in this region. In the spring of the same year, a dramatic contest was held. Over ninety theaters and 4,000 actors participated in the contest; ninety-two plays were judged successful by popular acclaim. Professional actors and actresses were registered for indoctrination classes. In July 1950 the second class in Shanghai graduated over 1,000 trainees from all parts of East China Together with the training program in Nanking, about 3,000 actors and actresses had received political indoctrination by the middle of 1950.[46] At the same time, 2,572

45. Compendium of Government Reports, p. 648.
46. Ibid., pp. 563, 611.

208 village dramatic troupes were performing in
53% Shantung Province.

Although recent statistics on the development of the stage in East China are not available, national figures found in the Communist press indicate that many new plays have been published and staged and the number of trained professionals has been on the increase. Many of the new plays were written by local amateurs among whom were workers and students. Being adaptations of stories of local origin, most of the plays have a distinct local flavor; but their central themes show very little variation: they praise the new regime and glorify those who support government policy.

The conversion of old operas and stories, substituting Communist ideas for traditional ideas of filial piety and loyalty to friends is a more delicate job. One of these pieces is Liang Shan-po yü Chu Ying-tai, a one-act opera with thirteen scenes. The story originated in Chekiang Province many years ago and has been adapted as an opera. The East China Drama Academy revised it as a modern Chinese opera in August 1951.[47] Since then the script has been printed in many national literary magazines and staged in various partsof China, and it was made into a motion picture in 1953. Although technical adjustments have been made, the plot

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47. Hua-tung Ti-fang Hsi-chü Ts'ung-k'an [East China Drama], No. 1, Shanghai, Hsin-wen i ch'u-pan-she, 1954, p. 3.

208 and the theme remain unaltered. The original
536 story tells of the experience of a girl who, failing to marry the man she loves prefers death to marrying the man chosen for her by her parents. This is one of the few revised pieces that have survived waves of criticism and attacks by orthodox Communist cultural workers Many others did not fare so well. Playwrights in East China have been ordered to revise old operas and stories. The Communists realize that since the old stories have been accepted and symbolize certain concepts in the minds of the audience, the job of remolding them without damaging their effectiveness and classic content is a difficult one.

Song and dance are used extensively both on and off stage. Their versatility as media of information and propaganda has long been recognized by the Communists. As early as 1950, the Communist-organized Association of Musicians in Shanghai had already turned out 1,405 new songs, of which 155 received official blessing and were given wide circulation.[48] Musical and dance number arranged to depict a political theme are frequently presented at the cultural centers and by propaganda teams traveling in the countryside. (For more discussion on song and dance, see the chapter on Literature and Artistic Expressions in this handbook.)

3. Recent Trends. Chairman Shu T'ung of the Cultural and Educational Commissions of East China at a conference in Peking in January 1953 was told to pay closer attention to the choice of plays and actors. He was to devise a system for a rigid screening of the players and closer supervision of the plays. Now the Regional Government

48. Compendium of Gov't Reports. p. 563.

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208 is no longer in existence, but this official policy
536 will be expected of responsible officials at the provincial level.

B. Motion Pictures

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208 1. Control. The Communist consolidation of control of the motion picture industry and its activities followed a pattern of similar design to that of the control of the stage. The seizure of existing facilities and the indoctrination of personnel preceded a planned expansion. Motion picture production in this region is but a part of the nationally centralized undertaking. At this writing, there seems to be no independent film-production company in East China to complicate the problem of control. The regional, or -- after June 1954 -- provincial Cultural and Educational Commission is responsible for executing Peking's orders on control of the movie industry and is subject to supervision by Communist Party propaganda agencies at appropriate levels. To handle administrative details, there are branches of the Motion Picture Association of China in all provinces and major municipalities. The association co-ordinates film production and distribution, again under the supervision of the government control system. Movie actors and workers are organized and are supervised by the Motion Picture Association of China. It would be a fine network of co-ordination for business promotion, if the industry were independent. But as it is in East China, the system amounts to a complicated machine in which every part of the movie industry is hamstrung by government orders and none can function individually.

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Annex "A," Subparagraph li,
Sociological Background

INTELLECTUAL AND ARTISTIC EXPRESSION

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Intellectual and artistic expression is interpreted in this chapter to mean the communication of ideals and ideas through creative and academic writing, painting, the plastic arts, dancing, and music.

The bulk of the creative and academic writing of the East-China Region does not differ from that produced in China as a whole. The Chinese written language is the universal vehicle for official business and cultivated expression in all parts of China. In the last three decades, Shanghai, having more publishing houses and better international communication, vied with Peking as the nation's cultural center, until the Communists made Peking the nation's capital in 1949. Cities like Soochow, Nanking, Hangchow, Tsinan, Foochow, and Amoy of East China have been centers of higher learning. The new literary movement, although originating in Peking, also stirred these cities and Shanghai. The support from these cities gave the movement a national character. The identification of the bulk of the creative and academic writings of the East-China Region with that of the Chinese nation as a whole is particularly true today when the nation is ruled by an authoritarian and centralized government and when all cultural innovations emanate from Peking.

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532 538 The Chinese, especially the Chinese Communists, often speak of literature and the arts as one. In the Communists' policy statements, what pertains to literature also pertains to the other arts. Therefore, as far as the theory and policy of the arts are concerned, no separate treatment is necessary.

532 538 184 In less sophisticated folk literature and folk art, however, East China exhibits some unique regional characteristics. But even in this respect, the East-China Region is by no means an integrated whole: Shantung is more closely related to the North China tradition, and is oriented toward Hopei rather than toward the provinces in the south; Fukien has South China characteristics not shared by other provinces in the region. Furthermore, in the mountains of southern Chekiang and western Fukien there are minority groups who have forms of intellectual and artistic expressions unlike those of the Han Chinese.

I. GENERAL CHARACTERISTICS OF LITERARY ACTIVITIES IN COMMUNIST CHINA

814 The reform of literature and art (wen-i cheng-feng) at Yenan in 1942[1] made the practice

1. Mao Tse-tung's speeches at the Party School in Yenan in February and at the Yenan Literary and Art Circles' meeting in May 1942 established the "line" of literature and art endorsed by the Central Committee of the Chinese Communist Party which has since been upheld as the creed of writers and artists in Communist

(continued next page)

A. The All-China Federation of Literary and Art Circles

814 In July 1949, before the establishment of the Central People's Government, writers and artists from various parts of China were "invited" to Peking where the All-China Federation of Literary and Art Circles was organized to co-ordinate the activities of a number of the nation-wide organizations in specific cultural fields, such as literature, art, music, and the cinema; it was to follow the line laid down by Mao Tse-tung in 1942. Theoretically, the federation is not a government body, but it sent delegates to the Chinese People's Political Consultative Conference in September 1949, as did Communist-sponsored political factions and mass organizations. The chairman and vice-chairman of the federation were given posts in the Communist government.

814 538 At the organizational meeting in July, Chou En-lai told the gathered writers and artists that they were the representatives of 70,000 literary and art workers in China, of whom 30,000 were in the People's Liberation Army, another 30,000 were scattered in the old Liberated Areas, and the remaining 10,000 were in areas recently liberated from the Kuomintang. From Chou's statement it seems obvious that he identified as writers and artists Party propaganda personnel and those workers engaged in raising the standard of

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literacy.[2] It is doubtful that the majority of these 70,000 so-called writers and artists had achieved high competence in intellectual and artistic expression. Two years later, the Communists' leading woman author, Ting Ling, was still complaining that as editor she had difficulty in finding passable manuscripts for her magazine.[3]

It is certain that the organization of these writers and artists put the politically dubious under the guidance and supervision of the politically reliable; and the organized state rendered the writers and artists collectively responsible and accountable for their part in the Communist cause. Furthermore, dominated as it was by veteran Communists, the organization embracing all China's well-known writers and artists served as an effective Communist-style "democratic front."

B. The Task of the Writers

The literary subdivision of the federation

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2. Chou En-lai "Political Report at the Conference of the All-China Literary and Art Workers," (July 6, 1949), People's Literature, Peking, I, 3, January 1, 1950, p. 17.

3. Ting Miao, A General Analysis of Chinese Communist Literature and Art, Hongkong, Ya-chou ch'u-pan-she, 1954, pp. 149-150.

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was the All-China Association of Literary Workers, which, like the federation's other subdivisions, has its own professional magazine, People's Literature. In the first issue, published in October 1949, the sixfold task of the magazine was stated in part as follows:

1. To participate in the People's Liberation War and in the construction of the "New Democratic nation" through literary forms that are treasured by the people, with ideological content reflecting the growth of the new nation and praising the contribution of the masses in revolutionary struggles and productive activities;

2. To rid literature of imperialist influence, and to reform traditional literature; to accept what is good in foreign literary and artistic endeavor;

3. To guide the masses in factories, villages, and in the ranks in their literary study, and to help increase their "literary strength";

4. To develop literatures of the ethnic minorities;

5. To study revolutionary theory, and to organize groups for the study and discussion of the new literary productions and the formulations of a "scientific" theory of literary criticism;

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6. To promote interflow of literature and art among nations; to develop patriotism and internationalism; and to participate in the struggle for peace led by the USSR.[4]

Before the writers of the association had time to demonstrate their ability to implement these policies by fulfilling pledges to turn out so many pieces of work in a stipulated period of time, the conflict in Korea began.

The war was utilized by the Party as a schooling ground for class education and was depicted as a panorama of international class struggle. On this pretext writers were sent to the front to learn about "reality" in order to delineate the struggle of the "hero of the day" and to draw the "moral of his time." They were expected to make the most of their experience, not only by reporting immediate events but also by recording their impressions in notes to serve as material for more lengthy literary works. With the exception of Pa Chin's Living Among the Heroes, Wei Wei's Who Are The Most Lovable People?, Lu Chu-kuo's Shang-kan Mountain, Yang Shu's Three Thousand-

4. People's Literature, I, 1, October 25, 1949, p. 13. The content of this declaration reads very much like the constitution of the Union of the Soviet Writers in the USSR.

814 538 Li Territory, and a few others which are readable and maintain certain literary standards, most of the writings based upon the authors' experience in Korea do not show maturity even in the handling of the Chinese language. However the Chinese Communists claimed that these second-rate writings adequately expressed the Chinese Volunteers' patriotism and Communist internationalism. In this strategy the Communists departed from one of their most boasted practices. Throughout the war against Japan and the "war of liberation" against the Kuomintang, Chinese soldiers were encouraged to write, and writings from the ranks were lauded and widely publicized. But professional writers were sent to Korea, probably to assure a more skillful dramatization of the Communist cause.

However, the Korea front was not the only place where writers were to learn about "reality" and to dramatize the "cause of the people." While the war was going on, Ai Wu, Ts'ao Yü, the noted playwright, and other writers were sent to factories; Ho Ching-chih, author of the celebrated The White-haired Girl, was sent to study life in the villages; Ting Hsi-lin, Liu Ch'ing, Li Tzu-hua, Mu Yeh, and a host of other veteran motion picture producers and directors were sent to Shanghai to participate

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in the Three-Anti and Five-Anti campaigns.[5]

But these writers were not to record life as they observed it. Before they left for their "life schools," they had to undergo some "training." One can imagine the situation: writers of the calibre of Pa Chin and Ts'ao Yü learning from the speeches of Lu Ting-i and Ch'en Po-ta, the two propaganda chiefs of the regime, "how to describe people, how to abstract living reality and exercise care in collecting material, how to portray and praise, and above all, how to avoid making mistakes." It would appear that the Communists were so eager to prove the righteousness of their actions that they carefully arranged that "history" be recorded exactly in the way they wished it to seem.

Judging from the extent to which land reform turned the rural, social, and political order upside-down, the Three-Anti and Five-Anti campaigns destroyed the bourgeois stronghold in the national economy, and the way in which the war in Korea affected the national life, one might expect that those writers who had been given the opportunity to witness these

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5. See the chapter on Subersive Potentialities in this handbook for the content and impact of the Three-Anti and Five-Anti campaigns.

814 momentous events would accomplish literary
538 feats of equal magnitude. On the contrary, one finds, with only rare exceptions, "formula" stories which have all the correct political ingredients demanded of them but which lack originality and any attempt at characterization. One story of land reform reads much like another, the only differences being the names given the heroes and some few idiosyncracies of the writers in the use of colloquial expressions and political jargon. Necessary adherence to a prescribed political formula has blighted creativeness.

C. Literary Criticism

Fear of originality in literature is the result of the influence of officially organized and directed literary criticism, which uses Communist literary theories to coërce. The disparity in regard for critical and creative writing has stunted the young Communist literature and precluded a normal growth.

814 Outstanding instances of the enervating
538 effect of Communist criticism are the reviews of the play "The Song of the Red Flag" and the story "Old Worker Ku Fu-shan." The play,
536 concerning shock-teams in a production drive, was initially praised by the Communists themselves; later, it was criticized because "it did not give a strong protrayal of the trade union and the Party." According to the critics, the

814 author should have used the play to strengthen
538 the prestige of the trade union among the worker-
audiences and to emphasize the "heroic"
536 qualities of the leading protagonist, a Communist cadre. The portrayal of the Party cadre P'eng Kang in the play was deemed incorrect, "for the Party's leadership is invariably collective, but in the play, P'eng seems to be quite alone." The play was thus rated "of low educational value." The author of "Old Worker Ku Fu-shan" was reprimanded because he "not only distorts the image of a model Party member but also completely ignores the function of Party training and leadership."

814 The classic example of Communist literary
and artistic criticism involves the 1951
546 Shanghai-produced film, "Wu Hsün Chuan," based on the life of a famous nineteenth century advocate of free education who lived in Shantung Province. Wu Hsün was born into a poor family and was thus deprived of formal education. In order to help children to attend school, he dedicated himself to hard work and frugal living; and by shrewd investment of his savings, he succeeded in accumulating funds for the education of the poor. Wu Hsün's contribution to Chinese education was never questioned until the Communist critics attacked the film. Wu's efforts, according to the Communist critics, only strengthened the feudal order and arrested the forces of progress; rather than serving as an "accomplice" of the Manchu ruling order, the

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814 On August 4, a final and definitive verdict on
546 the film was delivered by Chou Yang, the Vice-minister of Cultural Affairs of the Communist government. He labeled the film as unrealistic art and a product of anti-historical and anti-popular ideology.[7] Party organs in all parts of China where "Wu Hsün Chuan" had been shown used the film as a target for ideological propaganda. The ideology of the film was also discussed at the third session of the first National Committee of the Chinese People's Political Consultative Conference, which met from October 23 to November 1, 1951. Members of the All-China Federation of the Literary and Art Circles began to echo the view of the Central Committee of the Party and confessed that, while they had made definite progress in the past two years, nevertheless they had always fallen behind the development of Chinese society. This confession led the writers to "plunge" into study in an effort to "remold their idology and to sharpen their critical sense."

814 This conflict between critical and creative
538 forces also manifests itself in the bulk of the incongruous writings of the literary critics in Communist China. The critics has ready an abundance of clichés, jargon, and theories of

7. Current Background, Hong Kong, American Consulate General, No. 113, September 1, 1951.

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socialist realism, but they are clearly ill-digested and are used with little discrimination or literary skill. Quotations from Marx, Lenin, Stalin, Gorky, Zhadanov are frequent but are not integrated into the theme of the text. Even Communist critics have noted that many quotations from orthodox Marxist texts are either irrelevant or superfluous.[8] Excess of verbalism at the expense of content makes literary criticism irreconcilable with the alleged theory of its essentially didactic function. Much criticism is lukewarm and stereotyped, written by writers who are called upon by the Communists to undertake the task of attacking their fellow writers. In this case, what is criticized is invariably the "petty bourgeois standpoint." The exception to the rule is Mao Tse-tung himself, who, from his position of absolute authority, can write criticism which is non-imitative, forceful, and pointed, even by the standards of the free world. Top Communists, like Liu Shao-ch'i, for example, who seem to be more confident in translating Marxism into practice, do not quote from orthodox texts as often or use as many clichés as the lesser Communists.

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8. Shen Chu-chung, "The Popularization of Theoretical Criticism of Literature and Art," People's Literature, No. 9, July 1, 1950, pp. 27-28.

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Since 1949, Chinese Communist literature appears to have concentrated on a number of well-defined themes. It has been most concerned with the individual under the Communist system and the problems confronting him. These have included the social confusion of the "New Democratic" period, the doubts of the intellectuals the "criminal activities of the bourgeois merchants, and the lackey of the imperialists," the rise of the industrial hero, the struggle against the "enemy of the people," and the appearance of human types based on the newly created Communist "tradition." Even the "return to history" is oriented to the solution of certain present-day problems.[9] Patriotism,

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9. Writers are told to find evidence in history of the excellent qualities of the Chinese people, and to appreciate and to learn the beautiful styles in Chinese literary heritage. For instance, the poet Li Po (A.D. 701-762) who was an incorrigible individualist, can now be safely described as a "great patriot," for "Li Po could not have written such beautiful verses about the magnificent rivers and mountains of his fatherland had he not been very patriotic." His many lyric poems which sang praises of the bright moon are now intepreted to mean his longing for a "cleaner" world, and therefore indicate his personal integrity; his mild protests against the conditions of his time are now interpreted as signs of his progressive spirit. Wang Yao, Li Po, Shanghai, Jen-min ch'u-pan she, 1955. Ch'ü Yuan, the poet-statesman of

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9. (continued) the Kingdom of Ch'u in the Chan-kuo period (481-221 B.C.), is alluded to for his "patriotism and sympathy for the common people," Kuo Mo-jo, "A Brief Account on Ch'ü Yuan," People's Literature, No. 44, 1953. Emperors like Han Kao-tsu and T'ang T'ai-tsung, who increased the national territory and the prestige of the Chinese people, are now praised as heroic. This salvaging of historical characters and literature for Communist posterity could be a sign of a felt need. There are reports that since the Party came to the cities it has been neglecting to supply enough reading material for the people in the old Liberated Areas, and the people have gone back to the old novels. In order that these people may not be "poisoned" by the "feudalistic ideas" in the old novels, the reinterpretation of the characters in old novels according to dialectical materialism seems far more necessary than the writing of novels of comparable stature.

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aestheticism, and naturalism are all good literary themes, provided they are imbued with the spirit of "socialist realism," i.e., belief in the inevitability of the development of socialism.

Since 1949 China's best writers have not produced any first-rate work. If there happen to be interesting writings that suit the taste of the reader, they do not fit into the theoretical scheme of the Party. Hsiao Yen-mu's short story "Between Us, Husband and Wife," for instance, was criticized as "employing the intellectual's viewpoint and taste to distort the image of the working masses and to vulgarize things political."

Some writers are unable to find publishers for their work, not because the work is counter-revolutionary but because its theme is considered untimely. In 1952, Miao Yen-hsiu was advised not to publish his Miao-shan Feng-kuang, a long poem about freedom of love and marriage in Miao communities, because the Communists did not think a celebration of the equality of the sexes useful to the Communist revolution at that time.

Romantic novels of love and sophisticated novels of human relationships are not published. When love does come into the scene, it is shown as subsidiary to other, more "worthy" and "unselfish" problems (i.e., problems social and political).

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Although the writer may desire to let human relationships play a decisive part in the development of his material, there is a tendency to utilize abstract characters rather than vivid personalities. Most of the writers who choose to deal with the exposure of corruption and the excesses and tyranny of established institutions are more adept at protraying "negative" personalities than creating "positive" personalities in keeping with the Communists' view of the "heroes" of the new regime. This is true, despite the fact that Communist leaders have repeatedly told the writers "to give the most important position in the plot to the affirmative man," and that "in no case should evil be vivdly presented, lest virtue remain an abstraction," for it is now the writers' task to describe the bright possibilities of life under Communist leadership.

The recent development of literature and art in China seems to parallel that in Soviet Russia. In China, the emphasis to praise industrial and agricultural heores follows the pattern of Soviet literature. The influence of the war in Korea upon literature in China is comparable to the influence of World War II upon Russian literature. Now that we hear about the "thaw" in Russian literature,[10] can we

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10. Walter Z. Laqueur, "Russia in Flux, I. The 'Thaw' and After," Encounter, London, October 1955, p. 35.

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anticipate a similar development in China? Hu Feng's attempt in early 1955[11] to liberate literature from the shackles of politics, though ended in failure and personal disgrace, indicates, nevertheless, conscious recognition by a group of writers of the freedom necessary for the creation of works of art.[12] Only general discussion of minor ways to improve literature has been undertaken by leading authors like Mao Tun (Shen Yen-ping) and Ai Ch'ing, and all discussions are prefaced by fervent dedications to the Marxist-Leninist world outlook. While the parallel we draw of the development of literature in the two countries may aid in the understanding of certain similarities, the parallel is not complete. If we compare the contents of the first six issues of People's Literature (October 1949 to April 1950) with the six issues published in the first six months of 1955, we find a noticeable change: the percentage of creative writing by Chinese has increased, and the percentage of works translated from the Russian has decreased. Among the translated works, the percentage from Soviet Russia is smaller than it was, and there is now a sampling of literature from non-Communist sources, including, surprisingly enough, the tales of Hans Christian Andersen.

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11. Hu Feng is a well-known Communist writer, and was the protégé of the Communists' "liberary saint" Lu Hsün.

12. Laqueur, op. cit., p. 35.

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II. THE GENRES OF LITERATURE

A. Translations from Russian Literature

538 Translations from Russian literature are included in this section because of the influence they have had on Chinese intellectuals.

According to a survey made in 1937 in twenty-one Chinese universities and eight high schools, foreign literature, particularly Russian, English, and American, had an important place in the intellectual life of contemporary youth in China. Gorky was mentioned oftener than any other foreign author. Other favored Russian authors included Tolstoy and Turgenev.[13] The popularity of Russian literature seems remarkable in view of the fact that between 1927 and 1949 there were no Russian schools in China and almost no Russian was taught. Of course, many works of Russian literature were translated into Chinese.

The success of Russian literature in China stems from the Chinese appreciation of the problems confronting Russian society: the

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13. Olga Lang, Chinese Family and Society, New Haven, Yale University Press, 1946, pp. 276, 363-364.

538 conflict of generations, new sexual ethics, the struggle for sexual equality, the struggle between the doctrine of "non-resistance" and a revolutionary attitude toward life. Sympathy with the Russian revolution has also played a part.[14]

Translations of post-1917 Russian writings such as Krymov's Tanker Derbent (1939), Ostrovsky's How Steel Was Tempered (1937), Simonov's Days and Nights, a novel of Stalingrad, Scholokhov's And Quiet Flows the Don, and Virgin Soil Upturned, a novel about collective farming, and Fadeyev's the Young Guard (1945) were read by secondary school and college students prior to the advent of Communist rule in China. These novels encouraged young intellectuals with a yearning for a "positive" life of action no less heroic, revolutionary, and romantic as that experienced by the heroes about which they read. These novels had an obvious influence on the radical movement among the students who defied the Kuomintang regime.

Today, Bassov, hero of Krymov's Tanker Derbent, and Korchagin, hero of Ostrovsky's How Steel Was Tempered, are more familiar

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14. Lang, ibid., p. 276. O. Briere, Les tendances dominantes de la litterature Chinoise contemporaine, Bul. Univ. Aurore, Ser. III, Vol. 9, No. 35, July 1948, p. 251.

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538 to the students than many of the characters in novels written by Chinese authors, most probably because the Chinese novels are poor imitations of Russian originals. Mayakovsky's poem "Lenin" is acclaimed by the Chinese Communists as a model of socialist realism, and Michael Prishvin's nature poetry is popular. Chinese translations of Ehrenburg's Storm and Nikolayava's Harvest are best-sellers.[15]

Since the establishment of the Central People's Government, delegations of Russian authors have visited Peking and other important cities of China. Russian is now taught in Chinese schools as the first foreign language. Under the Communist regime, the Sino-Soviet Friendship Association, with branches throughout China, has contributed much in the promotion of popular appreciation of Russian culture.

B. Academic Writings

814 Academic writings under direction of the Chinese Communists seems to be concentrated

15. "'Liberating' the Creative Impluse in China," The Time Literary Supplement, August 5, 1955, xlii. For the Chinese Communists' own estimation of the influence of Soviet literature on Chinese writing, see Pa Jen, Look at the Soviet People through Soviet Literature, Peking, Chung-kuo ch'ing-nien ch'u-pan she, 1955.

812 philosophy in the past centuries, especially as it is concerned with the problem of knowledge and action, and to place the various revolutions in the same context. The article attempts to make Mao Tse-tung's ideology seem respectable, but it adds nothing to the development of philosophy. This state of affairs is necessarily the case since "truth" was declared in Marxian writings before 1949, and there is no room for new ideas except in commentaries on "orthodox views." Cadres and students must study Party and government documents in the light of Marxian texts. By attacking "wrong" views, "correct" dialectic materialist views are vindicated. The recent attack on Hu Shih's "bourgeois" philosophy illustrates this point.[18]

C. Fiction

538 The greater part of the East-China Region came under Communist control after North China and Manchuria had been conquered. This region was therefore not the first to face problems of industrial recovery, agricultural revival, the land reform, and the liquidation of anti-Communist forces. Since Communist

18. Criticism on Hu Shih's Ideology (3 vols.), Peking, San-lien shu-tien, 1955.

538 literature is intended to describe the solution of these problems, stories and novels which dealt with these aspects had already been produced in Manchuria and North China. As a result, all the writings in this region seem stereotyped and lacking in originality. Even among the literature on the "war of resistance" against Japan, stories of the "heroic deeds" of the 8th Route Army in North China overshadow the accounts of anti-Japanese activities in East China.

214 East China, however, has many publishing houses, especially in Shanghai. They have been made subsidiaries or branches of the government's publishing enterprise which has its headquarters in Peking. The centralization of publishing assures the widespread popularity of novels which have received government approval.

538 People in East China, like people in North China, also read Yüan Ching and K'ung Chüeh's best-seller Hsin Erh-nü Ying-hsiung Chuan (The Biography of a New Hero and Heroine), a 200,000-word account of the repulse of the Japanese invaders in North China, written in the style of the old-fashioned Chinese novels,[19]

19. The first edition of 10,000 copies was sold out in twenty days, 80 per cent being sold in North China. Although pleased with its success, the Communists have lamented the fact that the Chinese people are still too fond of the traditional "feudalistic" novels, that a novel of new ideas and new people could be successful only when dressed in traditional forms.

538 and Ting Ling's The Sun Shine on the Sang-chien (Sang-kan) River, a novel about the struggle of the people in North China during the 1946-48 land reform, which was awarded the Stalin prize. Liu Pai-yü's Lights Ahead, which describes the crossing of the Yangtze River by General Liu Po-ch'eng's army during the "liberation war" against the Kuomintang, is also well-known in East China.

Recently the Communists have encouraged stories based on the deeds of the New Fourth Army in East China during the "war of resistance" against Japan. So far no major work in this field has appeared.

D. Poetry

Although Mao Tse-tung himself composes poems in the classical style, the "new poetry" which is written in pai-hua (vernacular) is in vogue in East China today as in other parts of China

The pre-Communist pai-hua poetry of Wen I-to, Kuo Mo-jo, and Hsü Chih-mo still receives favorable comment. The publication of Wen's collected poems, Still Water, was an important literary event in 1929. Hsü experimented with new forms, including those found in Western poetry. He was less concerend with the theory and art of versification than was Wen. Wen's work The Forms and Rules of Poetry (1926) which lists musical, artistic, and architectural

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538 skills as the necessary elements of good poetry, is a unique contribution to pai-hua poetry.

Kuo Mo-jo's poetry had energy and imagination but was without discipline and restraint. In the 1920's, when Kuo was the leader of the Creative Society, he advocated "art for art's sake." He was the first to introduce untranslated Western words and phrases into pai-hua poetry. Although Kuo is not productive nowadays, and his poems are not popular today, his present prestige as a "literary personage" is based on his past achievement; and his present political position as a cultural leader in the Communist regime in turn encourages the sale of his poems. Working now for the Communist cause, although not a Party member, he is comparable to Simonov of Russia, for Kuo, like Simonov, spends a good deal of his time heading Chinese cultural delegations to other countries and entertaining foreign cultural delegations to China.

Ai Ch'ing and T'ien Chien are established as Communist poets. Ai writes prose poems and T'ien writes extremely short verses. The average Chinese reader is apt to appreciate Ai more than T'ien, especially since Ai writes of everyday things familiar to the reader and T'ien draws his inspiration from a private vision of the new world.

538 Ma Fan-t'o and Li Chi are often spoken of together. Ma's poems are modeled upon popular rhymes. Li Chi's poems are modeled after Shun-t'ien-yu, a folk-song pattern popular in Shansi and Suiyuan during the war against Japan.

All the poets mentioned above are known nationally. Their styles are imitated by lesser known poets. Kuo, Ai, and T'ien won their first recognition as poets among Shanghai literary circles before the war.

E. Popular Rhymes and Folk Songs

538 533 Popular rhymes and folk songs in East China are not as free in form as those in North China. They are usually of 4-line stanzas, each line containing seven syllables which are, in fact, seven characters in written form. Only those of Kiangsu are unrestricted in the number of words to line, although they do adhere to the four-line stanza.

The Chinese Communists have always been active in fostering folk songs and popular rhymes which welcome or accept the new political order. The best example is "Tung-fang Hung" ("All Red the East"), a folk song originating in Shensi and now well-known in East China, which likens Mao Tse-tung to the sun rising in the east. Some of the newer folk songs fostered by the Communists praise construction and eulogize the "new people" under the present regime.

538 Some of the older folk songs are now being rearranged so that the old forms accomodate the
533 new ideology. The most notable example is Yüan Chang-ching's rearrangement of "The Water of the Chang River." In East China nothing of comparable quality is known to have been composed.

F. Drama

536 Stage plays in China can be roughly divided into four kinds: (1) folk plays native to small dialectal districts, (2) ching-hsi or p'i-huang (Peking opera), which is appreciated in all parts of China proper, but particularly in Peking, Tientsin, and Shanghai, and in big cities of other regions, (3) the new opera, a genre created by the Chinese Communits, and (4) the modern play. These, together with motion pictures, are now utilized by the Communists to disseminate ideological and political messages.

1. The folk plays. Just as there are many dialectal differences in East China, so the folk plays are both numerous and various. The following are the most representative.

"Shantung pang-tzu" is one of the many variations of the North China pang-tzu. The

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538 the prestige of the trade union among the worker-
audiences and to emphasize the "heroic"
536 qualities of the leading protagonist, a Communist cadre. The portrayal of the Party cadre P'eng Kang in the play was deemed incorrect, "for the Party's leadership is invariably collective, but in the play, P'eng seems to be quite alone." The play was thus rated "of low educational value." The author of "Old Worker Ku Fu-shan" was reprimanded because he "not only distorts the image of a model Party member but also completely ignores the function of Party training and leadership."

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546 Shanghai-produced film, "Wu Hsün Chuan," based on the life of a famous nineteenth century advocate of free education who lived in Shantung Province. Wu Hsün was born into a poor family and was thus deprived of formal education. In order to help children to attend school, he dedicated himself to hard work and frugal living; and by shrewd investment of his savings, he succeeded in accumulating funds for the education of the poor. Wu Hsün's contribution to Chinese education was never questioned until the Communist critics attacked the film. Wu's efforts, according to the Communist critics, only strengthened the feudal order and arrested the forces of progress; rather than serving as an "accomplice" of the Manchu ruling order, the

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814 critics said, Wu should have joined the revolutionary force, i.e., the Taiping revolu-
544 tionaries. Furthermore, Wu Hsün's means of accumulating wealth was indicative of his "subservience to the rich and of his exploitation of the poor."[6]

The evolution of criticism of the film "Wu Hsün Chuan" is illustrative of the nature of Communist literary and artistic criticism. Adverse opinions toward the film were not initiated by literary and art circles, but by the Central Committee of the Communist Party. In fact, the film was until then very enthusiastically received, even by many eminent Communists. On May 20, 1951, the Peking People's Daily, an organ of the Central Committee of the Party, published an editorial alluding to this state of affairs. "Some comrades say that they have already mastered Marxism, but when confronted with concrete issues, they completely lose their critical sense." The "Party Life" column in the same issue ordered all Communists to join in criticism of "Wu Hsün Chuan." On June 4, a directive of the Ministry of Education of the People's Government, published in the People's Daily, instructed all the educational personnel in the nation to discuss the film.

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6. The most representative voice of this kind is Ai Ch'ing's article "Oppose the Slave Ideology of Wu Hsün" in People's Literature, Vol. 2, June 1, 1951, pp. 9-10.

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814 546 On August 4, a final and definitive verdict on the film was delivered by Chou Yang, the Vice-minister of Cultural Affairs of the Communist government. He labeled the film as unrealistic art and a product of anti-historical and anti-popular ideology.[7] Party organs in all parts of China where "Wu Hsün Chuan" had been shown used the film as a target for ideological propaganda. The ideology of the film was also discussed at the third session of the first National Committee of the Chinese People's Political Consultative Conference, which met from October 23 to November 1, 1951. Members of the All-China Federation of the Literary and Art Circles began to echo the view of the Central Committee of the Party and confessed that, while they had made definite progress in the past two years, nevertheless they had always fallen behind the development of Chinese society. This confession led the writers to "plunge" into study in an effort to "remold their idology and to sharpen their critical sense."

814 538 This conflict between critical and creative forces also manifests itself in the bulk of the incongruous writings of the literary critics in Communist China. The critics has ready an abundance of clichés, jargon, and theories of

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7. Current Background, Hong Kong, American Consulate General, No. 113, September 1, 1951.

536 If we take into account the fact that theater-going is now an organized activity of the various mass organizations such as the labor unions, the Women's Federation, the New Democratic Youth Corps. the Young Pioneers, and the study circles, the length of the run and the size of the audience do not accurately reflect the enthusiasm of the people but rather the effectiveness of the Communist organization for mass participation in the field of recreation.

Russian plays have been staged in Shanghai with considerable fanfare. However, a most spectacular event was the recent production of a Polish play, translated into Chinese, called The Rosenburgs, depicting "the suffering of innocent people in the capitalist, war-mongering country, i.e., the U.S.A."

546 5. Motion pictures. Shanghai and Mukden are now the centers of China's motion-picture industry. The White-haired Girl, based on the same version as the opera, won the first prize among the thirty-eight entries at the Communist International Motion-Picture Festival in Czechoslovakia in 1951. The Concentration Camp at Shang-yao, which was made in 1951, describes the life of the "patriotic people" in the Kuomintang concentration camp, and, according to the Communist reviewers, successfully demonstrates the "collective heroism" of the Communists under duress. When the rural production drive was about to begin in 1954, the movie Good Harvest was

546 timed to be shown to the peasants during the festivities of the lunar New Year, in order to emphasize the importance of increasing the output of the land. The People on the Grassland is a movie about the Mongols in Inner Mongolia. Sound tracks in the Mongol and Uigur languages have been made so that this picture may be circulated among those ethnic minorities.

G. Shou-shu

536 Popular entertainment in East China, especially in places like Shanghai, Soochow, and Nanking, includes story-telling with or without singing parts and musical accompaniment known as shuo-shu. Stories with singing parts and musical accompaniment are called ta-shu, and those without singing parts are called hsiao-shu. Since they are not meant for staging, adaptable to extemporizations and the singer or narrator is free to add his own interpretation of the story. Most of the singers and narrators obtain their stories and verses from favorite sources like the Shui-hu Chuan (The Water Margins or All Men Are Brothers), The Dream of the Red Chamber, The Romance of the Three Kingdoms, and the West Chamber.

At first, the Communists tried to "educate" and "reform" the singer and narrators so that they could sing or narrate more "worthy" stories. Now that the Communists themselves have learned to appreciate the value of traditional literature, they seek new interpretations of the old fiction.

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208 536 is no longer in existence, but this official policy will be expected of responsible officials at the provincial level.

B. Motion Pictures

546 208 1. Control. The Communist consolidation of control of the motion picture industry and its activities followed a pattern of similar design to that of the control of the stage. The seizure of existing facilities and the indoctrination of personnel preceded a planned expansion. Motion picture production in this region is but a part of the nationally centralized undertaking. At this writing, there seems to be no independent film-production company in East China to complicate the problem of control. The regional, or -- after June 1954 -- provincial Cultural and Educational Commission is responsible for executing Peking's orders on control of the movie industry and is subject to supervision by Communist Party propaganda agencies at appropriate levels. To handle administrative details, there are branches of the Motion Picture Association of China in all provinces and major municipalities. The association co-ordinates film production and distribution, again under the supervision of the government control system. Movie actors and workers are organized and are supervised by the Motion Picture Association of China. It would be a fine network of co-ordination for business promotion, if the industry were independent. But as it is in East China, the system amounts to a complicated machine in which every part of the movie industry is hamstrung by government orders and none can function individually.

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208 To bar "undesirable" European and American films, censorship has been established on the regional and provincial levels.

2. Development. The Shanghai Motion Picture Producing Company is among the three government concerns established immediately after the founding of the Peking regime in late 1949. The company combines the former first and second Central Motion Picture Production companies of the Kuomintang, the former China Motion Picture Production Company, and the Experimental Movie Factory.[49] Its establishment concentrates all of the major movie-producing facilities in the East China Region. Seven small private companies were still in operation in East China in late 1950. However, the fact that these firms were "helped by the East China People's Government to resume operation"[50] indicates they could no longer have a voice in supervision of production.

The first motion pictures made by the Communist-controlled companies in East China were documentaries and newsreels. No significant film was made in 1949 or in the spring of 1950. By summer of 1950, the first new film with an integral plot was made in this region. Entitled "The Thought Problem," the film deals with the ideological transition from traditional Chinese concepts, and Westernized "bourgeoisie" Chinese attitudes popular among the metropolitan Chinese to the Marxian mode of thinking. It was hailed in East China as a turning point in Chinese motion

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49. Tu-pao Shou-ts'e [Newspaper Reading Handbook], Hankow Ch'ang-chiang jih-pao she, 1950, p. 252.

50. Compendium of Gov't Reports, p. 563

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208 pictures. Since 1951, much progress has been claimed by the Communists, but there are evidences of continuing deficiency. The literary purges that have been going on in East China exert restrictive influence on script-writers. Scarcity of suitable scripts is the constant complaint of those in charge of motion picture production. The theaters are forced to supplement their meager supply with newsreels depicting the progress of China's economic reconstruction and a steady flow of Russian films. A Japanese journalist reported upon his return from a visit to Red China in 1953 that the average theater in a large Chinese city needed about eight films a month, that the government could only supply one or two; the rest were Russian films.[51]

To handle distribution, the East China Region had as early as 1949 a branch of the national China Motion Picture Distribution Company, another government-directed agency. The company itself also functions as a clearinghouse and a censor while doling out the films on a planned quota. Apparently no theater is permitted to have direct dealings with any producer, domestic or foreign. In 1950, the distribution company was already serving about one hundred theaters in Shanghai, Nanking, and the provinces of Kiangsu, Chekiang, and Anhwei. So far there has been no report on any large-scale construction

51. Chao Ts'ung, "I-nien-lai Chung'kung Ti Wen-hua Kung-tso" ["The Chinese Communist Cultural Work during the Past Year"], China Weekly, Jan. 4, 1954, p. 36.

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of theaters in this region. However, a program for building "cultural palaces" with facilities for showing films is under way. Eventually the government aims at having one such "palace" in every city, large village, and industrial and mining center. Meanwhile mobile motion picture projection teams keep their regular routes to serve the countryside. Early in 1950, a total of over one hundred such mobile teams were traveling throughout Mainland China. In East China, Chairman Shu T'ung of the Cultural and Educational Commission for this region said in July 1950 that more personnel were being trained to expand the mobile teams. By October 1951 there were 60 mobile projection teams serving this region.[52]

3. Recent Trends. For movie production in East China, the recent trend is either to translate or copy "progressive films" of foreign vintage. The Shanghai Motion Picture Producing Company planned to copy, in collaboration with the Northeast Motion Picture Producing Company, over forty foreign films in 1954. Most of these films were Russian. A few East German, Czechoslovakian, North Korean, Japanese, and Italian products were also included. "Bicycle Thief" was among the Italian movies slated for translation.[53] For one thing, translation and copying of foreign films already approved by Communist theoreticians must be a relief to the purge-haunted East China script-writers. Moreover,

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52. Liberation Daily, Oct. 1, 1951, p. 10.
53. Enlightenment Daily, Peking, April 6, 1954, p. 2.

1:Stanford U. S-4, 5 1956 AF 15 East China
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208 the Chinese movie-goers, especially those in such metropolises as Shanghai and Nanking, are accustomed to foreign films, especially American products. Russian films are equally attractive. In Shanghai, often more than a dozen theaters show the same film simultaneously.[54] Anti-Communist writers tend to attribute this fact to the short supply of films, and the popularity of theaters to the boredom of life in a Communist state. Chinese films such as "Liang Shan-po yü Chu Ying-t'ai" and the "White-Haired Girl" have extensive showings in East China. American films were not immediately banned in East China, but Communist authorities in 1950 discouraged people from patronizing theaters showing American films. In April 1950 American films in Shanghai were drawing some 570,000 patrons a month.[55] This figure represented a drop in attendance of approximately 50 per cent as compared with the record in pre-Communist days. Attendance continued to decline until today no American film is advertised in the newspapers of this region.

C. Lantern Slides

In April 1950, the Peking government established an agency in charge of the manufacture

54. Liberation Daily, June 27, 1952, p.3.
55. Compendium of Government Reports, p. 563.

1:Stanford U. S-4, 5 1956 AF15 East China
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546 208 of lantern slides and projectors. At the government-operated Nanking Scientific Apparatus Factory, production of slides and projectors was also assigned top priority. By 1952, there were 31 units in China producing such equipment to supply "cultural centers" and libraries. Among the slides produced, the most popular series bore such titles as "100 Years of American Aggression in China," "The Angry Fire of the Resist-America-Aid-Korea Movement," and "Oppose the Re-arming of Japan by American Imperialism." Almost 200,000,000 people were said to have seen these and other slides[56] in 1951. In East China by the end of September 1951, there was at least one projector in use in each hsien.[57] According to Wang Yü, deputh director of the Social Cultural Affairs Department for East China, these projectors were to be used to inform the public on current affairs, government policies, and the popular sciences. Mobile motion picture teams and propaganda units frequently make use of slides to aid their operation. Slides are prized because they can be easily adapted to local conditions. Each propaganda unit may suggest ideas to the manufacturers, who tailor the materials to suit specific needs.

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56. People's Handbook, 1952, p. 444.
57. Liberation Daily, Shanghai, October 1, 1951, p. 10.

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for the investment of foreign capital as it has done in the past. . . To sum up, I think the future of Shanghai depends on China and the Chinese and their interests and that foreigners would be wise to run with them.[3]

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The Commissioner and the missionary were in effect saying the same thing, although in different ways—that the most important thing about Shanghai was its relation to China; and that the city contained the seeds of great change for the entire country.

While it lasted, foreign Shanghai was an exciting and colorful place which travel folders could not exaggerate. It was for instance justly famous as one of the wickedest cities in the world, and we have the testimony of a duke for that as early as 1869. Following his visit to Shanghai, the Duke of Somerset referred to it in the House of Lords in that year as "a sink of iniquity."[4] His words pained especially the missionary residents of the city, and the Chamber of Commerce considered a formal reply through the foreign secretary, but matters never proceeded beyond the local press. The difficulty was that His Grace was right, and the city's own archives proved it. At the Landrenters' meeting in 1864, Sir Harry Parkes, then British consul at Shanghai, stated that of a total of 10,000 Chinese houses in the International and French Settlements, 668 were brothels, "while opium and gambling houses were beyond counting."[5] Seventy years later in 1934, a local Chinese newspaper estimated that Shanghai led the world's cities in prostitution as a specialty: in London, one person in 960 was a prostitute, in Berlin one in 580, in Paris one in 481, in Chicago one in 430, in Tokyo one in 250, and in Shanghai, one in 130.[6] It was indeed a major commercial enterprise in the city, and the fact that so many people earned their livings thereby stymied all attempts to eradicate or mitigate it. A special commission appointed in 1919 to investigate vice in the city recommended that all brothels be removed in five years, hoping that during that time other means of livelihood might be found. Licenses were issued in 1920 with the understanding that all licenses were to be withdrawn in 1925. But the plan was abandoned before the end of the five-year period as a complete failure. An earlier reform attempt also ended in failure when the first American judge of the United States Court for China arrived in

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369 548 Shanghai in 1906 and began a crusade especially against American brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese 369 city also after 1911, and into the 1940's). Kidnapping[1] was another 683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

625 Law enforcement was severely handicapped by the complex but 692 ambiguous legal and administrative situation. Chinese police could 648 not pursue suspects into the foreign settlements, and foreign police 369 were similarly excluded from the Chinese areas. Foreigners in Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1 Lin Shanghai -- Analyst]

369 morality for the laxity and easy virtue which some Shanghai resi-
166 dents thought would prove a match even for the Peoples' Govern-
ment.*

369 Another element which made life in Shanghai exciting, lawless,
166 and profitable for the foreigners was the periodic flooding of the city
722 by refugees from civil disorder in China. Shanghai was a tiny
island of relative security at such times, where the presence of foreign
455 consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

Land within the Settlements which sold for an average of £50 an
[529] acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

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442 foreign firm employed a tea expert, usually a foreigner, who went
439 every year in the tea season of late April and early May to the local collecting centers in the hinterland at Kiukiang, Hukow, Hankow, Siangtan, and Hangchow (map 9), where he made his own selection and bought according to the anticipated state of the London market. By the time of the Treaty of Tientsin in 1858, the original provision that foreigners must not be away from the treaty ports for more than one day had yielded to foreign assertiveness and the demands of trade. Under the new treaty, foreigners were permitted free movement to all parts of the empire, and required a passport only beyond 100 *li* (approximately 33 miles) from the treaty ports.

For the silk trade at Shanghai, there was also an expert attached to each foreign trading firm, again usually a foreigner, but since the main silk-producing areas were in the delta it was not necessary for him to travel so extensively, and he did most of his appraising and buying of silk in Shanghai. Kiangsu and Chekiang silk was considered by these men to be the finest in the world, a quality which they ascribed to the favorable effects of the climate and soil on the growth of the silk worm and on the excellence of its diet of mulberry leaves. The silk was brought to Shanghai by Chinese silk merchants in the city, who bought it at hinterland collection centers, notably Soochow, Wusih, Huchow, and Hangchow.

Much depended on the accuracy of predictions about the London market. In the early days of the Settlement, letters from London arrived via Bombay or Calcutta by the opium clippers, forerunners of the tea clippers, which carried a cargo of such high unit-value that they could sacrifice size and weight to speed. By 1840 they had supplanted the slow-moving and cumbersome East Indiamen of the old Company, and at Woosung they discharged their cargo into hulks anchored in the Yangtze, since the importation of opium had been made illegal for American, French, and Russian nationals by their treaties with China after 1842, and declared illegal for British
[548] subjects by Sir Henry Pottinger in 1843. The opium was illegally distributed from Shanghai by the Chinese dealers to whom it was sold there. Mail was at the same time dropped off at Woosung, and rushed to Shanghai by pony express, whose riders galloped up the

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sequently be expected. Like the earlier grandiose expectations of the East India Company days, it never materialized.* 487 439

Second, the opening of the Yangtze was a leading factor in permitting the increasing native opium production, notably in Szechuan, to acquire the major share of the China market by the 1870's, at the expense of opium imported from India. Opium was not introduced into China by the Europeans. It had been consumed domestically, from both domestic and foreign sources, since at least the early eighteenth century, and the first Imperial Edict against the import and smoking of opium was issued in 1729. Small amounts of the Szechuan production had continued to find their way as far as Canton by overland routes well into the nineteenth century, despite new Imperial Edicts of 1821 and later making opium smoking and trading in opium capital offenses. But by 1868, with free navigation on the Yangtze, Szechuan opium undersold Indian opium in Shanghai by about 40 per cent, although its quality was inferior, and it was already beginning to rival the sales of the imported drug.[12] This was true despite the fact that consular records show Shanghai in 1864 accounting for 72 per cent of China's total imports of opium, by virtue of its access to the central China market.[13] By 188-, the Maritime Customs estimated that opium production in China amounted to 224,000 piculs (one picul equals 133 pounds) (of which Szechuan accounted for 177,000 piculs), as against foreign opium imports of only 67,000 piculs.[14] 548 439

Though opium was no innovation of the Europeans, it is true that it was they who first organized its import on a large scale. That the trade was avidly taken up by the Chinese is indicated by the rise of Szechuan opium, as well as by the well-known history and complements of the Canton trade.† Foreigners and Chinese alike were eager

* The woolens consumed in north China have continued to come from local industry, both household and factory, which can produce goods of a quality and price better suited to the China market.

† For a discussion of the role of opium in the China trade before 1842, see Greenberg, *British Trade*, especially chapter 5. He includes an analysis of the conditions within and without China which stimulated it, and of the close relationship between the trade in tea and in opium. The revenues of Great Britain and of India, the profits of the British East India Company and of the private trading firms at Canton, and the viability of the tea and silk trade are discussed as they depended in varying, but significant or decisive degree, on the import of opium from India to

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548 439 for the large profits always associated with an illicit traffic. Chinese edicts against it were matched by foreign pronouncements in the wake of the "Opium War" of 1840–1842 (see above, p. 70) to make the trade doubly lucrative. The Chinese drug dealers profited both from its distribution from coastal ports of entry, notably Shanghai (an undertaking from which foreigners were explicitly barred by their own governments), and also from the growing domestic production and its distribution. (Opium came domestically not only from Szechuan but also from the northwest [Kansu and Shensi] and Yünnan, areas of limited arable land remote from the market where high unit-value production was essential and where local taxes and requisitions added to the incentive to grow opium.) Using both sources Chinese drug merchants built up a system of distribution and marketing which was later to implement the penetration of the China market as a whole by the variety of goods which increasingly entered domestic and foreign trade channels after the opening of the Yangtze.

Shanghai's key role in this process is evident from its command of the Yangtze trade artery, and it was the principal market for the distribution of both imported and domestic opium. The drug trade was profitable, and it was conducted on a very large scale. Concentration at Shanghai played an important part in the process of capital accumulation in the city, which was in turn a significant advantage in its continuing acquisition of commercial (and later industrial) dominance. These aspects of the opium trade have been little studied or described, for obvious reasons. Opium remained a live issue in which important sectors of the economy and important bureaux and personalities have been involved until very recently. One cannot consider the issue closed for China until Communist control had been thoroughly established. But it seems likely that opium played as great if not a greater part in Shanghai's rise than did tea or silk (see table II), and that it continued to stimulate the growth and concentration of capital and commercial activity in the

China. This trade, with its consequences for commercial development, was largely inherited by Shanghai after the breakdown of the Canton system. For an earlier standard work on opium, see David Owen, *British Opium Policy in China and India* (New Haven, 1934).

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city long after tea and silk had lost their commanding positions. 548
The import of opium into China was legally abolished in 1917 by 439
the terms of an international convention (see below, Chapter Eight), and it disappeared from customs figures at that time. But it was clearly still a powerful generator of capital and trade in the Shanghai of the 1930's. Opium also became a highly profitable export from Shanghai once its import had been officially banned, though as a then wholly illegal trade its volume and mechanics can only be guessed at.*

It also appears likely that the activities of Chinese opium merchants and distributors during the period from about 1800 to about 1870 helped to pioneer the commercialization and integration of the China market for sales of foreign goods, and that the later rapid spread of merchandizing, especially from Shanghai, was in some measure due to this earlier development of the techniques of commercial exploitation. Concurrently, opium continued to flow into Shanghai for domestic marketing and even for export, a trade which under the circumstances was increasingly profitable.

Tea and Silk

However, it was the trade in tea and silk, the two dominant 439
staples of China's export trade until the close of the nineteenth century (table I), whose contribution to the commercial growth of Shanghai is clearest. The city's original near-monopoly as a result of the concentration of tea and silk production in or near the delta was further implemented by the opening of the Yangtze and its ports by the Treaty of Tientsin.

Transport costs for tea and silk by overland routes were high, 494
averaging during the 1860's and 1870's 13 taels per bale of silk 505
(approximately six bales to the ton), and 12 taels per hundred chests of tea (approximately 100 chests to the ton), for 200 miles. Taking the tael at this period as equivalent to about 6s 2d, these rates work out at about £24 per ton of silk (US$.56 per ton/mile), and £21 per ton of tea (US$.50 per ton/mile), as compared with

* See R. d'Auxion de Ruffe, *La Farce de l'Opium* (Paris, 1939), for a somewhat bitter *ad hominem* account of opium smoking and the opium trade in Shanghai, against the background of local and international measures designed to suppress it.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them." 633 736 597 567 357

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow:

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor. 633 736 597 567

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen. 548

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 view was expressed in the 1937 Report on *pei nu* forwarded by the
736 Council to the League of Nations Slavery Committee and was found by
597 the Slavery Committee to coincide with a similar conception expressed to it from other sources.

567 "The Chinese Government delegate to the Sixth Committee of the
548 League of Nations Assembly in 1937 (who is Chief of the Chinese Government delegation and its representative on the Advisory Committee on Social Questions) stated that the problem of *pei nu* can best be considered as part of the larger problem of child protection. The United Kingdom Government in its official communication to the Slavery Committee also indicated that work of the protection of women and children is intermingled with the problems arising out of the *mui tsai* or *pei nu* system. The Malayan Government has accepted in principle the minority report of the Commission on *mui tsai* in Hongkong and Malaya published in 1937. This recommended repeal of existing *mui tsai* legislation, the abolition of the legal status of *mui tsai* and the introduction of entirely new legislation for child protection."

736 Even as the Shanghai study was being made and the report pre-
597 sented, it was obvious that the 1937 war had left stranded an army of young people whose parents had been killed, or who were
633 separated from their families during head-long flight from danger.
567 Some of these children were in refugee camps; others were on the streets, begging, stealing, those still surviving managing to live in some manner. By contrast, *mui tsai*, young girls in domestic employment had at least a roof over their heads, and presumably food to eat. While in no way condoning the system, Council officials believed that the first concern of a Child Protection Service should be the homeless. No special registration of *mui tsai* was recommended. The programme which was developed and details of which follow was designed to care for these children in so far as an administrative procedure may do so.

Child protection work was begun with the young people who came into the hands of the police and were in need of help. Before 1939 it was the custom for police to take to court for disposition all lost, abandoned, abducted, ill-treated and otherwise exploited children for disposition by the judge of the court. To deal constructively with the needs of these young people something more than a purely legal process appeared to be desirable. In theory the disposition of the person of any citizen, child or otherwise, should be by the legal process. But in the situation ruling in Shanghai, where the need was essentially a social one, it was felt

596 182 socially and legally sanctioned as means of providing sons, if marriage produced only daughters or no children at all. Because of the necessity of providing against a high death rate, the premium on sons resulted in overpopulation, only partly offset by a high rate of female infanticide.

554 596 Just as sex, age, and generation determined an individual's status within the family, so did these factors determine his behavior and position in the community and the world at large. An additional determinant of his standing was the status of his family in society.

596 562 Authority and dominance were the province of males. Women might exercise overt leadership, and occasionally did so. More frequently, they were the power behind the throne. Such cases were exceptional, however. In modern times at least, supremacy was neither desired by women nor readily admitted to when possessed.

888 Age was honored relatively and absolutely Long life automatically gave its possessor higher standing in the community, but whatever age he attained, he was to show respect to his elders and members of an older generation. In the society of traditional China age implied the accumulation of wisdom and experience vital to society in times of decision or crisis.

596 554 Individual status also improved with education, more particularly with the attainment of a degree in the official examinations and appointment to official position. An individual's educational or official career was usually dependent on the willingness and ability of the family to support him during a long period of study. A particularly promising youngster of a poor family might occasionally be underwritten by the clan or village. Whatever his means of fianancial support, his success in the exams was a reflection of proper upbringing and honored his family and, to a lesser extent, his clan and village almost as much as himself. The wealth usually accumulated by an official during his career also materially enhanced the village and clan as well as the family. For these reasons, reflected glory accrued to the kin of an illustrious scholar or official for generations after his death.

C. Political Role

577 829 To a remarkable extent, the Chinese imperial system operated by moral suasion with a minimum use of force and without a developed, codified system of law. This achievement was made possible through the state's utilization of the family as a training

156 It would appear, then, that the Communist government tries to adapt both patterns of individual-group relationship to its purposes. On the one hand it encourages the equal co-operation pattern associated with the old image of brotherhood and friendship. On the other hand it increasingly subjects each individual to a type of authority that is reminiscent of the old all-powerful father of the family. For certain types of work, for example team projects carried on by Party cadres, the former may be encouraged as the efficient pattern. But for the masses of the population, submission of the individual to the group is the ordained pattern.

E. Face

•554 In traditional China, "face" meant one's moral reputation (lien) and one's accumulated moral and material prestige in the eyes of the community (mein-tzu). One's lien, or moral reputation, was solidified by adherence to the ethical forms of society in all human dealings. One's mien-tzu could be increased by making contacts, by acts of conspicuous generosity, but this could be done only within the role which society

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63. Cf. Hsien-chin Hu, "The Chinese Concepts of Face," American Anthropologist, Volume 46, (1944), pp. 45-64. The word lien is more current in North China than in the Yangtze Valley and the south. In the lower Yangtze Valley, according to Miss Hu (p. 46, note 5), mien-k'ung is used for lien.

554 assigned to the individual. To "get above oneself" in a play for prestige was actually "to lose face" (tiu mien-tzu). The widespread use of go-between in business, marriages, and political negotiations was a device for insuring that, in the event of failure, neither principal would "lose face." Consideration for the "face" of others was highly regarded, and, in actual behavior, care for one's own and others' "face," particularly one's family, was conducive to the surface harmony of Chinese social relations.

Modern Chinese critics have argued that this harmony was too dearly bought, that individual concern for "face," intensified by community pressure, stifled by individual initiative and made creative people into timid conformists who sacrificed all for the preservation of superficial prestige in the community. This, they held, worked against China's successful adjustment to the modern world.

The Communists have built on this sort of criticism and dissatisfaction and, in seeking to release individual energies for the purposes of the Communist state, have made a frontal attack on the notion of "face." Mao sarcastically describes the attitude they seek to destroy: "Failing to start an argument in principle with a person, even when you know he is in the wrong, letting things slide for the sake of peace and cordiality, all because he is an old friend, a fellow, villager, a fellow student, a close friend, someone beloved, an old colleague, or an old subordinate. Or failing to make any clear decision, speaking about [the error] in allusions in order to preserve harmony

554 and unity...."[64]

The Communists single out for public recognition individuals who have ruthlessly battered their way toward one of the Communist goals with utter disregard for "face, their own or others." They praise children who have denounced their father, which, in older China, would have been condemned as utter destruction of the family's "face." Communist writings indicate that the older attitudes have been hard to overcome. Liu Shao-ch'i is fulminating against them when he says: "Any idea of trying to avoid inner-Party struggle, or of refraining from criticizing others' mistakes so that they will not criticize one's own errors, is utterly wrong."[65] Obviously the universal "struggle meetings" for personal criticism and self-criticism in the presence of the group are destructive of the old feeling for "face." Indeed, the leadership may regard them as one of the principal devices for the complete elimination of this traditional attitude.

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64. Mao Tse-tung, "In Opposition to Liberalism," written in 1937, translation in Compton, op.cit., pp. 184-85.

65. Liu Shao-ch'i, "On Inner-Party Struggle," Current Background, No. 105, Aug. 5, 1951, p. 5.

hand, because of the existence of extended families and the clan structure, less fortunate members of these groups might be helped by relatives to gain a living or an education. A substantial amount of land was usually allotted to the communal family or clan for religious, educational, or charity purposes by illustrious members of the family or clan. Nepotism was simply a projection of the family ideal of mutual help among the members. Clan nepotism often accounted for a man's rise on the social and economic ladder. This practice contributed to the upward movement of poorer segments of the population who otherwise might never have advanced socially and economically in a relatively short period of time.

The scholar ideal. Learning was much esteemed, especially when combined with wealth. The prestige of the wealthy was never complete until their wealth was adorned with culture. Indication of respect for learning was common in China, as typified by the saying: "Although your children may be of low intelligence, you as parents should make them

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5. (continued) In the merchant situation there is somewhat more cohesion among the heirs, who often work the inherited enterprise as partners." Fried, op. cit., p. 52.

555 study the Classics."[6] The emphasis on learning was buttressed by the imperial examination system, the means by which official positions were obtained, which, in turn, was the quickest means during peace time to the acquisition of wealth and social prestige in China. The saying, "After I have studied I will take a government position," was indicative of the usual goal of education. Wealthy families as a matter of course and poorer families at great sacrifice educated one or more of their children in the Classics in order to obtain immediate prestige in the eyes of the community and with the hope of eventual success in the examination, which might lead to an official position and enrichment of the family fortune. Thus, education contributed to the upward movement of the families, be they of the landed, merchant, 558 or bureaucrat groups. On the other hand, the allocation of family income to the support of one or more unproductive persons through years of study with no assurance of economic

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6. This stress on learning and cultivation of the Chinese was studied by Max Weber. In his Religion of China, Weber goes so far as to conclude that this emphasis caused the lack of capital accumulation necessary for the development of modern capitalism in China.

565 merchants and middle peasants were socially compatible; the social distinction between a craftsman and a simple peasant was even more difficult to draw, and bureaucrats were often wealthy landlords as well. Thus, if we employ the term "social classes" to mean the stratification of society on an economic basis, we will find that class lines cut across the traditionally accepted occupation-status classification.

• 556 However, members of all the occupational groups regarded the possession of land as the true indication of prestige and security. A landless peasant hoped to possess land, a peasant with some land hoped to acquire more, and the wealthiest landlord wished to do likewise. Artisans who had acquired savings would invest them in land. Merchants invariably put excess capital that might have been used for business expansion into land, although often they did not rely on the income from it as their principal means of support. Bureaucrats were even more preoccupied with owning land concomitant with their rise in officialdom. This is a common phenomenon in any society where other tangible assets for accumulation are lacking.

Although the possession of land was a criterion for determining prestige and, to a large extent, the sign of real power, prestige did not always result from wealth and the land-holdings of any one family seldom remained constant for more than two or three

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556 generations.[3] These conditions accounted for the lack of a permanent ruling caste in China. There are definite ideals in traditional Chinese culture which conditioned the upward and downward mobility of the people within the social hierarchy.

B. Social Mobility

596 428 618 The family ideal. Large families, especially of the extended type, were the ideal in China.[4] However, in practice the ideal was limited by economic means. Primogeniture in China had been done away with long before the Manchu Dynasty (1644-1912). Land was divided equally among sons. After successive divisions, individual holdings became infinitesimally small. This contributed to the decline of the economic status of even the wealthiest families, particularly when land was the sole source of income.[5] On the other

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3. Martin Yang, A Chinese Village, New York, 1945, p. 132; Francis Hsu, Under the Ancestors' Shadow, New York, Columbia University Press, 1948, p. 4.

4. Consult the chapter on The Family in this handbook.

5. "In the matter of inheritance, the general pattern observed for poor agriculturalists holds very well for the merchant group. Just as at the death of a farmer, there is a sharing of the property. In the agricultural situation, however, there seems to be greater fragmentation of the legacy, each son working his share more or less independently and with a minimum of combination. (continued next page)

555 study the Classics."[6] The emphasis on learning was buttressed by the imperial examination system, the means by which official positions were obtained, which, in turn, was the quickest means during peace time to the acquisition of wealth and social prestige in China. The saying, "After I have studied I will take a government position," was indicative of the usual goal of education. Wealthy families as a matter of course and poorer families at great sacrifice educated one or more of their children in the Classics in order to obtain immediate prestige in the eyes of the community and with the hope of eventual success in the examination, which might lead to an official position and enrichment of the family fortune. Thus, education contributed to the upward movement of the families, be they of the landed, merchant, or bureaucrat groups. On the other hand, the allocation of family income to the support of one or more unproductive persons through years of study with no assurance of economic

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6. This stress on learning and cultivation of the Chinese was studied by Max Weber. In his Religion of China, Weber goes so far as to conclude that this emphasis caused the lack of capital accumulation necessary for the development of modern capitalism in China.

558 return often dissipated the fortune of the family and led to the loss of economic status. Moreover, the belief that those who used their brains were superior to those who used their brawn contributed to the scholars' contempt for manual skills and commercial activity. Therefore, if a scholar did not pass the examination or, having passed it, failed to obtain official appointment, and if the successive divisions of his family property reduced his own holdings to a small plot, he would find it difficult to improve his economic status. At the same time, his lack of economic means would deprive his children of the opportunity to study. Thus, the scholar ideal also contributed to the downward movement of families in the social hierarchy.

517 The scholars, therefore, are not to be regarded as a separate class or a separate occupational group, except as they relied for their livelihood on the teaching profession or the use of their literary skills in a clerical capacity, but rather as "leisurely" members of families of varying degrees of wealth of the bureaucratic, agricultural, artisan, or commercial classes. When recruited by the government to study at the imperial academies, scholars were protégés of the government, and were regarded as potential bureaucrats even if they were engaged only in the compilation of historical documents of no current

596 182 socially and legally sanctioned as means of providing sons, if marriage produced only daughters or no children at all. Because of the necessity of providing against a high death rate, the premium on sons resulted in overpopulation, only partly offset by a high rate of female infanticide.

554 596 Just as sex, age, and generation determined an individual's status within the family, so did these factors determine his behavior and position in the community and the world at large. An additional determinant of his standing was the status of his family in society.

596 562 Authority and dominance were the province of males. Women might exercise overt leadership, and occasionally did so. More frequently, they were the power behind the throne. Such cases were exceptional, however. In modern times at least, supremacy was neither desired by women nor readily admitted to when possessed.

888 Age was honored relatively and absolutely Long life automatically gave its possessor higher standing in the community, but whatever age he attained, he was to show respect to his elders and members of an older generation. In the society of traditional China age implied the accumulation of wisdom and experience vital to society in times of decision or crisis.

596 tended to have a moderating influence on
178 paternalistic authoritarianism.

The family in the rural areas adjacent to
596 industrialized cities was also affected in other
562 ways. Men of advanced years, particularly if they had a classical education or held official position, continued to be honored. However, their position of influence and authority was challenged by younger men with the personnal qualities of dynamic leadership and success. Ancestor worship continued to give a greater primacy to males in the family but the ability of daughters to earn a wage enhanced their value to the family and made their early marriage into another family less desirable. It should be noted, however, that women of farming and laboring families worked outside of the home only out of sheer economic necessity. Neither sex approved of female employment in the factory. Whenever possible, it was avoided or terminated. Among upper-class families, women with modern education began gradually to seek employment in the professions and to regard such work as a means of establishing permanent personal and economic independence.

594 The independent family in the modern city was most subject to change. Though

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668 For instance, an article in the Peking
462 Chung-kuo ch'ing-nien pao [China Youth] on the correct attitude toward parents, asserts that under the Confucian system with its emphases on filial piety, parents had the right to regard their children as private property and demand sacrifices of them. Under the new regime, the article pointed out, "children are not the private property of their parents, but belong first of all to the state and to the people, and... the interests of the people should be the highest criterion governing our actions toward our parents."[13]

562 An editorial in the People's Daily in
668 March 1955 notes that remnant feudal ideologies still obstructed "the participation of women in Socialist construction and various political activities." The editorial then goes on to state that it is in order to promote the political and production zeal of women that their rights must be promoted and protected and the Marriage Law implemented.[14] Various comments on the Marriage Law inspired by the regime stress Lenin's dictum that sex relationships and family problems are not individual or small affairs but matters of great social, economic, and political significance.

13. S.C.M.P., 973, p. 31.
14. Ibid., 106, p. 15.

184 An additional factor to provoke dissatis-
441 faction among the merchants is the control on foreign trade. Merchants in East China seaports, who have had the advantage of monopolizing a large portion of the nation's foreign trade, have been deprived of this opportunity because virtually all foreign trade is now handled by the government. Their role has been reduced to that of conducting limited export transactions supervised by the government, and there is no hope that they may be allowed to import Western manufactured goods.

V. WOMEN

• 562 The customary position of women in China
184 is subordinate to that of men. This tradition was so deep-rooted that it took superhuman courage for the first women to claim their "right"; and the pain of "emancipation" continues under the Communists.

To the "emancipated" belongs responsibility; this is at least theoretically true, and the Chinese women who have exchanged one form of drudgery for another are generally expected to have a degree of political consciousness similar to that of men of equal education and comparable environment. In many cases women prove to be even more "patriotic" than men as a result of the unprecedented government effort to show the women that they, too, can achieve enviable social recognition by a show of "patriotism."

• 562 184 How much improvement in the status of the women has been brought about by the Communists? Women are encouraged to participate in political activities; more tangibly and closer to their daily life, they are given child care, adult education, and other welfare benefits if they join the working force. If the increase in the number of women workers in factories can be taken as an indication of the women's own free choice, then women in Communist China may indeed feel favorably disposed toward the Communist regime. But upon closer observation their entry into factory work may have been out of financial necessity rather than free choice.

The much-publicized marriage law in Communist China embodies nothing new, but its vigorous and often arbitrary enforcement is unprecedented. Even this Communist law, seemingly for the benefit of women, has engendered mixed feelings. Acceptance of this law will mean the destruction of some of the most stubborn traditions in China (See discussion of the marriage law in the chapter on The Family).

Some women hold high posts in government, and there are "labor heroines" in all industries. Housewives in larger cities manage to live in leisure if they belong to the high income group. Younger housewives in families of modest income may have to work outside the home, but there is no indication that they resent it. The age-group differential asserts itself in the reaction of

562 women to the new regime; older women who had
184 learned to live in peace with the extended family system are likely to dread the Communist effort to reduce the extended family to the conjugal family; younger women are more apt to feel favorably disposed toward the Peking regime.

A sharp difference in attitude is to be observed between the women in Kiangsu (particularly in such larger cities as Shanghai and Nanking) and those in the more remote districts in Fukien. City life had caused changes in attitudes among women in Shanghai even before the Communists announced their policy with regard to women and their status in society. Most of the women in western Fukien villages remain more strictly tradition-bound and are less prepared to accept the ideas introduced by the Peking government.

VI. NATIONAL MINORITIES

563 A larger degree of assimilation of minority
184 nationalities is observed in East China than in Southwest or Central-South China. Hence there are fewer distinguishing features of the attitudes of minority nationalities in this region. Generally speaking, the minority groups in China have never felt any great loyalty toward the larger political entity of China. The Communist policy is to cultivate a feeling of kinship between these groups and the Han-Chinese. To substantiate this policy, the government has been trying to develop for

Annex "A," Subparagraph 1d, Sociological Background

ETHNIC GROUPS

•563 Ethnic minorities are herein defined as groups bound together by common ties of race, nationality, or culture, living together within an alien civilization but remaining culturally distinct. The Chinese Communists, following the practice of the USSR, have termed the ethnic minorities within the Chinese territory "nationalities" "national minorities," or "minority nationalities" in juxtaposition to the Han nationality. Therefore, the term "nationality" as used in China today is a designation for an ethnic and geographical community. Owing to the fact that the Hui people, neither racially homogeneous nor concentrated in one area, are also regarded as a separate nationality by the Chinese Communists, the reason for such a classifications seems to be the presence of customary laws and practices peculiar to a group of common origin which have, over a period of time, regulated its standard of behavior and given rise to group consciousness and distinctive characteristics. It is on this same broad principle that we base our classification of the ethnic groups of China. Accordingly, the Han Chinese, though by far the great majority of the Chinese population (94%), are also considered as one of the many ethnic groups in China.

I. INTRODUCTION

16a East China is populated predominantly by Han Chinese who came from North China, especially during the periods 265-618 and 906-1280 A.D., when North China was invaded by the northern tribes.[1] Since 617, official Chinese histories have not

1. Li Chi, The Formation of the Chinese People, Cambridge, Massachusetts, Harvard University Press, 1928, pp. 165-166, 237.

162 Yao people mentioned in Chinese historical records,[7] and are related to the Yao people in
144 Kwangsi. Today, these remaining aborigines are called She Yao, Hsia, or more commonly, She.

162 The total She population is now estimated at 200,000. The great majority are found in Fukien particularly in the Wu-i mountain region of Chien-ning and Ch'ang-ting districts. Only about 44,000 are at present living in the southern section of the Kuo-ts'ang mountain chains near Li-shui in Chekiang Province.[8] Lan, Lei, Chung, and P'an are the four surnames of the She people; intermarriage is approved only
241 among families bearing these names.[9] They are poor slash-and-burn farming folks like the Miao and Yao in South China.(This type of agriculture entails burning off the natural vegetation on the mountain slopes to enrich the soil for planting; but the fertility of the soil is exhausted after two to four years, and the farmer
197 must move on.) Those who work for the Han landlords usually speak the local Chinese dialects.[10]

• 563 Regionally as well as nationally, the She people are still as much neglected by the Communist administration as they were during

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7. The Yao people of Chekiang and Fukien fled to remote mountain regions after the Yao suppression campaign of Wang Shou-jen during the Ming dynasty. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.

563 previous regimes. When the People's Government celebrates its national holidays in Peking, no She representatives are present. Nor are the She people mentioned in the activities of minority ethnic groups in East China.[11] This could mean either that successful She individuals are weaned away by the prevailing Han Chinese culture and lose their identity as She or that among the She people there are not enough leaders to claim a separate identity.

B. The Hui of Shantung.

162 In East China the Hui people can be found in cities like Shanghai, Nanking, and Ch'ien-chou (in Fukien); but most of them are found in the province of Shantung.[12]

563 Like the Hui people elsewhere in China, the Hui in Shantung trace their descent from Arabian and Iranian soldiers and merchants who moved into China from the seventh to the thirteenth centuries and who intermarried with the Han Chinese, and from Han Chinese children adopted by Hui families. Today, the Hui people in general continue to intermarry with the Han Chinese. However, when a Han Chinese wishes to marry a Hui woman, he must embrace Islam, whereas a Han woman who wishes to marry a Hui man need not change her religion.

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11. Jen-min Jih-pao [People's Daily], Peking, September 30, 1950; October 23, 1950.

12. There are many Moslem peoples in China of which the Hui is one. Other Moslem peoples include the Uigurs, Kazaks, Mongol Moslems, and Tibetan Moslems. →

563 Although different ancestry sets apart the Hui people from the Han Chinese, lack of racial prejudice on the part of the Hui facilitates the assimilation of Han Chinese into the Hui community and renders the racial composition of the Hui more or less similar to that of the Han Chinese around them. The cohesiveness of the Hui people in East China is attributable to factors other than racial and physical similarity. Their religion (Islam, called Hui Chiao [771] or Ch'ing-chen Chiao), language (Chinese, supplemented by Iranian and Arabic elements of a religious nature), and customs which stem from religious practices and observances make them cohesive as an ethnic group in spite of outside cultural forces and the fact that in Shantung the Hui generally do not have large and [162] contiguous communities. Most of the Hui people in Shantung live in Lin-ch'ing, Chi-ning, Chou-ch'eng, P'eng-lai, and cities along the railways.[13]

The Kuomintang Government seemed to take for granted that the Hui people were sufficiently assimilated into Han Chinese communities and did not merit recognition as a separate ethnic group. In the 1930's the Hui were treated merely as "believers in Islam," and their ethnic difference was minimized. The present Communist government has reversed the Kuomintang

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There are about 3.5 million Hui people in China. Information on the numerical strength of the Hui people in East China is not yet available.

13. Huang Tse-ts'ang, Shantung, Shanghai, Chung-hua shu-chü, 1935, pp. 99-100.

•563 practice. By emphasizing past grievances under previous regimes between the Han and the Hui in Northwest China (where there are large concentrations of Hui population), the People's Government claims that its policy toward the Hui people in all parts of China is the most enlightened of all times. The Communists, now anxious to foster a better working relationship between the Han and Hui in Shantung, have probably exaggerated the role played by the Hui people in the Shantung Liberated Area and in the Shansi-Hopei-Shantung-Honan Border Region Government during the last war against Japan. As early as January 1950, the Commission on Nationalities at Peking sent Liu Ke-p'ing, one of its deputy chairmen who claims to be of Hui origin, on an inspection tour around Tsinan, Shantung, in order to familiarize the government with the econmic activities and educational conditions of the Hui people in Shantung.[14] So far we have not been able to appraise the result of the Communist effort.

563 463 Traditionally, the Hui people are merchants, handicraftsmen, inn-keepers, and restaurant operators; the Hui people in Shantung are said to prefer earning their living in their accustomed way rather than by farming evenwhen offered land to till after the land reform. The Communists may have achieved some initial success in diverting some Hui people into agriculture, since at least 49 agricultural mutual-aid teams under Communist cadres have been organized among the Hui people in Shantung.[15]

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14. People's Daily, January 22, 1950.
15. People's Daily, April 28, 1954.

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•563 According to a report at a meeting held by the Hui Cultural Association at Peking, ten autonomous hsien and chou have been established for the Hui people in China.[16] The scattered Hui communities in different parts of Shantung have their representatives in local governments under the present Communist regime. There are indications, however, that the Hui people in Li-ch'eng, Shantung, probably have their own government.[17] If this is the case, Li-ch'eng's autonomous government would be the only one of its kind outside Northwest China and Inner Mongolia.

C. The Tan People in Fukien

563 162 A Communist publication lists the Tan people as one of the minority nationalities in Fukien. The Tan people are boatmen on the lower Min River, near Foochow. In physical appearance they are indistinguishable from the rest of the Fukienese population.[18] Their numerical strength is unknown.

IV. POLICY AND ADMINISTRATION OF THE COMMUNISTS

563 657 Communist cadres working among ethnic minorities elsewhere in China are cautioned against exhibiting Han Chinese chauvinism in order not to arouse the "narrow nationalism" of ethnic minorities; in East China, no such caution has so far been voiced. Communist ethnic

16. NCNA, April 15, 1955, Survey of China Mainland Press, No. 1031, April 20, 1955, Hong Kong American Consulate Gen'l, pp. 32-33.

17. People's Daily, April 28, 1954.

18. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [Geography of New China], Shanghai, Ta-chung t'u-shu chü, 1953, pp. 159-160.

•563 657 policies elsewhere in China emphasize "winning the leaders of ethnic minorities who are influential among their own peoples"; in East China no such leaders have been found. Unlike the ethnic minorities in the Southwest, who may look to Tibet or to countries across the border for cultural and political leadership, and unlike the ethnic minorities in South China, who are so scattered that their acute social and economic problems take inter-ethnic group forms, the ethnic minorities in East China are apparently docile and contented residents and do not constitute a problem for the Communist administration. These minorities could be weaned away by the surrounding Han Chinese culture, and the Communists see no need for treating these minorities separately by awakening them politically, building up their minority economy, or reviving minority languages and folklore. The gradual assimilation of minorities is not a Communist achievement, but the Communists prefer to say that it is the result of a program of "equality for all nationalities."

The Hui people in East China are accorded some special attention by the Communists. It is clear that this is not due to their numerical strength in Shantung but to their significance in the national scene. The recent activities of the Islamic Association in Peking and the Communist government's emphasis on the Islamic aspects of the Hui people's activities indicate that the Communists intend to make use of the Hui people in order that other Moslem peoples in China may be brought closer to Peking.[19]

19. People's Daily, September 27, 1952.

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The lack of significant content in ethnic policy and administration in the region has forced the Communists to publicize the activities of ethnic minorities there whenever possible, as illustrations of progress and political enlightenment under Communist leadership. The Communist Party newspapers blatantly publicized the fact that 470,000 minority nationals, among a total of 90,000,000 voters in this region, exercised their "democratic political right" in the popular election of 1954, and that many people so elected were of non-Han origin.[20]

In Shanghai, a number of people who are publicized as "minority residents" welcome and entertain visitors from ethnic groups in other parts of China and delegations from other countries. Their names are frequently found in newspaper headlines and their photographs are displayed on magazine covers.[21] In fact, these people look like devotees of a political cause who express their political convictions. Since their relationships with their own ethnic groups are artificially fostered and modulated by the Communist government, they are not representatives of ethnic minorities.

Although the small number of minority nationals in East China do not present the Communist administration with serious minority problems, their presence provides a ready instrument for propaganda depicting equality and fraternity among ethnic groups in China. Most of the propaganda has no immediate bearing on

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20. Ibid, April 28, 1954.

21. Chieh-fang Jih-pao [Liberation Daily], Shanghai, May 5, 1952; January 5, 1953.

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the welfare of the ethnic groups involved.

There is, however, one unique feature of the ethnic policy of Communist China which stems from the present political situation between the Chinese Mainland and the island of Formosa. The latter is regarded by the Communists as a province of East China lost to Chiang Kai-shek. Hence Communist China claims to be the fatherland of the 160,000 aborigines, the Kao-shan people, in the eastern part of the island. The Communists have gathered together a number of "representatives of the Kao-shan people" to sit in Peking among the delegates from other ethnic minorities and make speeches advocating the "recovery" of Formosa.

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22. People's Daily, July 13, 1952.

575 A Communist release on June 16, 1955, indicated that the I-kuan Tao was still a disciplined and resourceful organization, at least in the Kalgan region.[42]

IV. MOHAMMEDANISM

779 This religion was introduced into China, not by missionaries but by immigrants arriving overland from the west and northwest and by sea to Canton; they have since spread until there are some in every province, although the highest concentration is the northwest and southwest. Since their ancestors were immigrants, the Mohammedans have been treated by Chinese governments as both an ethnic minority and a religious group. (Hence, cf. the chapter on Ethnic Minorities.) Adherents have tended to live in separate communities, their mores and customs [illegible] by religious law rather than by the laws and customs of China. Not only did Islam prescribe for the believer a different way of life from that of the Chinese, it also had international connections and a tradition of militancy. These aspects of Mohammedanism made their communities in China the object of government distrust, and governments in modern times have alternated between policies of suppression and of appeasement.

779 563 The Chinese Mohammedan is set apart from other Chinese by such special customs and observances as these: many greetings are exchanged in Arabic or Persian; believers wear

42. SCMP, 1078, June 28, 1955, pp. 27-28.

779 563 white headdresses resembling turbans; they abstain from alcohol and pork; marriage and funeral rites are different from the Chinese, e.g., they do not use coffins in burial. Traditionally, they seldom engage in farming but rather in certain occupations which in some areas they virtually monopolize -- keeping inns and organizing caravans, butchering, leather working, metal-work, or managing shops which deal in curios and jewelry. Because of oppression and a strong sense of religious community, they tend to live in special districts or streets. They have been more inclined towards athletics and military careers than the Chinese.[43]

779 794 The Moslem sector of a city or the Moslem village community centers on its mosque presided over by its Imam, usually elected from among senior leaders; the Imam and the elders invite an Ahung who preaches, settles disputes, interprets Islamic law, and presides at ceremonies.[44] The Ahung is usually versed in Arabic, although until very recently few had any direct contact with major centers of Islam in the Near East.

779 In the East China Region, Mohammedan communities are found in all provinces. But the major centers, now recognized by the Communists as "Autonomous Areas," lie in the Southwest, the Northwest, and in Central Asia. The

43. Chan, op. cit., p. 6; Encyclopedia of China Problems, pp. 421-22.

44. Chan, op. cit., p. 189; Encyclopedia of China Problems.

562 women to the new regime; older women who had
184 learned to live in peace with the extended family system are likely to dread the Communist effort to reduce the extended family to the conjugal family; younger women are more apt to feel favorably disposed toward the Peking regime.

A sharp difference in attitude is to be observed between the women in Kiangsu (particularly in such larger cities as Shanghai and Nanking) and those in the more remote districts in Fukien. City life had caused changes in attitudes among women in Shanghai even before the Communists announced their policy with regard to women and their status in society. Most of the women in western Fukien villages remain more strictly tradition-bound and are less prepared to accept the ideas introduced by the Peking government.

VI. NATIONAL MINORITIES

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563 the minority groups their own languages and to
184 provide these people with more educational opportunities. There is a persistent effort to publicize the achievement of individuals belonging to minority groups. While this may be nothing more than a propaganda device, its effect on scattered minority nationalities in such places as Chien-ning and Ch'ang-ting in western Fukien is not to be underestimated.

VII. OTHER GROUPS

184 In addition to the groups discussed, there
662 are other groups which, although minor in numerical strength, are of importance because their attitudes do have significant bearing on the tensions in Chinese society.

It is evident that all Communist Party members and all government bureaucrats do not necessarily have the same attitudes, in spite of the fact that they are regimented by a well-controlled machine. High-ranking Communist officials exhibited intense feelings of patriotism and dedication to the "cause" in the early days of their careers. They are now working to strengthen the machine which brought them to power, thereby making certain that they will not be deposed. Granted that the behind-the-scene struggle for personal power in a Soviet system is most difficult to discern, there have been few signs of antagonism among the top leaders. A purge as violent as that which took place in

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Annex "A," Subparagraph 1f,
Sociological Background

SOCIAL STRUCTURE

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The social structure in the East-China Region closely resembles that of other regions in China. It has, however, some unique features which can be traced to the region's geographical location and past history.[1]

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1. Within the cultural tradition of China as a whole there are in East China many local variations, special combinations of features and configurations, all of which are Chinese but none of which can be said to be typical of the region's social structure. Studies on the social structure of local communities in East China are more numerous than that of other regions of China. The better known include: Martin Yang, A Chinese Village, (New York, 1945), a study of a village in Shantung; Lin Yueh-hwa, The Golden Wing, (New York, Oxford University Press, 1947), a study of a community in Fukien; Morton H. Fried, Fabric of Chinese Society, (New York, Praeger, 1953), a study of a county near Nanking; and Fei Hsiao-tung, Peasant Life in China, (London, Kegal Paul, Trench, Trubner & Co., Ltd., 1939), a study of a small community in the lower Yangtze Valley.

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I. THE TRADITIONAL SOCIAL STRUCTURE

A. Social Classes

565 The people of traditional China often viewed society as being comprised of four occupational groups: the literati, the farmers the artisans, and the merchants. Soldiers had no social status and were not members of any group. Although this classification indicates that all members of society recognized the prestige of the literati and the low status of the merchants, it fails to account for two things: the wide diversity in wealth, standards of living, and cultural and recreational interests within each occupational group; and the free interchange of occupations among the top layers of the farming, merchant, and governing groups.[2]

In reality, social stratification in Chinese society was not entirely based on occupational lines. Rich merchants and wealthy landlords were often linked by marriage; retail

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2. In some dynasties, sons of merchant families were not allowed to join the governing group. However, with the help of economic resources it was relatively easy for the third generation to come into the governing group. It was quite common for retired bureaucrats to engage in commerce.

565 merchants and middle peasants were socially compatible; the social distinction between a craftsman and a simple peasant was even more difficult to draw, and bureaucrats were often wealthy landlords as well. Thus, if we employ the term "social classes" to mean the stratification of society on an economic basis, we will find that class lines cut across the traditionally accepted occupation-status classification.

556 However, members of all the occupational groups regarded the possession of land as the true indication of prestige and security. A landless peasant hoped to possess land, a peasant with some land hoped to acquire more, and the wealthiest landlord wished to do likewise. Artisans who had acquired savings would invest them in land. Merchants invariably put excess capital that might have been used for business expansion into land, although often they did not rely on the income from it as their principal means of support. Bureaucrats were even more preoccupied with owning land concomitant with their rise in officialdom. This is a common phenomenon in any society where other tangible assets for accumulation are lacking.

Although the possession of land was a criterion for determining prestige and, to a large extent, the sign of real power, prestige did not always result from wealth and the land-holdings of any one family seldom remained constant for more than two or three

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871 citizenship.[11] Their curricula opened a new
178 and different world, far more interesting and intelligible to the younger generation than the Classics of old. If modern education had not always succeeded in giving new skills to the student, at least it had taught him not to be satisfied with his lot, to look to the future rather than to the past for betterment.
•565 With the increase of schools, there emerged
178 in the cities a considerable professional class
517 and a large number of students cut off for years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together; with their newly-found organizations, came a semblance of a distinct class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period when the landed aristocracy contested with the merchants, industrialists, and bankers

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11. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbank, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass., Harvard University Press, 1954.

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for positions in the ruling elite, political power and economic power in modern China continued to be in the hands of a single group. When social mobility was made difficult by the lack of a clear and recognized channel for upward social movement, social roles were less clearly defined; the sons of high government officials became industrialists, bankers' sons became diplomats, and all owned land. Intermarriages between the new and the old upper-class elements were taken for granted. Modern intellectuals, mostly from middle-class families, were unable to obtain position and status in the new business or political hierarchy and yet were unwilling to return to their home villages. They had been too long removed from their original environment to feel anything but estranged from it.

Influenced by the idea of democracy which they had discovered in school, the intellectuals began to solicit support from the masses, a move which traditional scholars would not have considered. Robert North's study of Kuomintang and Communist leaders shows that the majority of them came from the middle-class, landowning, and merchant families and were graduates of modern schools.[12] The labor

12. Robert North, Kuomintang and the Chinese Communist Elites, Stanford University Press, 1952, pp. 116-21.

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unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

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III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

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A. Class Differentiation among the Chinese Population

In his book On the People's Democratic Dictatorship (1949), Mao Tse-tung divided Chinese nationals into those who because of their anti-revolutionary character and their "crimes against the Chinese nation" were deprived of the right to be numbered among the People, and those who were to enjoy all the rights of the People. In the first group were included the Kuomintang leader Chiang Kai-shek, "bureaucratic capitalists" such as H. H. Kung and T. V. Soong, "feudalistic" landlords, and a host of other anti-Communist leaders. The second group consisted of workers, peasants, the petty bourgeois, and the national bourgeois. Workers were considered the elite of the nation; the peasants were to be converted into rural workers through collectivization of agriculture, or into urban workers through the development of industry; the petty bourgeois were needed during the New Democratic Stage and were to be "re-educated" in the process of reconstruction; and the national bourgeois, once "enslaved" by bureaucratic capitalism, were now "free" to contribute to the industrialization of China. Mao's classification of the Chinese population and his stipulation of the task of each class at the New Democratic Stage formed the conceptual basis from 1949 to 1954 for the Communist policy toward each of the classes.

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The convocation of the National People's Congress in 1954 is considered by the Chinese Communists as the conclusion of the New Democratic St age and the beginning of a transitional stage which will lead China to socialism. Land reform is completed and the landlords as a class are eliminated, the wings of the bourgeois industrialists and merchants have been clipped by the Three-Anti and Five-Anti campaigns, and the "ideology of the working class" has been established in all sectors of China.

B. The New Social Ladder

The Communists distinguish between persons "from the working class" and those "possessing the ideology of the working class." They acknowledge that not all Communists are from the working class but that those who have accepted its ideology belong to it. By the same logic, the working-class character of the People's Liberation Army is fixed. The Communists say that, since the People's Liberation Army is led by the working class, viz., the Communist Party, although the bulk of the soldiers and commanders may not be from the working class, the army remains of the working class. Conversely, many workers may not possess the ideology of the working class. The Communists explain that most Chinese workers are fresh from the villages where "feudalistic ideas" abound and therefore have not had time to acquire the ideology of the working class.

668 in 1955 suggest the way in which all p ublic
527 celebrations of the festival are made to serve the Communist purpose. It was reported that, along the East China coastal area, traditional merrymaking was combined "with strict vigilance and celebration of the Yikiangshan I-chiang-shan Island liberation." In Foochow, special exhibitions on the theme "Taiwan Must Be Liberated" drew large crowds. In the Amoy area and along the Chekiang coast, people called on units of the armed forces in their neighborhood "to bring them gifts and thank them for their efforts in national defense." In Shanghai, 40,000 spectators watched military teams play football and Red Army song and dance troupes performed at thirty factories.[31]

668 Cities have been cleaned up and enlarged, and
565 building has apparently proceeded rapidly, although improvements in housing probably mainly affect the industrial workers the favored class

30. [continued] Enlightenment Daily, Jan. 23, 1955 p. 2. In preparation for the New Year exodus from the cities in 1955 the Ministry of Railways estimated that "Over three and a half million more people will travel than on normal days mostly to join in united family celebrations of the holiday." NCNA dispatch, Jan. 19, 1955; SCMP, 972 Jan. 20, 1955, p. 21.

31. NCNA dispatch, Jan. 27, 1955. SCMP, 976, Jan. 28, 1955, p. 15 In all such activities one should remember that the cadre is instigator and manager.

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in the drive for industrialization.[32] Yet the Rostow study indicates that there has been no real increase in wages for the urban worker.[33] His diet remains poor, his work hours long. But since the Party is anxious to recruit from urban workers, he does have opportunity to rise in life through Party work. Many industrial workers probably do feel some sense of identification with the most rapidly expanding sector of the Chinese economy. This identification and the opportunities offered by the Party are probably slowly changing the goals of the urban worker. He may be less interested than he once was in returning to a plot of land in the country, where economic opportunities are increasingly restricted. He knows, after attending one Party meeting, that the peasantry is no longer the favored class in the Chinese economy.

The elite of the towns and cities are the functionaries of the government and Party. We know little of the pattern of their private lives. But, if the badge of the old Chinese bureaucratic elite was a leisurely and cultivated air, the badge of the new is a full briefcase and an air of purposeful, energetic activity. Their incomes permit their families a life somewhat easier than that granted the rest of the urban population, but they are constantly under discipline, watched by their colleagues, obliged to meet work quotas and to submit to continuous indoctrination and re-indoctrination. Part and government workers are urged

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32. Rostow, op. cit., p. 160.
33. Ibid., pp. 160-61.

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668 to use the New Year holiday to plan their work for
565 the year to come.

The bulk of the old middle class may have survived, but its activities have been increasingly restricted by government controls and by the growth of government-producing and marketing facilities. They are a tough and tenacious group, but their old comfortable life is already threatened and, as a class, they are scheduled for extinction.[34]

369 The growing cities now appear to be replacing the country as the goal of the ambitious. It is likely that, as urbanization and industrialization proceed, the cities rather than the farm villages will determine as the Communists plan, the new mores and patterns of living for society as a whole.

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34. Rostow, op. cit., pp. 162-64.

184 according to other equally valid criteria such as sex, age, and income. Older people, for example, are generally more conservative, less willing to adapt to change, and less likely to show enthusiasm for the Communist program. The rich, who have more to lose, are generally more dissatisfied with the Communist regime than their poorer countrymen. These patterns of attitudes tend to cut across the occupational stratification. In view of the technical limitations imposed on this discussion, occupational stratification will be used, with allowance for the exceptions within each category.

I. FARMERS

565 184 The rich absentee-landowners of China, whose social status ranks with those of government bureaucrats and whose interests are identified with those of rich merchants, are all but nonexistent in Mainland China today. The Chinese farmer class consists chiefly of poor peasants and "middle farmers" holding small lots of land. These people have had little opportunity to identify themselves with the state or its destiny. However, because East China has received more official attention in economic development than have Central-South and Southwest China in the past decades, the farmers in this region are likely to be more aware of the existence of a community greater than their immediate environs. With the exception of those in southern Fukien, most of the farmers in East

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184 China find that only a minor language barrier
•565 separates them from the northern or western Chinese. The average East China farmer will not feel himself a stranger in Peking, for example, as would a farmer from Canton or Yunnan. In those areas of East China which were overrun by the Japanese during World War II, there has been sufficient reason for the growth of a spirit of nationalism among the farming class. This is true in Shantung as in Southern Fukien, one of the routes followed by the Japanese in invading Central-South China.

The Communists have made persistent efforts to "educate and propagandize" the farmers. There is evidence that many farmers in East China have learned a few political terms; however, this does not mean that the farmers have developed a strong national feeling. On the contrary, some of the farmers may regard the Communist effort to "educate" them as unwelcome interference. Generally speaking, the young tend to show a more favorable response to Communist propaganda than their elders.

The idea that he is to be given land probably has generated apprehension even in the poorest peasant, who always wants to own land. To be sure, the gain through the process of land reform must have given the poor peasant some satisfaction, but subsequent grain taxes remain heavy and Communist efforts to collectivize the marketing of farm produce have met a great deal

184 565 of resistance. There is reason to believe that the poor farmer in East China today is less happy than he was in the days immediately after the completion of land reform. The possibility still exists that changes in government policy may regain for the regime some of the farmer's enthusiasm. However, the fact that authorities in Shanghai have had to initiate a drive to send many peasants back to their villages indicates that life in rural communities in East China does not offer incentive. As a result farmers continue to flood metropolitan centers in search of work and a better living.

657 565 Available reports show that neither the government nor the farmers are satisfied with the amount of relief and welfare work done thus far, nor with the manner in which this work is done. The Communists claim that the productive harvests in 1951-53 in East China were attributable to the completion of flood control projects on the Hwai River in Anhwei and on the I and Shu rivers in Shantung. Some of the farmers may believe this claim, but the majority will measure the "benevolence" of the new regime against the few benefits so far received.

186 565 The Chinese farmer's picture of a foreign culture is derived from contact with foreign missionaries. At one time foreign churches were established in all parts of East China with the exception of a few remote districts in southwestern Fukien. Government efforts to foster

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186 xenophobia, supported by the effort of the ultra-
•565 nationalistic segment of the Chinese elite, dated from the late nineteenth century. Some farmers in this region, particularly those in Shantung Province, are likely to remember, for instance, the stories about the Boxer Rebellion, which terrorized many foreigners. With relish, the Communists are re-telling such stories as specimens of "anti-imperialistic" expressions of the Chinese people. A very small number of farmers who have been less influenced by anti-foreign propaganda and who have received benefits from foreign missionaries may be disturbed by the deliberate mistreatment of missionaries on the mainland. Other farmers who regard the missionaries as an undesirable group may chuckle at the thought of the "foreign devils' downfall." But the majority of farmers have had little or no contact with foreigners; they are not particularly concerned with the latter's fate in Communist China.

184 The Chinese farmer has always hoped to
565 safeguard his family by acquiring land to provide a better education for his children and to maintain the respect of fellow villagers. Now that the farmer can no longer obtain as much land as he hopes, his interest turns to finding ways in which his children, through education, can advance on the socio-economic ladder. The fact that many young people from peasant families have been absorbed in the government "cadre" system may induce the Chinese farmer to look

184 more kindly upon the present regime. Of course,
• 565 there are exceptions among the farming population. Farmers active in secret societies, which are traditionally resistant to government control, may have an altogether different set of attitudes toward the nation, foreigners, and the individual's role in society. Mass uprisings in which secret societies played an important part indicate that sometimes these groups have distinctly anti-foreign or anti-government characteristics. Members of some of these groups may uphold a standard of loyalty to the individual above traditional loyalty to the family or to the state; others may condone banditry and defy all forms of established social order.

II. URBAN WORKERS

The group feeling of organized workers in China was aroused as early as the 1920's in industrial centers like Shanghai and Tsingtao, where organized labor was involved in many political movements. Many industrial workers have long realized that they were "in the group" and somewhat later came to the conclusion that they had to work "for the group" in those movements launched against foreign influence and private capital. Having been involved in these movements, the worker undoubtedly formed a more definite idea of the nation and its symbols than that of the average farmer.

The Communist avowed attempt to raise the status of the worker must have given the worker

184 a feeling of importance as he learned of the
565 Communists' economic reconstruction plan. He derives a measure of pride of achievement when a steel plant is erected or when a bridge is built, although he may not really believe that the workers, as the Communists say, are the masters of the new China. Other promosed benefits, including job security and welfare provisions, also add to the popularity of the Communist regime among the workers, despite the fact that most of these "benefits" still remain largely promises.

466 On the liability side of the Communist
565 policy toward the worker are the lack of substantial wage increases, a harsher work schedule and loss of leisure time, and an illusory welfare program which the Communists themselves admit cannot be brought into the hands of the worker until he has worked still harder to produce still more. Thus the worker's attitude toward the government and its policy must depend on how much he believes in a glorious "tomorrow" and how well he can put up with the physical hardship of "today." The recent let-up in "labor emulation" drives and the sudden flurry of official warnings against driving the worker too hard appear to indicate that the laboring class is showing signs of possible exhaustion. In addition, the worker's attitude may also be greatly influenced by the rise of a new managerial class which is being fostered by the Communists and which, for whatever reasons, receives better treatment than do those who work on the

466 production line. Foreign advisors had been
•565 employed in many factories in pre-Communist days, and many workers may have become accustomed to accepting the general excellence of Western technology. However, any government effort to impose foreign leadership in technical fields may injure the pride of the worker and provoke his resentment. Certainly the demoralizing effect of the privileged treatment accorded Russian technicians in Chinese factories should not be underestimated.

There is little evidence that the Chinese worker has abandoned his aspiration of personal advancement in the material sense. Although here again the promotion of the young and ambitious to serve in the huge government machine may satisfy some of the workers, the lack of a substantial rise in their standard of living will lead many workers to feel that their aspirations cannot be fulfilled under the Communist regime.

463 Handicraft workers and artisans, who have
565 constituted the bulk of China's working class, are now dwindling rapidly. Many of them have gone to the factories. The remainder do not enjoy the esteem granted industrial workers and, as a result, are more dissatisfied than the miners, steel workers, and others whom the regime is attempting to please.

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III. STUDENTS AND INTELLECTUALS

517 184 565 Of all the groups of people in China, the intellectuals are probably the most varied in their attitudes. They do not constitute a "class," hence their attitudes do not show any distinctive "group" characteristics. There are those whose strong convictions make them active leaders of social and political movements in defiance of authoritarian rule; there are others whose education and experience make them flexible under pressure. Hence no dependable conclusion on the attitudes of the Chinese intellectuals as a group has been arrived at.

Though the attitudes of Chinese intellectuals differ, the great majority of them are exceedingly patriotic. It is therefore conceivable that to some of them, at least, the Communist emphasis on loyalty to the state rather than the traditional loyalty to the family must have a great appeal. There is reason to believe that most of them who accepted Communism in 1949 did so because they saw in the Communist program some hope of restoring China to a position of dignity and power. After five years of Communist rule, some of the intellectuals are probably elated by the truculence with which Red China has been conducting its foreign affairs, and by the feeling that China, at long last, has been unified and become a nation of importance. But on the negative side there are the restrictions on intellectual freedom imposed by the Communists.

517 Furthermore, the Communist policy of gradually
184 substituting the freshly trained and well-in-
565 doctrinated intellectuals for those who have had a "liberal" or "conservative" background must have created a sense of insecurity among many.

Traditionally, Chinese intellectuals aspired to high positions in the government, where they could attain wealth, social esteem, and influence. For those intellectuals who still harbor such personal ambitions, it must be heartening to see people with no seniority in either the Party hierarchy or the government bureaucracy among the ranks of the nation's leaders in all fields. For others, who have modified their personal ambitions and who sincerely wish to make their training useful to the country, something they have been unable to do for many years in the past, Peking's policy of finding a place for intellectuals in the national reconstruction program is a welcome move.

Since the early days of the Chinese Communist movement, the Communists have always had the enthusiastic support of students. Many loyal Communist cadres are recruited from among the students who, so far, have not shown any lack of enthusiasm for the Communist cause. However, while accepting Communism as their ideal, the students may not be able to suppress entirely a simultaneous impulse toward individualism.

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Expenditure averaged $885.43 per month. With average earnings at $611.35 the family faced a deficit of $274.08 per month. The total earnings of all family members and other income were still insufficient: the deficit was $197.05. Besides the items of normal income and expenditure there appeared in the budgets of the families "other receipts" and "other disbursements" showing how the deficit was offset and a little cash surplus on hand was secured. Such receipts and disbursements were, in fact, not real income or expenditure, but a number of balancing items like bank withdrawals, borrowing, savings and lending. Other receipts averaged CNC$282.27 and other disbursements CNC$35.62 per family per month. The total family income plus other income plus other receipts totalled CNC$970.65: the aggregate disbursements, *i.e.* consumption expenditure plus non-consumption outgo plus other disbursements totalled CNC$921.05, leaving a cash surplus of CNC$49.60 per family. The records show that more was drawn from than was put into the bank: more was borrowed than refunded. Fifty families lived partly on bank drawings; 38 on loans recovered; 27 on sale of used articles; 46 on borrowings, 10 on receipts from pawned articles. It was stated in many records that earnings had been practically used up in the period since the outbreak of Sino-Japanese hostilities in 1937, and that borrowing had become more difficult in the recent period of stringency.

Belonging to the so-called "long gown" class, Chinese salaried employees occupy a difficult social position, particularly those in the lower income groups. It is obvious that the original base pay of pre-war days was too low, hence adjusted pay was insufficient. There were many children to support: among 92 families were 345 children. There was also the burden of other dependents—an average of 1.15 per family. There were necessary expenditures on social intercourse and on maintaining a social standard, usually in connection with the position held by the head of the household. There is evidence that employees worried over rising prices, securing daily necessities, using up of savings, uncertainty of employment, and were obsessed with other fears. There is certainly need for adjustment in the livelihood of salaried employees, adjustment which of course must be dependent on political developments.

By comparison the cost of living of Chinese salaried employees rose slightly less than did that of workers in the period from 1936

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511 to July 1942. On the basis of the standard of living in October-
565 December 1941, and with prices ruling in 1936, the general index figures were: 1936—100, October 1941—790.07, June 1942—2,879.10, with the purchasing power of the dollar at 5.17 cents in that month. These figures have reference to prices in Chinese National Currency. With prices in Central Reserve Bank Notes the figure for July 1942 was 1,625.87 with the purchasing power of the 1936 dollar at 6.15 cents. For the purpose of the index it had to be assumed that there existed a shadow of a CRB dollar in 1936. The two currencies existed at par side by side for several months until divergence began in March 1942. This assumption is, therefore, probably justified.

465 No analysis of the payrolls of commercial organizations or educational institutions has been made, as has been done for workers. Hence it is not possible to indicate the real wage position by an accurate figure. There is no doubt, however, that this group in the community, at the start often as inadequately remunerated as were manual workers, suffered greatly in the years of Sino-Japanese hostilities. It is probable that the real income index was even less favourable than that of workers.

466 PAYMENT BY EMPLOYERS of a sum of money to the relatives of workers killed in the performance of their duty has long been an established practice in Shanghai. The custom, in line with the principles underlying compensation laws in the western world, was crystallized into law in China by the promulgation of the Factory Act on December 30, 1929.[7] No case is known where a

[7] See Chapter IX, Articles 45-48 of the Factory Law. A translation of the more significant clauses follows:

The factory shall pay to the workers injured or killed in the performance of their duty allowance for medical treatment and compensation. The amount of allowance and compensation shall be based upon the following scale:

(1) For the worker temporarily incapacitated either through injury or sickness, the factory shall, besides bearing the medical expenses, pay him or her each day an allowance amounting to two thirds of his or her average wages for a period of six months; and upon the expiration of that period, if the worker has not yet recovered, an allowance amounting to one half of his or her average wages, but such payments shall only be made for a period of one year;

(2) For the worker permanently disabled either entirely or in part through injury or sickness, the factory shall pay a disability allowance in proportion to his or her loss of earning capacity. Such allowance shall, however, not exceed

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633 those who were ill-treated, took in the lost or abandoned, settled
736 many family matters involving children.

From the early part of 1937 the Council embarked on a somewhat more concrete plan of child protection. For the programme which developed, the wider term of child welfare cannot be used, for it did not concern itself with instruction to mothers in the care of children, or provision of monetary assistance to families with children, development of kindergarten schools, or nurseries, or playgrounds—any of the "welfare" features so well understood elsewhere. Because of the special problems of Shanghai, emphasis was placed first on the field of "protection."

633 THE ORIGIN OF THE Council's recent concern with child protec-
736 tion is traceable to requests of the Slavery Committee of the
597 League of Nations that it give attention to the problem of *mui tsai* or *pei nu,* so-called girl slaves. Through past centuries and
567 down to the present, the prevailing poverty of China caused poor
357 families in certain areas of the country to give their daughters to richer families better able to support them. During childhood and adolescence they are employed in domestic service, and then are married to husbands who have been found for them by their employers. It is obvious that this system provides possibilities of exploitation. Separated from their own relatives and in the control of others, these *mui tsai* can be worked very hard, even mistreated. In the view of the League of Nations Committee, there were elements in the situation suggestive of slavery. On the other hand, many instances were known of girls being well cared for in the homes to which they went. The League Committee, examining as it did many customs in different parts of the world where lack of freedom and of control over their own destinies characterised the lives of various groups, had urged on the governments in control of the regions in question the adoption of measures to alleviate the lot of the groups concerned. In the Far East, the League's views regarding *mui tsai* had been impressed on the governments of China, Hongkong and Malaya.

Accordingly, early in 1937 the Shanghai Municipal Council placed some responsibility on the Industrial and Social Division. The Chief of the Division was named "Protector of *mui tsai.*" The Division believed, however, that the task had been too narrowly

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conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them."

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow:

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor.

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen.

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

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633 view was expressed in the 1937 Report on *pei nu* forwarded by the
736 Council to the League of Nations Slavery Committee and was found by
597 the Slavery Committee to coincide with a similar conception expressed to it from other sources.

567 "The Chinese Government delegate to the Sixth Committee of the
548 League of Nations Assembly in 1937 (who is Chief of the Chinese Government delegation and its representative on the Advisory Committee on Social Questions) stated that the problem of *pei nu* can best be considered as part of the larger problem of child protection. The United Kingdom Government in its official communication to the Slavery Committee also indicated that work of the protection of women and children is intermingled with the problems arising out of the *mui tsai* or *pei nu* system. The Malayan Government has accepted in principle the minority report of the Commission on *mui tsai* in Hongkong and Malaya published in 1937. This recommended repeal of existing *mui tsai* legislation, the abolition of the legal status of *mui tsai* and the introduction of entirely new legislation for child protection."

736 Even as the Shanghai study was being made and the report pre-
597 sented, it was obvious that the 1937 war had left stranded an army of young people whose parents had been killed, or who were
633 separated from their families during head-long flight from danger.
567 Some of these children were in refugee camps; others were on the streets, begging, stealing, those still surviving managing to live in some manner. By contrast, *mui tsai*, young girls in domestic employment had at least a roof over their heads, and presumably food to eat. While in no way condoning the system, Council officials believed that the first concern of a Child Protection Service should be the homeless. No special registration of *mui tsai* was recommended. The programme which was developed and details of which follow was designed to care for these children in so far as an administrative procedure may do so.

Child protection work was begun with the young people who came into the hands of the police and were in need of help. Before 1939 it was the custom for police to take to court for disposition all lost, abandoned, abducted, ill-treated and otherwise exploited children for disposition by the judge of the court. To deal constructively with the needs of these young people something more than a purely legal process appeared to be desirable. In theory the disposition of the person of any citizen, child or otherwise, should be by the legal process. But in the situation ruling in Shanghai, where the need was essentially a social one, it was felt

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary-General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

The Chinese court held that the natural parents of a child in every case have a right to the child, whether exploited or otherwise. Instances occurred where a judge handed back to the care of parents girls who had been sold. The court view is based upon the relevant portion of the Civil Code. There is room for a reconsideration either of the law or of its interpretation by the court.

For the majority of those who either had no immediate relatives or were being exploited by relatives other than their parents, placement in an institution frequently represented the only possible adjustment. Every effort was made at once to find relatives or friends of a young person coming into the hands of the Service. If time was allowed to elapse, the chances of finding that link which would perhaps save the child from being alone and adrift forever might be lost. By newspapers, and by using local Chinese methods of advertising near the place where a child had strayed, the vital link was frequently established.

In 1940, for the first time, a complete picture was obtained of the extent of lawbreaking by young people under 18 years of age. In all, 981 appeared in court on criminal charges—899 boys, 82 girls. Of this number 70 per cent were unemployed; 87 per cent were involved in some form of thieving. Twenty-one per cent had previous convictions. 633 738 674

There was no special procedure in the First Special District Court governing the treatment of juvenile offenders. Regulations for a special procedure of the Ministry of Judicial Administration of the Chinese Government exist, but were not in use in Shanghai, or elsewhere in China, so far as is known.[2] In response to the 633 738 736

[2] In Instruction No. 2237, dated May 9, 1936, the Ministry of Judicial Administration of the Chinese Government instructed the courts to temper justice with mercy and understanding in dealing with juvenile delinquents. The articles of instruction [696]

517 import. Certainly the majority of those who devoted their full time to study considered themselves potential bureaucrats. To those who did not cherish the dream of becoming bureaucrats and who had other economic means, education was only an additional sign of their prestige.

The road to status and wealth through education and government service was often bypassed in time of chaos; military skills enabled individuals to obtain high positions in the bureaucracy. But military men seldom won social esteem until they had acquired cultivation, and such esteem generally accrued to their children, who were given the opportunity by reason of their parents' wealth to acquire learning under the tutelage of well-known scholars.

C. Social Organizations

•571 182 Social organizations which had no basis in kinship were not recognized as approved parts of the social hierarchy or as approved means for gaining social prominence. However, they helped to supplement relationships otherwise neglected by the social order. Most of the traditional non-kin social organizations had an economic motivation. The success of such organizations, however, served as a disintegrating influence on the existing social system.

578 "aginst the trend of the time"; as "immoral," "corrupt," "lazy," "egotistic," "too cautious" and for gambling, smoking opium, and frequenting brothels. Mothers were more gently and less often criticized, but were reproached for "political backwardness," "unhygienic habits," "gossiping, playing mah-jong, quarrelling [and] ill treatment of young daughters-in-law." College students also reported more actual disagreements with parents than did high school students. The most frequent subjects of disagreement were marriage, politics, education, participation in the students' movement, recreation, modern hygiene, and fashions, friends, and future professions.[6]

E. Effect on Family Economic Role

596 578 176 The decreasing ability of the family to function as a production and consumption unit or as an employment agency in an industrial society has already been pointed out. The initial break with the old form of employment was forced by foreign firms or government services headed by foreigners. Their prohibition against officers hiring or recommending relatives was only beginning to be copied by wholly Chinese institutions such as banks, factories, and schools in the years before World War II. Where the employment of relatives was forbidden, friendship, a common birthplace, training in the same school, or membership in the same secret society often provided the basis for a personal link between an employer and a prospective

6. Lang, op. cit., pp. 284-87. [p.176]

596 employee and for the rise of cliques in business
572 and government offices.
466

Scattered surveys of various strata of the population in industrial areas indicate that only at the upper managerial or owner level, where the facts of economic operation were most pressing, was the majority in favor of impersonal, rational selection of employees. Even in modern colleges, only about half the students appeared to favor that choice. With each successively lower economic level, the preference was more overwhelmingly for selection on the basis of kinship.[7]

F. Effect on Social and Political Role

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867 With the collapse of the imperial system in 1912, the family was no longer fitted to serve as the social and political training ground of China. The political parties and modern schools, particularly the colleges and universities, now began to train youth for the new political world which was coming into being after 1911. No comparable institutions existed to inculcate in youth a moral and ethical code that would serve as a common guide in the new society. Attempts by the Kuomintang leaders during the period of the National Government to restore filial piety along with a revised Confucian code to the service of an increasingly authoritarian-minded state met

593 In exchange for his submission to authorit
156 and discipline in every phase of his personal life, the individual was given the basic necessitie of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dom nated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authorit is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leade ship of rebel armies are all bound together by tie of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137-47

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575 In rural areas, organizations such as the Red Spear Society (Hung-ch'iang Hui) and the Mutual Protection Society (Lien-ya Hui) existed for the protection of its members against roving bandits. These voluntary associations arose in areas where the government failed to maintain order and peace, and their organization cut across class and occupational lines. When landlords were forced to move into towns during periods of disorder, organized peasants and tenants at times became so powerful that they defied the landlords' demand for exorbitant rents.

467 Among the artisans and workers in China there were for generations both craft guilds (hangs) and regional guilds (pangs). As in Europe, these guilds were not intended to serve the interests of workers as a class but to promote the crafts and guard their monopoly and trade secrets. Both employers and employees were members, but the employers usually dominated the guilds' activities.[7]

484 Another kind of association existed to serve travellers, who were usually merchants, in cities outside their home county or province.

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7. Nym Wales, The Chinese Labor Movement, New York, The John Day Company, 1945, p. 7.

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484 These associations, t'ung-hsiang hui, were organized on a county or provincial basis. By maintaining buildings and personnel in distant cities they facilitated the dealings of their constituents who might have language or other difficulties.

575 Most significant and disturbing to the social structure were the secret societies. They were, in fact, hierarchical societies within a society. A notable example was the Ko-lao Hui, which was also called Hung-pang in the Central-South Region. The bulk of the membership of this secret society was drawn from the unemployed in the rural areas and organized under strict and severe discipline. They were instructed to rob the rich, to help the poor, to rescue the oppressed, and to overthrow Manchu rule. Leadership of the society, however, was in the hands of the landlord class. The Ko-lao Hui became such a strong underworld force that Sun Yat-sen had to solicit its co-operation in his endeavor to overthrow the Manchu dynasty. After the fall of the Manchu regime, many warlords of North China obtained power by way of the Ko-lao Hui hierarchy and by utilizing its mass followings.[8]

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8. Ko-lao Hui and Ch'ing-pang, Hsi-pei Yen-chiu She, 1941.

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515 While societies like the Ko-lao Hui aimed at the overthrow of the existing order others like the Ch'ing-pang were utilized by the Manchu government to prolong its power by extralegal means. The Ch'ing-pang was originally organized among the boatsmen and the urban unemployed along the Grand Canal and the Yangtze River. It later spread to big cities and gained recruits among the city poor, handicraftsmen, apprentices, industrial workers, policemen, shopkeepers, the self-employed, and even the civil servants. Ch'ing-pang organizations dominated the underworld of East China while Ko-lao Hui branches dominated other regions of China, especially the South and the Northwest. The Ch'ing-pang's highly organized strength provided a strong bargaining position for the support of politicians, warlords as well as capitalists. Even the Kuomintang leaders had to come to terms with the society in their campaign against the warlords, and the Japanese occupation forces during 1937-45 utilized Ch'ing-pang organizations to route Communist underground agents.[9]

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II. DISRUPTION OF THE TRADITIONAL SOCIAL STRUCTURE

Just as the scholar ideal and the family

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9 Ibid., pp. 64-65.

527 national holidays were increasingly observed --
369 and like the town dwellers city workers tried to return to their family villages for at least one of the holidays. Another link to one's native place
• 515 was the system of clubs composed of those city-
369 dwellers who had a common provincial origin; the clubs operated hostels and sometimes arrangements for mutual-aid. Secret societies provided another focus of social life, particularly in the towns and cities. Their rituals passports and secret signs of greeting were all subordinate to their basic aim, which was to provide members with security-through assosi ation with an insurance against the hazards of a disintegrating and increasingly predatory society.

369 It will be noted that the ties of kinship and custom were strong even between the large modern cities and the farm villages. The ways of life tended increasingly to diverge yet one of the strongest cohesive forces of all was the common set of attitudes and values which even when change has been accounted for held together all Chinese of village and town and city.

II. THE INFLUENCE OF COMMUNISM

668 In discussing Communist efforts to alter the Chinese way of life, it should be stressed that our material is unsatisfactory. Statistics, declarations, news releases -- all give few realistic details of life in the villages under Communist domination, and most refugees from Communist China have come from the cities.

First of all, the farmer's annual routine is basically unchanged. Pilot collectives are in

779 folk religion -- in recent years the resort only of the aged and the ignorant -- will long survive the campaigns being waged against them.

575 Another Taoist-linked institution is the secret society. These organizations have traditionally drawn their rituals, liturgies, doctrines, and patron deities from religious and folk Taoism. They have had a variety of social and political functions: they provide, especially in times of disorder, a closely knit confraternity from which the member can draw help and security. They offer a focus of social and religious life particularly appealing to those who travel beyond the limits of their local kinship groups. Throughout the Ch'ing Dynasty (1644-1911), many secret societies had a strong political function as a focus of anti-dynastic and anti-official sentiment and activity; they made a notable contribution to the victory of the republicans in 1911. Yet Sun Yat-sen found them unmanageable political allies, and by 1930 Chiang Kai-shek -- despite whatever support he may have derived from them in his seizure of power in 1927 -- began to campaign against them.[33] This was interrupted by his campaigns against the Communists and his preparations to resist the Japanese.

The Communist regime obviously will not tolerate any such closed, self-supporting, potentially subversive groups, and a series of campaigns has been carried out against them. At the end of a major drive in 1953, P'eng Chen reported that "four million duped members had

33. Cf. B. Favre, Les sociétés secrètes en Chine, Paris, 1933, p. 177.

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576 withdrawn from these reactionary sects and societies and that the battle was essentially won."[34] That his claims of victory were premature is suggested by a recent report of the dissolution of five secret society organizations in the vicinity of Kalgan. The report accused the societies of elaborate clandestine organizations, hidden headquarters, an elaborate hierarchy of leadership, and efforts to infiltrate Communist organizations.[35] (The societies' power of resistance are discussed in the chapter on Subversive Potentialities.)

Secret societies have been particularly numerous in North China, but those which have had important followings in East China might be mentioned here:

1. Hung-ch'iang hui. The Society of Red-spears, an offshot of Pai-lien-chiao the White Lotus Society. Once powerful in the north, since 1924 it has been active in Hupeh, Hunan, Szechwan, and -- in the East China Region -- in Kiangsu.[36]

2. Ta-tao hui. The Society of the Big Sword. another branch of the White Lotus Society. Founded in Shantung late in the last dynasty, it sought to protect its members from official oppression; it also was anti-Christian and destroyed a number of churches. Especially strong in southern Shantung where it is said to have had a million members.[37]

34. NCNA dispatch, Sept. 18, 1953, quoted in Walker, China Under Communism, p. 189.

35. NCNA, June 16, 1955; SCMP, 1078, June 28, 1955, pp. 27-28.

36. Chan, op. cit., pp. 158-59; Encyclopedia of China Problems, p. 480.

37. Chan, op. cit., pp. 158-59.

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3. Tsai-li hui. Principle Abiding Society. Its strength was in the north, mainly in the cities. Strong in Shantung, often the object of government suppression. Social composition: mostly artisans and laborers, some farmers and merchants, a few intellectuals.[38]

4. San-ho, San-tien, T'ien-ti, or T'ien-li hui. The Triad Society, founded in Fukien in 1647, committed to opposition to Manchu rule. Spread to Kwangtung and Kwangsi and among overseas Chinese. Known in the United States as Chih-kung Tong. Took an active part in the revolution of Sun Yat-sen.[39]

5. Ko-lao hui. The Society of the Elders. It is somewhat more religious than other societies, has a history of resistance to government. Founded in Fukien, has been particularly strong in Central, North, and West China. It is "the most extensive, well-organized, and influential of China's secret societies."[40]

6. I-kuan Tao. The Way of Pervading Unity. Founded soon after the 1911 Revolution, grew rapidly from 1928 on. It gained strength and extended its activities during World War II, especially in Japanese-occupied territory. It was ordered suppressed by the National Government, and its activities may have been somewhat reduced.[41]

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38. Chan, op. cit., pp. 156-57.
39. Chan, op. cit., pp. 159-60.
40. Ibid., pp. 160-61.
41. Ibid., pp. 166-67; Willem Grootaers, "Une société secrète moderne, I-koan Tao, bibliographie annotée," Folklore Studies, Vol. V, 1946, pp. 316-52.

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575 A Communist release on June 16, 1955, indicated that the I-kuan Tao was still a disciplined and resourceful organization, at least in the Kalgan region.[42]

IV. MOHAMMEDANISM

779 This religion was introduced into China, not by missionaries but by immigrants arriving overland from the west and northwest and by sea to Canton; they have since spread until there are some in every province, although the highest concentration is the northwest and southwest. Since their ancestors were immigrants, the Mohammedans have been treated by Chinese governments as both an ethnic minority and a religious group. (Hence, cf. the chapter on Ethnic Minorities.) Adherents have tended to live in separate communities, their mores and customs [illegible] religious law rather than by the laws and customs of China. Not only did Islam prescribe for the believer a different way of life from that of the Chinese, it also had international connections and a tradition of militancy. These aspects of Mohammedanism made their communities in China the object of government distruct, and governments in modern times have alternated between policies of suppression and of appeasement.

779 563 The Chinese Mohammedan is set apart from other Chinese by such special customs and observances as these: many greetings are exchanged in Arabic or Persian; believers wear

42. SCMP, 1078, June 28, 1955, pp. 27-28.

687 part of the Wu-hu textile factory was burned to the ground.[31]

Although the Communists optimistically declared the conclusion of the Suppression-of-Counterrevolutionaries Movement in 1951, counterrevolutionary activities did not cease in East China. After a lapse of only two years, warnings were repeated by Communist authorities. The convening of the Second Session of the National People's Congress in July-August 1955 reaffirmed the determination of the Communists to renew their campaign against counterrevolutionaries. Shih Liang reported that cases of counterrevolutionary activity were increasing. During 1954, such cases in the nation as a whole accounted for only 1.5 per cent of all criminal cases, but in 1955 the percentage had increased to 4.8.

D. Secret Societies

687 575 That secret societies are rebellious organizations representing resistance to social change determines their fate under Communist rule. Since secret societies, according to the Communists, are apt to be used by the

31. Ibid., p. 2.

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687 Kuomintang and other "foreign" elements for
•575 acts of counterrevolution, they should be regarded as counterrevolutionary elements.

The East China Region, because of its complicated social organization, is a natural birthplace for secret societies. More than forty major secret societies in East China have been outlawed,[32] and the most active secret societies, I Kuan Tao, Chiu Kung Tao, Lao Mu Tao, Ta Tao Hui, T'ien Men Tao, and Fo Chiao Hui, have become the main target of Communist suppression campaigns.

Leaders of secret societies were accused of counterrevolutionary activity and the societies were forced to disband. In 1950 in the province of Shantung,[33] 502 leaders were jailed, 2,425 members were registered, and 725 meeting places were destroyed. More than 100,000 members were forced to withdraw. Similar conditions were reported in North Anhwei where, in the same year, 30,000 members withdrew from secret societies.[34] The great number of withdrawals suggests how strong the

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32. Liberation Daily, July 15, 1951, p. 1.
33. Ibid., March 18, 1951, p. 3.
34. Ibid., Jan. 28, 1951, p. 3.

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687 influence of secret societies must have been.
575 These societies will not be easily eliminated even in areas where the Communists have ruled the longest.

While the Land Reform Movement was used to destroy the secret societies in the rural districts, various measures to achieve similar objectives were taken in the cities. The case of Wang Sung-t'ao[35] was publicized as an example of an individual charged with being both the leader of a secret society and a spy. Many such leaders were either arrested or evacuated to the rural areas as "despots and gangsters."

687 Still another suppressive measure taken
575 by the Communists was directed at certain
467 labor organizations where the influence of secret societies was the strongest. Secret societies controlled labor organizations such as Ch'ing Pang, Hung Pang, I Kuan Tao, Huang Niu Tang, Ti Hsieh T'uan, and Lao Kun Tzu. In Shanghai alone 73 of these organizations were known to exist.[36] To eliminate their influence, the Communists placed these labor organizations under state-owned companies established in this region.[37] Wheelbarrow and

35. Ibid., April 12, 1951, p. 2.
36. Ibid., Sept. 19, 1951, p. 2.
37. Directive on the East China Military and Political Committee, ibid., Aug. 30, 1951, p. 1.

687 rickshaw pullers, stevedores, longshoremen,
575 and garbage carriers were organized into
467 unions under strict Communist control. The organization of these service-men was a business transaction between the private owner and the state, similar to that of the "democratic reform movement" in all labor organizations. Three distinct steps were taken: working teams were organized and mass sentiment was aroused for the destruction of "feudal" systems and reactionary elements; preparations were made for the organization of moving companies; and finally the organization and consolidation of all moving companies was completed. During the first stage, the old trade union leaders and the "feudal" bosses were tried, and the activists were encouraged. The qualifications of the workers were checked; "undesirables" were either forced to change their occupations or were evacuated to the rural areas. And finally, qualified workers were organized under new leadership into companies and battalions similar to that of the army.

687 Despite the various measures taken by
575 the Communists, secret societies continued to flourish. Recent reports indicate that their activities are spreading to other parts of China. In the county of Ho-tse, Shantung Province, seven self-styled "emperors" of secret societies were reported active during 1954. Although secret societies base their philosophy on superstition and have often incorporated into their rituals many harmful practices,

687 in today's world, when the individual feels his
575 identity threatened, the appeal of ritual to a depressed people cannot be underestimated.

II. CORRUPTION, WASTE AND THEFT

A. Corruption

661 In large cities and business centers in
687 the East China Region corruption flourishes. Immediately after the seizure of power in urban areas, the Communists launched a series of campaigns against corruption, involving bribery, embezzlement, and misappropriation of funds. Jao Shu-shih, chairman of the East China Military and Political Committee, in his speech at the launching of the Three-Anti Campaign in December 1951, revealed how seriously corruption threatened the East China Region.[38] From January to November 1951, some 179 corruption cases, involving a total of 288 billion yuan (US$ 14,400,000) were brought before the People's courts and the People's procuratorates in the East China Region. Other charges of corruption, involving 1,242 billion yuan (US$ 62,100,000) were tried from June 1950 to November 1951 by the People's Control Commission of the East China Military

38. Full text, ibid., Dec. 30, 1951, p. 1.

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V. MASS ORGANIZATIONS AS MEDIA OF PUBLIC INFORMATION AND PROPAGANDA

203 The Communists are fond of using the
208 word "network" for all activities pertaining to
575 public information and propaganda. Already discussed in this study are the news-gathering network, radio network, library and book-distribution network, the motion-picture-showing and cultural-center network. Included in the Communist term of "cultural network," however, are many mass organizations, all contributing to the over-all public information, education, and propaganda scheme.[58]

One of these organizational networks is the Sino-Russian Friendship Association. Established on October 5, 1949, in Peking, this organization expanded rapidly and by February 1952 had 64,200 large and small branches with a total membership[59] of 23,000,000. Under the over-all direction of Liu Shao-chi, whose position in the Party hierarchy is said to be second only to that of Mao Tse-tung, this association through its omnipresent branches organizes, indoctrinates, and propagandizes people of all professional strata. The daily contribution to public information and propaganda takes the form of group discussions and meetings.

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58. A list of 96 such national mass organizations is found in People's Handbook, 1955, pp. 7-8.

59. People's Handbook, 1952, p. 258.

203 208 575 At these small group gatherings, Soviet theories and practices are discussed. When there is a national propaganda campaign, the association mobilizes all its branches to give concerted support to the government. These mass organizations have their own "cultural departments," which in reality are information and propaganda units. Altogether the "cultural network" of an average size hsien may easily contain 4,000 units, with over 30,000 people actively participating.[60] When applied to cities like Shanghai and Nanking in East China, these figures are but moderate estimates.

V. PERSONAL CONTACT

203 208 Any study of public information and propaganda in Communist China would be greatly amiss if it discounted the importance of personal contact. This particular medium of communication is essential to the Communist public information and propaganda scheme, and it works most effectively in a country like China where 80 per cent of the population is illiterate.

The Central Committee of the Chinese Communist Party, on January 1, 1951, issued a directive on the "Establishment of a Propaganda Network Aimed at the Masses." The directive points out that" (a) in the past propaganda work has been neglected; no permanent

60 Chao Ts'ung, op. cit., p. 36.

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596 554 Individual status also improved with education, more particularly with the attainment of a degree in the official examinations and appointment to official position. An individual's educational or official career was usually dependent on the willingness and ability of the family to support him during a long period of study. A particularly promising youngster of a poor family might occasionally be underwritten by the clan or village. Whatever his means of fianancial support, his success in the exams was a reflection of proper upbringing and honored his family and, to a lesser extent, his clan and village almost as much as himself. The wealth usually accumulated by an official during his career also materially enhanced the village and clan as well as the family. For these reasons, reflected glory accrued to the kin of an illustrious scholar or official for generations after his death.

C. Political Role

577 529 To a remarkable extent, the Chinese imperial system operated by moral suasion with a minimum use of force and without a developed, codified system of law. This achievement was made possible through the state's utilization of the family as a training

577 829 ground for loyalty to the state and the virtues prized by it as part of the machinery of government. The root virtue of filial piety was extolled above all others in the Confucian system. It denoted not only the obedience and devotion of the son to his father but of the younger brother to the elder, and of the subject to the ruler.

618 Two types of organizations built on the foundation of the family were utilized by the state in maintaining peace and uniformity throughout the empire. One was the clan, or tsu. It bound together families with a common ancestor to promote their security and advancement. Relying for strength on the maximizing and formalizing of kinship ties, the tsu reinforced the authority of the family head and the values he imparted to the younger generation. The tsu settled disputes between families, conducted ancestor rites for any member of a family whose line died out, provided help and protection in times of trouble for the lower class members, and safeguarded the social and economic position of the well-to-do. Where the tsu was strong, it governed the village with little interference from the central government, except in matters of high crime and taxes. The advantages to the Confucian state of the tsu were deemed sufficient to compensate for its encroachment on the

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596 185 training process. An editorial in the People's Daily in mid-1955 pointed out the "deep solicitude" of the goverment toward children, made manifest by the establishment of nurseries and schools and the teaching of proper attitudes toward children and the correct methods for educating them. "The new Socialist generation" was to be brought up "physically strong, courageous, honest, fond of study, patriotic, and imbued with collective spirit." The editorial also stated that trade unions were to help office employees and workers to learn how to educate their children: Teachers and directors of the Young Pioneers were to assume the "important responsibility" of guiding children in classrooms, meetings, and extra-curricular activities.[36]

593 577 With the Communist regime's emphases on youth, loyalty to the state, socialist construction, and the rooting out of feudalistic and bourgeois ideas, the problem of the proper attitude of youth toward parents need clarification. An article on the subject in the January 1955 issue of China Youth emphasizes that "respect for one's parents is part of...individual or social Communist morals," but the attitude "must be governed by the interests of the Revolution." If the parents are counterrevolutionaries, they should not be respected but treated as enemies;

36. Ibid., 1064, pp. 11-13.

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593 577 if they are counterrevolutionaries who have been pardoned by the people and are still able to work, they should be made to "reform" through labor, and should not be pitied or helped. Only if they are unable to support themselves should they be aided by the children, "for if the children do not support them, then the burdenwill fall on the state, which is obviously undesirable." As to bourgeois parents, they should normally be shown respect and concern; but if they break the law, "the children should justly and dispassionately examine their crime." Working class parents "should of course be respected, loved, and taken care of." They should not be discriminated against or ridiculed because of the shortcomings they have inherited from the old regime, but "should be patiently persuaded to see the light."[37]

V. EAST CHINA REGION

A. Disparity of Family Life

596 178 The widest diversity in the nature and function of the family is to be found in the East China Region. Kiangsu was the most industrialized province in China proper (excluding Manchuria) before World War II, and the trends forced by

37. Ibid., 973, pp. 30-32.

181 In discussing certain attitudes and values
628 we should bear in mind that the power of the old and the appeal of the new vary not according to regions but according to social groups. It was among the population of modern cities like Shanghai that the old values were first challenged by the pressures of modern problems, but among the peasantry and rural gentry, despite many discontents and tensions, the old ways still prevailed.[32] Intellectuals and members of the new industrial and commercial groups were the first to discard traditional attitudes and adopt Western values; among other groups this process was slower. These variations affect Communist tactors to the extent that different kinds of persuasion are used with different groups. But the final goal is adoption of the attitudes and values decreed by the Communist leadership.

A. Good and Bad

183 In traditional China the prevailing belief was
579 that man was inherently good and that social harmful behavior occurred only when men lacked guidance or were placed in adverse circumstances. For example, if the ruler of the state or his officials or the father of the family failed to provide for the basic physical needs of individuals, their dependents were likely to rebel. Or if those in authority failed to provide instruction, particularly if they failed to set an example in conduct, then those subordinate to them would have no guideposts to the good and would fall into evil ways.

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35. For example, as later as 1941-43, one anthropologist found in rural Yunan that the traditional value of hsiao (filial submission) was
[cont'd next page]

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Bad conduct was not, as in the West, violation of the laws of God but deviation from the age-old norms of acceptable social behavior. Specifically, behavior was categorized as "bad" if it went against such prescribed norms as the following: (1) hsiao, filial submission to fathers and elders; (2) chung, loyal and submissive devotion to superiors; (3) hsin, good faith among friends and associates; (4) jen, benevolence or fellow-feeling which should inform all social relationships; (5) i, righteousness in one's dealings with others; (6) Li (good form), accepted procedures in human relations; (7) lien, integrity; and (8) ch'ih, sense of shame.

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The laws of imperial China provided heavy punishments for violations of these norms; the most heinous crimes were those against hsiao, filial submission. Yet the ideal in the application of law was not blindfold justice but punishment administered with due regard for "human feeling" [jen-ch'ing] and for the specific circumstances surrounding the crime. This attitude is illustrated in the old proverb: "There is one thing worse than a dishonest official and that is an honest official,"

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32. [continued] still, as it had been for centuries, "the foundation stone...of social organization,...the measuring stick of all behavior and of the worth of the individual.

183 which expressed disapproval of a rigorous enforce-
ment of rules and regulations, of an enforcement
689 that fails to take into account "human feelings."[33]
The crteria for judging behavior as good or bad
577 were therefore neither religious nor legalistic,
but were the prevailing normas in the community,
the customary practices sanctioned by tradition
and ratified by a high degree of community con-
sensus.

In traditional Chinese goodness could be
577 cultivated through practice, study, and contempla-
829 tion. Confucianism held that the path to goodness
was open to all, that those who attained a high order
of goodness should be a moral elite, a group of
exemplars for others. This moral elite was also,
in Confucian theory, the group which should hold
and exercise poltical power and enjoy the rewards
of status and wealth. This nation sanctioned the
long political dominance of the scholar-official.

The Chinese Communists have laid out new
577 standards of good and bad. In the words of their
leading theoretician, their aim is "...to reform
mankind into the completely selfless citizenry of
a Communist society."[34] In setting the new stan-
dards the Communists have consciously and un-
consciously selected concepts from traditional moral

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33. Ruth Bunzel and John Weakland, "An Anthropological Approach to Chinese Communism Columbia Univ. Research in Contemporary Cultures, New York, 1952, pp. 80-81. Hereafter cited as Bunzel-Weakland.

34. Liu Shao-ch'i, "The Training of the Communist Party Member," first presented as a speech in 1939; cf. trans. in Boyd Compton, Mao s China, Seattle, 1952, p. 146.

577 ideas; some have been discarded, others have been taken over with little adaptation; still others linger between the lines and in the implications of Communist utterances.

596 577 The old virtues associated with the traditional family have been discarded because the old family system has been dissolved, its functions taken over by the modern conjugal family on the one hand and by state and Party organizations on the other.[35] Familial virtues are castigated as "feudal" and as backward features of what the leadership calls "the squalid old society of China."[36]

829 The basic Marxist dogma that the individual is molded by his class position and, indirectly, by the "stage of the society into which he is born, has a good deal in common with the Confucian view of the prime importance of environment in the formation of character. Thus the Communist effort to create a new society, in both traditional Chinese and Marxist terms, will create favorable environment for the development of individual goodness. But the "goodness" expected is different: "To sacrifice the individual for the sake of the Party, for the sake of the class, for national liberation, or the liberation of mankind, even to sacrifice one's own life without the slightest hesitation, with a feeling of happiness -- this is the highest expression of Communist morality...."[37]

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35. J. M. H. Lindbeck, "Communist Policy and the Chinese Family," Far Eastern Survey, #20, (July 25, 1951), pp. 137-41.

36. Liu Shao ch'i, quoted in Nivison, Communist Ethics and Chinese Tradition, Stanford

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ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

594 the influence of the past remained strong, the city families tended toward the nuclear, democratic form. Thus, the old criteria of status based on sex, age, and generation were undermined. This tendency was strongest among the new clerical, managerial, and professional groups in the city. They came mostly from the old well-to-do merchant and gentry class which could afford modern education, sometimes abroad, for their children. Having a higher education, the younger members of this group were far more influenced than were the less literate lower class youth by such modern Western ideas as the right to individual happiness, the equality of the sexes, and the duty of the citizen to give his first loyalty to the interests of the nation.

578 While modern education gave youth increased stature in the eyes of the family elders, it also served to decrease youth's respect for parents. Olga Lang's 1936 survey of youthful attitudes toward parents disclosed that while only 20 per cent of the boys and 16 per cent of the girls in high school were willing to answer the question as to whether they ever disapproved of their parents' behavior, 58 per cent of the men and 62 per cent of the women in college were willing to answer, and their answers were overwhelmingly critical. The greatest objects of censure were the father, his political views, and his personal habits. He was criticized as "conservative," "feudal," acting

"aginst the trend of the time"; as "immoral," "corrupt," "lazy," "egotistic," "too cautious"; and for gambling, smoking opium, and frequenting brothels. Mothers were more gently and less often criticized, but were reproached for "political backwardness," "unhygienic habits," "gossiping, playing mah-jong, quarrelling [and] ill treatment of young daughters-in-law." College students also reported more actual disagreements with parents than did high school students. The most frequent subjects of disagreement were marriage, politics, education, participation in the students' movement, recreation, modern hygiene, and fashions, friends, and future professions.[6]

E. Effect on Family Economic Role

The decreasing ability of the family to function as a production and consumption unit or as an employment agency in an industrial society has already been pointed out. The initial break with the old form of employment was forced by foreign firms or government services headed by foreigners. Their prohibition against officers hiring or recommending relatives was only beginning to be copied by wholly Chinese institutions such as banks, factories, and schools in the years before World War II. Where the employment of relatives was forbidden, friendship, a common birthplace, training in the same school, or membership in the same secret society often provided the basis for a personal link between an employer and a prospective

6. Lang, op. cit., pp. 284-87. [p.176]

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Annex "A," Subparagraph 2f,
Political Background

SUBVERSIVE POTENTIALITIES

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578 In view of the present importance of the East China Region to the nation's economy and to the Communist military preparation for offensive action against the Nationalists on Formosa, the Communists have assiduously pursued in this region a series of measures aimed at the suppression of opposition to their regime. Open and "subversive" opposition has its origin in at least three sources: (1) "Counter-revolutionaries" -- armed bandits, landlords, former Nationalist officials, members of the Nationalist armed forces, Kuomintang and foreign agents, and the secret societies -- are regarded by the Communists as "basically hostile elements." (2) Harmful activities which the Communists consider dangerous to the stability of their regime are specified for elimination. This includes corruption, waste, and theft in Party and government organizations, in industrial establishments, and in rural co-operatives. (3) Tension and public discontent among Party members and government employees and among the populace are common in an excessively controlled and centralized state. These conditions, if not checked, may contribute to the demoralization and the eventual disruption of the Communist regime.

687 stealing from the government and were severely punished. Large-scale theft was on the increase after the expansion of industrialization and the conversion of private-owned enterprises in 1953. Crime syndicates were discovered in major Chinese cities. One of these syndicates,[57] composed of more than 200 men, stole 120 tons of ship-building materials another syndicate, with 290 members, stole 4,000 airplane parts. The most serious activity of these syndicates is their collaboration with "underground factories" reportedly existing in Shanghai. Electrical supplies worth 80,000 yuan (new currency) have been stolen to supply these "underground factories," which sell their products on the black market.

III. TENSION AND PUBLIC DISCONTENT

578 668 656 The tight control and centralization of government economic and social activities lead to tension and public discontent. Discontent results from government restrictions, high taxation, and public obligations. The controls exercised by the Communists over all the Party, state, and mass organizations generate tension within these groups. Despite Communist attempts to seek popular support and to implant belief in a brighter future,

57. Ibid., May 18, 1955, p. 1.

578 discontent and tension have not been eradicated.
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656 A. Public Discontent

1. Regimentation and Restriction.

517 The Communist attempt to organize the people
656 and regiment their activities meets the
668 greatest resistance. The forced establishment of agricultural producers' co-operatives in the rural districts and the organization of all urban workers into unions are Communist efforts of note.

The imposition upon the peasants of spare-time activities and duties is perhaps the most objectionable feature. The peasant is required to attend meetings, to attend winter schools, to be advised on all farm activities, and to perform various duties according to his age and sex. Even how he is to spend his money is decided by Party counseling. Such advice is, in fact, a series of propaganda bombardments, which may include interviews, meetings, and classes. This process is both time-consuming and vastly irritating.

Similar restrictions are imposed upon the workers in the city. During working hours, workers are required to observe labor discipline. They are severly punished if they are late to work or leave early. Loafing and belligerence are crimes subject to punishment. During their "leisure time,"

656 key centers in the village area, guard and help
668 to ship government grain, assist in the extermination of "bandits," and attend militia "cultural" and organizational activities. A parallel scheme is instituted in the city. Urban residents are generally expected to render certain services in the areas where they live. In addition to attending regular meetings, they are expected to serve as patrols whenever patrols become necessary.

668 Controls imposed by security agencies
208 and other organizations, including large-scale rationing programs and constant investigations, contribute to public discontent. However, the Communists recognize the limits of public inconvenience and growing dissatisfaction. They stress the employment of a mass-line policy, which, to some extent, will absorb mass complaints, and they mobilize their propaganda machine for better effect.

B. Tension within Organizations

668 Although the various control agencies
578 employed by the Party to supervise and to ensure the execution of Party directives within a government organization help to maintain Party supremacy, their functions and responsibilities often overlap, resulting in confusion

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and tension among the employees.[58]

Because these control agencies have the same jurisdiction in all organizations, any one department or factory may have four different controls at the same time -- the control committee of the Party, the supervisory offices of the administration, the people's procuratorates, and the public security agencies. Under this multi-control system, each agency of control exerts pressure upon all members of the organization and extends to every part of the organization.

Over-centralization results in tension. In the sphere of politics, for example, transmission of directives from the central government, allocation of work, and the choice of objectives are made at the provincial level. When making government allocations, each level of government has an assigned target in mind; hence, the demand on the subordinate units increases. The result is an accumulation of pressure which creates tension within the system. This is particularly true in the sphere of economic activity. For example, each factory is given a production quota,

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58. Studies on the Soviet Union can be helpful in an understanding of the subject. Merle Fainsod, How Russia is Ruled, Cambridge Harvard University Press, 1953; Barrington Moore, Jr., Terror and Progress USSR, Cambridge, Harvard University Press, 1954.

668 assigned as if it were a political decision.
578 Managers and workers in a factory are concerned with the attainment of the assigned quota, since a failure to meet the quota may bring severe punishment. To fulfill this quota, every means of control and competitive methods are used. This in turn creates additional tension among the workers. Although some factories have issued false achivement reports in order to reduce government demands for ever-increasing production schedules, the regime is making an effort to stamp out this practice.

665 Pressure and tension are most harmful
578 to the morale of the Party. The Party apparatus is the center of power and activity, and all Party directives and government policies are supervised by the Party. Therefore, a Party member is subject to at least two systems of pressure -- the Party and the state. A Party member is subject to an endless program of Party indoctrination and rectification, which results in the high loss of Party members either through expulsion or forced resignation. Indeed, the demands on a Party member are so great that many Chinese are reluctant to join the Party. The fate of the expelled Party members is unknown, but it is presumed that they are generally tried by a People's Court and sentenced to forced labor. Expelled Party members, if still at large, may form a counterrevolutionary group and join with other elements in subversive activities.

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668 578 Tension also exists in the mass organizations as the result of pressure imposed upon them by the Party and by higher organizations themselves. The most active mass organizations, such as the New Democratic Youth Corps and the Federation of Democratic Women, are also the most unstable. The key to the maintenance of a safe margin of tension within an organization seems to lie in a balanced approach to the problem, reinforced by constant vigilance and propaganda.

IV. CONCLUSION

578 656 668 No matter how tight a rein the Communists in the East China Region hold upon the populace, there are always three forces in opposition to the Communist rule of terror: the victims of Communism, the traditional resistance groups, and discontented members of the Communist Party.

Among the victims of Communist power are the landlords, former Kuomintang officials, and those who are named by the Communists as counterrevolutionaries. Although most of these elements are confined to forced labor camps or are placed under the surveillance of the police, they continue to offer some resistance. With the increase in peasant opposition to the Communist policies of gradual collectivism in the rural districts, the "new-rich" peasants may appear in renewed strength. However, in view of the Communist policy of

578 terrorism and violence, a show of open
656 resistance is infrequent.
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The traditional resistance group, represented by the rebirth of secret societies, is another force which will not be easy to crush. Because secret societies are attractive to illiterate peasants and laborers, they may create added discontent. The last group of potential subversives is composed of discontented and/or expelled Party members. Party purges in the East China Region were particularly severe during 1955.

Public discontent and tension within all organizations in East China are by no means an indication of the impending collapse of the Communist regime. They are, rather, the counteraction to be expected under a dictatorship in a controlled society. However, evidences of tension and public discontent should be investigated because they may lead to the weakening of Communist power. The loss of morale and Party unity can mean the disruption of the entire system.

706 and naval fleets. With the beginning of naval modernization in the 1860's, the establishment of a naval shipyard and academy at Foochow enabled natives of Fukien to gain a nepotistic monopoly on the Chinese navy. It was under the command of Sah (Sa) Chen-ping, whose home was in Foochow, during the last years of the Ch'ing Dynasty. He maintained control even after his retirement until his death in 1951, opportunistically placing the navy at the service of the Republic, various warlords, the Nationalist Government, and the Communist regime.[22]

•579 Another use to which the people of Fukien put their seamanship and fighting ability was piratical raiding of rich farming and trade centers within access of the sea, particularly the area around the Yangtze estuary. During the Ming Dynasty (1368 to 1644), the natives of Fukien along with Japanese and persons of mixed ancestry operating from bases in Japan constituted a serious menace to the people and wealth of coastal China. When the foreign havens of the freebooters were eliminated by Japan's self-isolation at the beginning of the seventeenth century, the raiders continued their forays from Chinese offshore islands and isolated inlets in Fukien and northern Kwangtung.

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22. Percy Finch, Shanghai and Beyond, New York, Charles Scribners' Sons, 1953, pp. 127-28.

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579 One of the most famous of these pirates was Cheng Chih-lung, a native of Fukien who had married a Japanese woman. He was eventually persuaded by the Ming court to give up his freebooting and accept the official position of guarding the coast against pirates and Dutch traders. His even more famous son, Cheng Ch'eng-kung, is known to the West as Koxinga. In the service of the Ming Dynasty, he gained esteem by defending his home province against the invading Manchus until forced by superior numbers to retire to Formosa. After driving out the Dutch traders who had seized it as a center for commerce with China, he used the island as a base from which to mount raids against the Chinese coast. So great was the menace he, and his son after him, posed to the new ruling Ch'ing Dynasty (1644 to 1912), that it ordered the depopulation of the Chinese coast from Shantung south. The order was most strictly enforced in Fukien, undoubtedly because of the sympathy, aid, and bases Koxinga and his forces might expect to find there. Only in 1683 was habitation of the Fukien coast again permitted by imperial order.[23]

175 H. The Rise of the Ming Dynasty

The last native dynasty to rule China, the Ming (1368 to 1644), was a product of the lower Yangtze area of the East China Region. Its founder, Chu Yüan-chang, was the son of

23. Cf. A.W. Hummel, Eminent Chinese of the Ch'ing Period, Vol. I, Washington, D.C., Library of Congress, 1944, pp. 108-11; and Latourette, op. cit., pp. 310, 331-32.

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ment of rice by water to Shanghai. This last has the greatest effect on the rice market. In general, the Shanghai price of rice tends to rise at New Year about 5 per cent and at other festival times a little less. The above effects of festival periods also demonstrate the leading position of local rice supplies, since the entire Shanghai rice market (including the price of foreign rice imports) reacts at these times to purely local festival activities. Local rice being in short supply, foreign rice is at a premium.

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5. Civil disturbances. Movement of local rice to Shanghai is notably interfered with during periods of local unrest, especially when troop movements occur. The boatmen fear commandeering of their boats and expropriation of the cargoes. This was a frequent occurrence during the unsettled political period of the late 1920's, and later during the Japanese attacks on Shanghai in 1932 and 1937, as well presumably as the wartime period and the large-scale civil war which shortly followed it. Civil order has unfortunately not been the rule in this area during the past thirty years. In October 1926, despite an excellent harvest just gathered, large amounts of rice already in storage in Shanghai and the accumulated demand in the city after the mid-autumn festival, a local uprising in Chekiang and troop movements connected with it in Kiangsu brought water transport to a complete halt in the delta south and west of Soochow. As a result, the Shanghai price of rice nearly doubled instead of falling as it otherwise would have done. The railways to Hangchow and Nanking were kept open during the entire period. In this case the rice supply situation was eased by shipments on special order from Tsingpu, Sungchiang, and other nearby areas removed from the trouble.*

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* Rice was stored both in Shanghai and in the collection centers in the local producing areas. However, the Shanghai rice market was very sensitive to day-to-day changes in the supply arriving from the local areas. This suggests that relatively small amounts of rice were stored in Shanghai, and that the market depended on regular shipments. When these were interfered with, it was not possible for the Shanghai rice merchants to keep the Shanghai price from rising, since orders for foreign rice could not normally be delivered in less than two weeks. The hiatus in local supplies during the planting season was of course anticipated by the Shanghai merchants in the form of advance orders for foreign rice which were delivered during May and June, but even so the price of rice rose during this period, as indicated above, further evidence that the market was dominated by local supplies moving regularly to the city during most of the year.

439 of Shanghai's rice consumption of something like one billion
435 pounds over the year as a whole. The supply situation was determined by price, and foreign rice was imported not necessarily because local rice was unobtainable but because its Shanghai price at certain periods rose considerably above the Shanghai price of foreign rice.

The price problem posed by the hiatus in local supply during the planting season might have been overcome without bringing in foreign rice, by carefully planned advance buying and by distributing price fluctuations for local rice more widely over the year as a whole. This solution was theoretically in the power of the Shanghai rice merchants, and it has since been applied at least to a degree by the Communist Government (see Chapter Eleven). But it is doubtful whether Shanghai could have existed without foreign rice imports during the periods of civil war and floods which disrupted its water connections with the producing areas. At such times, a high enough price in Shanghai could presumably have attracted to the city from the local areas adequate rice to feed its population despite the difficulties and dangers of water transport, but workers' families and other low-income groups, which constituted the great majority of the population, would have been priced out of the market.

722 The situation after 1936 was complicated by the Japanese invasion
439 and conquest of the delta in 1937. Japanese military requisitions drained off increasing amounts of the delta's rice crop, and fighting over the area reduced total production and hampered the movement of rice to Shanghai. The city became increasingly dependent on foreign imports of rice, and by 1940 relied almost entirely on what it was able to import from Saigon. The unsettled political situation, in which the foreign settlements remained until Pearl Harbor in theory outside Japanese control but increasingly subject to Japanese influence and threatened with total absorption, en-
435 couraged hoarding and speculation. Curtailment of local supplies created an actual shortage, and these factors together resulted in a tripling of the Shanghai price of rice between 1936 and 1941.

[577] Rice riots in the city became frequent, and Shanghai's normal dependence on its local rice supply areas was increasingly borne in upon all of the cities population.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

[625] 468 633 tended towards the simple formula of taking the line of least resistance by requiring that workers return to work before mediation was undertaken. But workers who, having struck, went back to work, were workers weakened in their struggle. It must not be thought from this that there was any truckling to workers. The mediation officers did not hesitate to state when, in their view, the demands of labour were unreasonable. Equally the viewpoint of management was taken into account. Where it was reasonable it was supported; where it was thought there should be concessions the management was frankly told so. No pressure, however, was brought either to induce workers to resume before they were satisfied that they had obtained the best possible adjustment of their claims, or to induce management to make a settlement which it would regret.

The work of the Industrial Relations Section of the Division became partly mediating, and, as time went on, increasingly consultative. Both workers and management frequently sought advice on their situations before an open break occurred,, and a final breach was more frequently avoided than not. But workers were not restrained by the Division from striking, if without the exercise of this instrument they could not obtain a just hearing for their demands. Nor was management, if workers proved unreasonable, over-persuaded not to use the weapon of lockout.

468 625 579 VIOLENCE SOMETIMES accompanied labour disputes. When workers refused to leave the plant, "sat down," or even locked up the management, then the police had to be called in. Every effort was made to avoid clashes with workers, but there were occasions when the police officer in charge believed it necessary to clear the plant. Workers then might seize any handy missile, from iron bars to bricks or garbage, with which they attempted to resist the police. In one strike early in 1941 the management permitted the men to enter the plant each morning for three days and to leave it each evening, without having done any work, in an effort to avoid the necessity for calling in the police. Meantime negotiations were attempted. When on the morning of the fourth day workers tried to enter the compound armed with iron rods, they were prevented from doing so, and the police were informed. In an ensuing melée many workers and policemen were injured, some workers fatally.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

162 1935 there were 38,915 foreign residents, of more than fifty nationalities. In 1870 at the time of the first census of the foreign population, foreign residents had numbered 1,666, and 6,774 in 1900.

Normally 1940 should have seen the taking of the quinquennial census which had been carried out regularly since the initial years mentioned above. The Council, however, decided to dispense with 579 625 census-taking in that year. Police, with whose assistance the distribution and collection of census papers were accomplished, were preoccupied in combating serious armed terroristic activities. Moreover, Chinese members of the Shanghai Municipal Police had not completely resumed their former duties in the area of the Settlement north of Soochow Creek, in which Japanese military authorities continued to exercise military functions, and without 362 police help census-taking was not possible. Great congestion per- 162 sisted in the area south of Soochow Creek, but as a result of the destruction of many dwellings in 1937 during the fighting north of the Creek, the congestion per unit area there was less than formerly. The 1942 count of heads provided none of the usual additional information sought by a Settlement census. Hence it is necessary to rely on 1935 figures.

What was the population density in 1935? The basis of computation was the number of persons per unit area—in this case the number per acre. In the most densely populated police district, the figure was 547 per acre; a figure of more than 300 per acre obtained in nineteen police districts. A non-scientific, but for the average person a revealing, method would be to state the average numbers of persons and families per house, even though the size of the houses might vary.[3] Actually there is a certain uniformity in

[3] COMPARISONS OF CHINESE POPULATION AND HOUSE OCCUPANCY
(at five-yearly periods)

Year	*Chinese Population*	*Chinese Houses*	
		Occupied	*Unoccupied*
1935	1,120,860	74,952	6,967
1930	971,397	72,686	1,509
1925	810,279	65,474	2,357
1920	759,859	60,472	517
1915	620,401	54,083	1,856
1910	488,005	47,703	4,305
1905	452,716	44,316	1,012
1900	345,276	36,902	6,021
1895	240,995	29,851	800
1890	168,129	21,976	1,508
1885	115,170	18,513	3,064
1880	99,198	16,285	1,158

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

ing of the treaty with Nanking on November 30, 1940, it was announced that high Japanese military authorities in Nanking had agreed that, subject to meeting the needs of the army and with certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai.

There were ample stocks of rice in Burma, but there were no ships to bring it to Shanghai. This was well known, not only to rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*.

It can readily be understood that with such difficulties in feeding the Settlement, major emphasis had to be placed on ensuring supplies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937.

The distressing effects of high prices were illustrated by the practice of "rice sweeping" (and, indeed, the snatching of other commodities such as raw cotton) which became a frequent sight in the city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled.

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council had intervened to bring rice to Shanghai, it had no desire to interfere with the normal trade in rice unless forced by circumstances to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under

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divorce figures in March 1952 and the end of the year, the Communist approach to marriage and family reform seems to have undergone a change. There are indications that the regime's emphasis on new freedom for women and the prominent publicity given statistics on divorce had led to the Marriage Law being popularly termed the "Divorce Law."[30] At the same time, resistance in the rural areas to sudden changes in the old institutions of marriage and family relations were becoming evident to Party leaders as the result of the late 1952 investigations were tabulated.

A shift in the pace and in the propaganda emphasis on marriage and family reform was evident in Liu Ching-fan's report to the Government Administrative Council at the end of 1953. Although the better treatment and greater freedom given to woman was not to be neglected, greater emphasis was placed on the establishment of "harmonious" and "democratic" relationships within the family, whether originally of the old or new type, and to the positive benefits that would accrue to all members of the family as a consequence of reform.[31]

Analyzing the then current situation, Liu noted that the people still maintained a feudal ideology and consciousness in regard to many

30. China News Analysis, 5, p. 2.
31. C.B., 273, pp. 5-6.

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social problems, and that this attitude in respect to marriage problems was a "more universal and serious one." Liu admitted that the abolition of the feudal marriage system and the establishment of the new system was "a long term and difficult process in the ideological and social reform of the people." To accomplish this reform, he added, the regime would have to co-ordinate its efforts with the people's personal interests and levels of attainment, persuade the people patiently, and raise their level steadily. The process of implementing the Marriage Law, Liu concluded, would have to be made part of the regular tasks of the government and people's organizations at all levels and co-ordinated with the central tasks of production, construction, and elections.[32] These recommendations have become the principles by which the government still seems to be guided in marriage and family reform.

In the cities where modern influences had prepared the people for acceptance of new marriage and family principles, the regime encountered a different kind of problem. Just before International Women's Day, March 8, 1955, an authoritative statement in the Communist press added a new note to the usual references to lingering remnants of feudal obstruction and the

32. Ibid., pp. 4-6.

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long-term nature of family reform. The statement charged that bourgeois ideology had reached into marriage and family relationships. The bourgeois influences detected were love of luxury and disparagement of labor, "carelessness" in choosing marriage partners or the desire for new partners after marriage, and devotion to self-interest. They had respectively given rise to the sins of marriage based on money, "the be-littlement of sexual relationships," and mal-treatment, desertion, and irresponsibility toward parents and children.[33]

The nation's young people were evidently the most prone to this subversive influence. A campaign was launched in the large cities during the spring of 1955 to guard youth against "bourgeois concepts." In connection with the drive, the Communist press evidenced concern regarding romantic love, heart-break, unsolved marriage problems of workers in sparsely populated areas, and the attractions and diversions of a carefree social life in the cities. These things, the press warned, were subverting many young people from their primary duty of devoting their whole effort and attention to study and work in the national interest. The advice of the Communist editors "to place love in a secondary

33. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.

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with failure among the nation's youth.[8]

IV. THE FAMILY UNDER COMMUNISM

A. The Marriage Law

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In reconstructing Chinese society, the Communist regime has undertaken to change the nature and function of the family. The first step in this direction was the new Marriage Law promulgated in May 1950. It is one of the three legal pillars of the state. The other two -- the Labor Union Law and the Land Reform Law -- were announced at a later date but put into effect within a much shorter time and with greater immediate success.[9]

Essentially, the outward provisions of Marriage Law are comparable to the laws affecting marriage and the family in the civil and penal code announced by the National Government in 1930 and 1931.[10] The basic features of the new law are summed up in its first three articles, which provide for:

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8. Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology, "Far Eastern Quarterly, August 1955, pp. 515-32.

9. See comment by the American editors of Current Background, Hong Kong, American Consulate, 236, pp. 1-3; hereafter cited as C.B.: Unless editorial comment is indicated, as here, citations from Current Background refer to literal translations of material in Communist

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(1)...The abolition of arbitrary and compulsory marriage and the putting into effect of freedom of marriage for men and women.
(2)...The abolition of the feudal system of marriage...based on the superiority of man over woman, and the putting into effect..of monogamy, and equal rights for both sexes.
(3)...The abolition of the feudal system of marriage, which neglects the interests of the children, and the putting into effect of the New Democratic system of marriage, which protects the lawful interests of women and children.[11]

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In propagandizing and implementing the Marriage Law, the regime struck against the old authoritarianism of the family head, child marriages, mistreatment of women and discrimination against them as inferior to men, and the mistreatment of children by parents. Wives, especially wives of arranged marriages, were encouraged to seek divorce from intolerant, unrepentant husbands. However, if husbands could be made to adopt the new attitude toward women, partners of arranged marriages were urged to remain united.

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9. (continued) magazines and newspapers, and should be evaluated accordingly.
10. See comment of American editors of C.B., 136, p. 3.
11. "Document 7," C.B., 236, pp. 22-29.

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significance.[15]

B. Implementation of the Marriage Law

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As the Nationalist Government had made no attempt to put into effect the marriage and family provisions of its 1930-31 codes among the rural population, the spirit and provisions of the Marriage Law were new and alien to this great majority of the Chinese people. They were still bound to the traditional family and had not encountered the economic experience and education which had pushed the family in Western-influenced cities toward new types of social organization from the beginning of the twentieth century. Moreover, the new law offered no immediate or apparent economic benefits as had the Land Reform Law.

The result was apathy, when not open resistance, toward the reorientation of marriage and family practices among the farming population. These attitudes were as typical of most of the village cadres as of the rural people generally.[16] However, Liu Ching-fan's criticism in 1953 of the use of force by village cadres to achieve acceptance of the new Marriage Law's provisions indicates that up to that time violence

15. See, for instance, C.B., 275, p. 4; and S.C.M.P., 1048, pp. 30-31.

16. See comment of American editors of C.B., 136, pp. 3-4.

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accompanied this measure as it had other measures in Communist China.[17]

The regime became aware only slowly of the failure of the Marriage Law to take automatic effect. A preliminary investigation gave such cause for concern that a thorough investigation was made at the end of 1952.[18] The results impelled the Communists to launch a drive for the thorough implementation of the Marriage Law and intensive indoctrination of the people in its principles. The movement was restricted to Han Chinese areas where land reform had been completed.[19]

Summing up the result of the campaign before the Government Administrative Council on November 11, 1953, Liu Ching-fan reported satisfactory indoctrination of 80 to 90 per cent of the adults in 15 per cent of the nation's hsien and municipalities where land reform had been completed and, to a somewhat lesser degree, 60 to 70 per cent of the people in 60 per cent of similar local areas. Almost no progress was indicated in the remaining 25 per cent of the localities.[20] Assuming the population in these areas to be roughly equal, these figures would mean that on an over-all basis even partial success

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17. C.B., 273, p. 4.
18. See comment of American editors of C.B., 136, pp. 3-4.
19. C.B., 273, p. 1.
20. Ibid., p. 3.

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was claimed for only 48 to 55.5 per cent of the population subjected to the indoctrination process.

C. The Communists' Vague Picture of Success

Unfortunately, we cannot precisely judge how successful the regime has been in implementing the Marriage Law nationally or regionally. Communist evaluations are too generalized to reveal a definite picture, and statistics released by the regime are sketchy and, when available, rarely provide a basis for significant comparison. For instance, in the spring of 1955 the Ministry of Internal Affairs reported on the prevalence of free marriages during the first quarter of 1954, stating that of the 402,205 applications for marriage registration in 562 hsien and municipalities of 15 provinces, only 1.07 per cent were denied because the contemplated marriages had been forced or arranged without the willing consent of the couples concerned.[21] No figures were given on the remaining, roughly three-quarters of the country's hsien and municipalities, nor was any indication given to show whether the figures cited were typical of the whole country, the only figures available, or figures selected for propaganda or other

21. S.C.M.P., 1002, p. 3.

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582 671 purposes. If the figures can be given credence, they indicate a remarkable advance over the situation existing two years earlier. After an investigation of Marriage Law implementation in 1952, a woman minister of justice, Shih Liang, reported that in only three of the country's 2,086 counties were families reformed up to perfect Communist standards, and that in the East and Central-South regions freely contracted marriages and other reforms had gained no acceptance with the people.[22]

582 671 762 674 A further study of figures issued by Communist sources indicates that the regime did not have exact knowledge of the situation in many areas. To cite one example, an announcement of the results of the 1952 investigation of Marriage Law implementation include "incomplete statistics" on deaths attributed to the existence of problems and mistreatment connected with the "feudal family" system. According to these figures, 4,105 women were killed or driven to suicide in the East China Region between January and August 1952; and 356 women and 161 young men suffered the same fate in the Northwest Region during the first half of 1952. In lieu of figures for the Central-South Region, the report mentioned 606 young men and

22. China News Analysis, Hong Kong, No. 5, p. 3.

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women met violent deaths as a result of marriage disputes in 39 hsien (out of a total of 86) in Hunan.[23]

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It seems reasonable to assume that the figures are incomplete and the categories not comparable because the Communists had no more accurate material to offer. If the incidence of violence in connection with marital and family disputes is truly reflected in these figures, their extension into yearly rates shows these deaths occurred at the rate of less than two per hundred-thousand population in the Northwest Region, less than four per hundred-thousand in the East China Region, and less than nine per hundred-thousand in Hunan. It should be remembered, however, that these ratios are based on incomplete figures and that the incidence of violence may have resulted as much from Communist pressures as from the authoritarian character of the traditional family.

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Divorce and marriage figures released by the Communists are equally difficult to render meaningful because of gaps in statistics and the different time spans and categories which are given for the figures cited. For the nation as a whole, the number of divorces was reported to have risen from 186,000 in 1950 (the last seven months of it under the new

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23. C.B., 236, p. 5.

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Reports on the results of the 1952 investigations of Marriage Law implementation were framed in equally incomparable area and time categories. One report covering northern Kiangsu during the first half of 1952 noted that the number of arranged engagements during the period totaled 39,911 or nearly three times the number of engagements "founded on free love," while 19,894 arranged marriages had taken place, exceeding the number of free marriages by 28 per cent.[28] Another report at about the same time gave a more complete picture for the whole province of Kiangsi from May 1950 to January 1952. In the province during that time, it was reported 121,000 free marriages had been arranged with the assistance of the All-China Federation of Democratic Women, more than 72,900 divorces had been instituted after the failure of reconciliation attempts, the marriages of 16,454 child brides had been annuled, 40,902 engagements arranged by parents had been terminated, and 33,634 couples had been aided in establishing harmonious homes by the intercession of the People's Government.[29]

D. Reorientation of Family Reform

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Between the time of the publication of these

28. C.B., 236, p. 14.
29. Ibid., p. 4.

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divorce figures in March 1952 and the end of the year, the Communist approach to marriage and family reform seems to have undergone a change. There are indications that the regime's emphasis on new freedom for women and the prominent publicity given statistics on divorce had led to the Marriage Law being popularly termed the "Divorce Law."[30] At the same time, resistance in the rural areas to sudden changes in the old institutions of marriage and family relations were becoming evident to Party leaders as the result of the late 1952 investigations were tabulated.

A shift in the pace and in the propaganda emphasis on marriage and family reform was evident in Liu Ching-fan's report to the Government Administrative Council at the end of 1953. Although the better treatment and greater freedom given to woman was not to be neglected, greater emphasis was placed on the establishment of "harmonious" and "democratic" relationships within the family, whether originally of the old or new type, and to the positive benefits that would accrue to all members of the family as a consequence of reform.[31]

Analyzing the then current situation, Liu noted that the people still maintained a feudal ideology and consciousness in regard to many

30. China News Analysis, 5, p. 2.
31. C.B., 273, pp. 5-6.

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accomodation to modern methods of factory production and city living paralleled the objectives sought in the Marriage Law or, at least, prepared the people for a change in the old institution. On the other hand, areas could be found throughout the East China Region where family life had been as little influenced by industrialization and modernization as could be found elsewhere in China. Fukien, for instance, was one of the last strongholds of the clan organization, which had ceased to exist as a functional entity elsewhere in the region. Fukien was also unique in another respect: the coastal areas of the province contained overseas communities wherein the family showed some significant departures from the typical Chinese family.

Communist press announcements of marriage conditions revealed by the investigations of late 1952 singled out isolated areas in the East China Region as typical of unaltered adherence to backward practices of the traditional family system throughout the country. Such examples were cited as P'ing-ho hsien, Fukien, where seventy per cent of all the women had been child brides;[38] a hsiang of T'ai-hsing hsien, Kiangsu, where the majority of children under ten years old had been betrothed by their parents;[39]

38. C.B., 236, p. 5.
39. Ibid., p. 14.

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582 and communities in Fukien where adult wives nursed infant husbands or served as rented or mortgaged chattels outside their homes.[40] Conditions in some parts of southern Anhwei were summed up in one press report by quoting the following ditty as still current in the area:

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40. Ibid., p. 6.
41. Ibid., p. 15.
42. See comments of American editors of Ibid., 136, p. 3.

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B. The Clan

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43. Lang, op. cit., pp. 120-327.

185 position in one's live" is hardly likely to solve
883 the problem.[34]

584 A different sort of problem confronted
185 youth in the countryside. Apparently the possibility was not present there for youth to develop love and marriage attachments through the ideal and officially sanctioned method of mutual participation in production, indoctrination, and study. A 1955 report on Marriage Law implementation admitted that "in the extensive rural districts... the conditions for adequate communal life and avenues for social intercourse" are lacking. As a result, "most marriages are still being contracted after both parties were first introduced to each other by third parties." The report hastened to explain that as the bride and groom gave their previous agreement to the marriage it was to be regarded as a marriage of free will and not to be confused with the old and outlawed practice of arranged marriage.[35]

E. Replacement of the Family's Social, Economic, and Political Role

594 A second step taken y the Communist regime
185 to change radically the nature and function of the Chinese family was accomplished with the establishment of organizations to regiment

34. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.
35. Ibid., 1002, p. 3.

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586 Marriage Law), to 409,500 in 1951, and to 398,000 in the first half of 1952.[24] The latter figure is only slightly higher than the number of divorces for all of 1952 in the United States, the population of which is about one-quarter of that of China.[25] So far as is known, no separate figure for the number of divorces in the East China Region has been made public, although for the Central-South Region 32,881 cases involving marriage disputes were reported handled by the courts in the first five months of 1952.[26] The most significant statistics in the East China Region appear to be those for Shanghai alone during the first full year under the new Marriage Law (May 1, 1950 to April 30, 1951) when 13,349 cases of marital disputes were heard by the courts of the metropolis. More than 10,000 of these cases were stated to have been initiated by women, and more than 30,000 persons were said to have been liberated through disposition in all cases.[27] Evidently many of the disputes involved multiple wives or concubines.

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24. Ibid., 243, p. 3.

25. Divorces in the United States during 1952 totaled 392,000. See The World Almanac and Book of Facts for 1955, Harry Hansen, ed., New York, New York World Telegram and The Sun, 1955, p. 312.

26. S.C.M.P., 171, p. 16.

27. Ibid., 132, p. 20.

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31. C.B., 273, pp. 5-6.

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596 training process. An editorial in the People's
185 Daily in mid-1955 pointed out the "deep solicitude" of the goverment toward children, made manifest by the establishment of nurseries and schools and the teaching of proper attitudes toward children and the correct methods for educating them. "The new Socialist generation" was to be brought up "physically strong, courageous, honest, 'fond of study, patriotic, and imbued with collective spirit." The editorial also stated that trade unions were to help office employees and workers to learn how to educate their children: Teachers and directors of the Young Pioneers were to assume the "important responsibility" of guiding children in classrooms, meetings, and extra-curricular activities.[36]

593 With the Communist regime's emphases on
577 youth, loyalty to the state, socialist construction, and the rooting out of feudalistic and bourgeois ideas, the problem of the proper attitude of youth toward parents need clarification. An article on the subject in the January 1955 issue of China Youth emphasizes that "respect for one's parents is part of...individual or social Communist morals," but the attitude "must be governed by the interests of the Revolution." If the parents are counterrevolutionaries, they should not be respected but treated as enemies;

36. Ibid., 1064, pp. 11-13.

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593 577 if they are counterrevolutionaries who have been pardoned by the people and are still able to work, they should be made to "reform" through labor, and should not be pitied or helped. Only if they are unable to support themselves should they be aided by the children, "for if the children do not support them, then the burdenwill fall on the state, which is obviously undesirable." As to bourgeois parents, they should normally be shown respect and concern; but if they break the law, "the children should justly and dispassionately examine their crime." Working class parents "should of course be respected, loved, and taken care of." They should not be discriminated against or ridiculed because of the shortcomings they have inherited from the old regime, but "should be patiently persuaded to see the light."[37]

V. EAST CHINA REGION

A. Disparity of Family Life

596 178 The widest diversity in the nature and function of the family is to be found in the East China Region. Kiangsu was the most industrialized province in China proper (excluding Manchuria) before World War II, and the trends forced by

37. Ibid., 973, pp. 30-32.

829 instruction. The son was to submit unquestioningly to his father's will at all times. He had no independence of judgment or action until after his father's death. The son's loyalty and devotion were also to show themselves in providing for the father's comfort in old age, in arranging a proper funeral and burial, and in periodic offerings to his father's tablet in the ancestral hall of the family.

In the political sphere the emperor was the "father" of his people, and the key local magistrates of the imperial bureaucracy were often referred to as the "Fathers and Mothers of the People." To reciprocate the care and concern of those in authority, the people were to provide material support through taxes and labor; they were to serve their masters loyally and submissively; they were to obey the rules which custom (personalized as the wise rulers of the past) and the laws laid down for them. And in those laws the heaviest punishments were decreed for those who showed unfilial behavior in the family, or, in its political counterpart, rebellion against the state.[49]

593 156 These were the patterns of authority to which the individual was subject. His personality

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49. The Classic of Filial Piety says: "Of the 3,000 crimes punishable by the five punishments, none is greater than unfiliality." (i.e., failure to submit to authority.) For a discussion, cf. Etienne Balazs, Le Traite Juridique de Souei-chou, Paris, 1954, p. 144.

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was formed within the family, his status in society was determined by his family's status. To understand the individual of traditional China, we must see him within this setting; to understand the changes being wrought by the Communists, we must take into account some of the tensions and dissatisfactions which the family system -- particularly in its period of decay -- set up in the individual.

The role of the individual was determined by his position in the family, and he was taught to fill that particular role. For example, an older brother was responsible for his younger brother, and was taught to be nice in play to those younger in years. The younger sons were expected to be less sober and responsible; their mothers often spoiled them. Throughout all the complex relations of the family, roles were assigned and the individual's life and character were formed by the role he played. Freedom of choice and freedom to develop individuality were thus rigidly limited.[50]

The well-being of the family group was the individual's prime concern. He was committed to work which would assure the family's prosperity he was obliged to protect the family's reputation, for example, by paying off the gambling debts of a family member rather than have the family disgraced; to continue to live in a tense and unhappy household rather than to break away and thereby weaken the family's solidarity.

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50. Bunzel-Weakland, pp. 47-64.

593 In exchange for his submission to authorit
156 and discipline in every phase of his personal life, the individual was given the basic necessitie of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dom nated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authorit is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leade ship of rebel armies are all bound together by tie of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137-47

596 tended to have a moderating influence on
178 paternalistic authoritarianism.

The family in the rural areas adjacent to
596 industrialized cities was also affected in other
562 ways. Men of advanced years, particularly if they had a classical education or held official position, continued to be honored. However, their position of influence and authority was challenged by younger men with the personnal qualities of dynamic leadership and success. Ancestor worship continued to give a greater primacy to males in the family but the ability of daughters to earn a wage enhanced their value to the family and made their early marriage into another family less desirable. It should be noted, however, that women of farming and laboring families worked outside of the home only out of sheer economic necessity. Neither sex approved of female employment in the factory. Whenever possible, it was avoided or terminated. Among upper-class families, women with modern education began gradually to seek employment in the professions and to regard such work as a means of establishing permanent personal and economic independence.

• 594 The independent family in the modern city was most subject to change. Though

594 the influence of the past remained strong, the city families tended toward the nuclear, democratic form. Thus, the old criteria of status based on sex, age, and generation were undermined. This tendency was strongest among the new clerical, managerial, and professional groups in the city. They came mostly from the old well-to-do merchant and gentry class which could afford modern education, sometimes abroad, for their children. Having a higher education, the younger members of this group were far more influenced than were the less literate lower class youth by such modern Western ideas as the right to individual happiness, the equality of the sexes, and the duty of the citizen to give his first loyalty to the interests of the nation.

578 While modern education gave youth increased stature in the eyes of the family elders, it also served to decrease youth's respect for parents. Olga Lang's 1936 survey of youthful attitudes toward parents disclosed that while only 20 per cent of the boys and 16 per cent of the girls in high school were willing to answer the question as to whether they ever disapproved of their parents' behavior, 58 per cent of the men and 62 per cent of the women in college were willing to answer, and their answers were overwhelmingly critical. The greatest objects of censure were the father, his political views, and his personal habits. He was criticized as "conservative," "feudal," acting

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582 and communities in Fukien where adult wives nursed infant husbands or served as rented or mortgaged chattels outside their homes.[40] Conditions in some parts of southern Anhwei were summed up in one press report by quoting the following ditty as still current in the area:

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43. Lang, op. cit., pp. 120-327.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

believed impossible. Based on 1934 standards, which of course represented an inadequate livelihood, his real earnings index was 93.48 in 1939; and in 1940, when three separate studies were made, it was between 93.59 and 108.93. The tendency persisted. 434 511 594

It is doubtful whether the authorities succeeded in ameliorating the puller's lot to any material extent. His standard of living was low in 1934 and apparently did not improve. What remained a puzzle is why he was ready to pull for so small a return. His monthly earnings failed by a considerable margin to meet the minimum needs of a worker's family.

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167 The Communists calculate that family dependents in Fukien of overseas migrants number two million.[51]

595 Before the Japanese invasion of China, the
596 family in these overseas communities was similar in solidarity, values, and social role to the family elsewhere in China, but unique in that often the male head was separated from his wife and their children for most of his adult life. If he could afford it, he would maintain a concubine and a separate family in the overseas community Although it was usual for the children of this overseas union to be sent to China for their education and to share in inheritance of family property, the concubine rarely came with her Chinese mate when he returned to his native village.[52]

434 During the absence of the male head from
596 his Chinese home, his wife usually acted as head of the household. She and her children were supported in great part by funds periodically remitted from abroad by the male head, and she had control of the dispersion of this and other

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51. S.C.M.P., 1024, p. 13.

52. Ta Chen, Emigrant Communities in South China: A Study of Overseas Migration and Its Influence on Standards of Living and Social Change, ed. by Bruno Lasker, N. Y., Institute of Pacific Relations, 1940, pp. 140-43.

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556 generations.[3] These conditions accounted for the lack of a permanent ruling caste in China. There are definite ideals in traditional Chinese culture which conditioned the upward and downward mobility of the people within the social hierarchy.

B. Social Mobility

596 428 618 The family ideal. Large families, especially of the extended type, were the ideal in China.[4] However, in practice the ideal was limited by economic means. Primogeniture in China had been done away with long before the Manchu Dynasty (1644-1912). Land was divided equally among sons. After successive divisions, individual holdings became infinitesimally small. This contributed to the decline of the economic status of even the wealthiest families, particularly when land was the sole source of income.[5] On the other

3. Martin Yang, A Chinese Village, New York, 1945, p. 132; Francis Hsu, Under the Ancestors' Shadow, New York, Columbia University Press, 1948, p. 4.

4. Consult the chapter on The Family in this handbook.

5. "In the matter of inheritance, the general pattern observed for poor agriculturalists holds very well for the merchant group. Just as at the death of a farmer, there is a sharing of the property. In the agricultural situation, however, there seems to be greater fragmentation of the legacy, each son working his share more or less independently and with a minimum of combination. (continued next page)

hand, because of the existence of extended families and the clan structure, less fortunate members of these groups might be helped by relatives to gain a living or an education. A substantial amount of land was usually allotted to the communal family or clan for religious, educational, or charity purposes by illustrious members of the family or clan. Nepotism was simply a projection of the family ideal of mutual help among the members. Clan nepotism often accounted for a man's rise on the social and economic ladder. This practice contributed to the upward movement of poorer segments of the population who otherwise might never have advanced socially and economically in a relatively short period of time.

The scholar ideal. Learning was much esteemed, especially when combined with wealth. The prestige of the wealthy was never complete until their wealth was adorned with culture. Indication of respect for learning was common in China, as typified by the saying: "Although your children may be of low intelligence, you as parents should make them

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5. (continued) In the merchant situation there is somewhat more cohesion among the heirs, who often work the inherited enterprise as partners." Fried, op. cit., p. 52.

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Annex "A," Subparagraph 1g,
Sociological Background

THE FAMILY

I. INTRODUCTION

• 596 Until almost the end of the imperial period (221 B.C. to A.D. 1912), the family was a vital and universal aspect of the centralized state in China and most characteristic of the society which sustained it. Since then, the family has been in flux. The direction of change and the major causes and problems involved will be sketched out in this section. A more precise picture, as Marion Levy has pointed out, is not feasible with the existing incomplete state of material on Chinese society both before and since the inauguration of the Communist regime.[1]

The traditional family still persists. It proved resistant, but not impregnable, to the influx of modern Western techniques and ideas after 1842 and to the political revolutionary efforts to realize democracy and equality in the present century. The traditional family is still proving tenacious, in the face of the Communist regime's persistent effort to turn Chinese society inside out.

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1. Marion J. Levy, Jr., The Family Revolution in Modern China, Cambridge, Mass., Harvard University Press, 1949, p. 273.

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5% To understand the nature of the Chinese family today, it is necessary first to take account of the structure, function, and attitudes of the traditional family. Second, consideration must be given to the incidence and nature of change in the family preceding the Communist regime. Only then can intelligent consideration be given to the family under the Central People's Government. Finally, attention will be devoted to the unique factors that characterize the family in East China.

II. THE TRADITIONAL FAMILY

The term "family" in China has been most usefully defined as "a unit consisting of members related to each other by blood, marriage, or adoption and having a common budget and common property."[2] Three main types of family structure have been distinguished -- the conjugal, the stem, and the joint forms. The joint family, consisting of several married brothers, their wives, children, and sometimes one or both parents, was the ideal family of China. It was typical only of the gentry and well-to-do merchant classes. The conjugal family, consisting of a man, his wife, and unmarried children, and the stem family, consisting of the conjugal family plus one married son with his wife and children,

2. Olga Lang, Chinese Family and Society, New Haven, Conn., Yale University Press, 1946, p. 13. Cf. Levy, op. cit., pp. 5-6.

591 were most typical of the peasant, artisan, and small-merchant classes. For all classes, however, the joint family was the ideal to be achieved if an improvement in family circumstances permitted.[3]

The status of every member of the family was fixed relative to every other member by the criteria of age, sex, and generation. At the top of the family pyramid stood the head of the house, the oldest living male. In practice, he might consult with other adult members of the family on matters vital to its welfare; theoretically, and often in fact, he exercised complete control over the activities, income, property, training, punishment, and marriage arrangements of the family and its members.[4]

However old his sons, their position in relation to him was one of service, obedience, and dutiful respect. A lesser but similar expression was expected of a man toward his elder brothers and relatives of an older generation.

Females generally were subordinate to males as well as to elders. The wife was

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3. Ibid., pp. 13-16. Cf. Levy, op. cit., pp. 42-60.

4. The material presented in this and the following paragraphs on the traditional and changing family is based largely on the comprehensive works on the family by Levy, op. cit. and Lang, op. cit.

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596 subject to the will of her husband and to that of her son when he became head of the house. While a man's parents lived, his wife was expected to be more subservient than he toward his parents. In her mother-in-law, the son's wife more often than not encountered a tyrant. The mother-in-law, rather than her son, governed and judged the actions of the son's wife.

B. Social Role

596 182 The principal social function of the family in China was the bearing, rearing, and training of children. Sons were more highly valued than daughters, because only the former remained with the family after marriage, contributing to its labor and income, and only sons could perpetuate the family and perform the yearly rites in honor of the father and the family ancestors after the father's death. Implicit in the ceremony was the idea that the ancestors had a life after death, watched over the family's fortune, and were comforted by the periodic ministrations of the family. For the living, the rites provided an occasion for awe and respect during which the continuity of the family over time was reemphasized and the solidarity and duties of the family unit in the present reasserted.

The veneration of ancestors was so important to Chinese society that the absence of sons to carry on the yearly observances was regarded as a major failing on the responsible male's part and a tremendous catastrophe for the family. Concubinage and adoption were

596 182 socially and legally sanctioned as means of providing sons, if marriage produced only daughters or no children at all. Because of the necessity of providing against a high death rate, the premium on sons resulted in overpopulation, only partly offset by a high rate of female infanticide.

554 596 Just as sex, age, and generation determined an individual's status within the family, so did these factors determine his behavior and position in the community and the world at large. An additional determinant of his standing was the status of his family in society.

596 562 Authority and dominance were the province of males. Women might exercise overt leadership, and occasionally did so. More frequently, they were the power behind the throne. Such cases were exceptional, however. In modern times at least, supremacy was neither desired by women nor readily admitted to when possessed.

888 Age was honored relatively and absolutely Long life automatically gave its possessor higher standing in the community, but whatever age he attained, he was to show respect to his elders and members of an older generation. In the society of traditional China age implied the accumulation of wisdom and experience vital to society in times of decision or crisis.

596 554 Individual status also improved with education, more particularly with the attainment of a degree in the official examinations and appointment to official position. An individual's educational or official career was usually dependent on the willingness and ability of the family to support him during a long period of study. A particularly promising youngster of a poor family might occasionally be underwritten by the clan or village. Whatever his means of fianancial support, his success in the exams was a reflection of proper upbringing and honored his family and, to a lesser extent, his clan and village almost as much as himself. The wealth usually accumulated by an official during his career also materially enhanced the village and clan as well as the family. For these reasons, reflected glory accrued to the kin of an illustrious scholar or official for generations after his death.

C. Political Role

577 829 To a remarkable extent, the Chinese imperial system operated by moral suasion with a minimum use of force and without a developed, codified system of law. This achievement was made possible through the state's utilization of the family as a training

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618 state's jurisdiction.[5]

In gathering together all the members of the tsu for the yearly rites honoring its ancestors, this social institution served to bring the poor and uncultured into contact with, and under the influence of, the well-to-do and educated gentry. Its more accomplished members headed the clan and represented the closest approximation to the ideal of the "superior man" (chün-tzu). Meetings with such men, whose behavior was patterned by leisure and education beyond the means of the great majority of society, provided the lower classes with living models for emulation and opportunities to impress the young with the proper attitude of respect toward their social superiors.

631 5% Another institution based on the family utilized by the state was the pao-chia system. As it was constituted under the Ch'ing Dynasty (1644 to 1912) and again in the 1930's by the National Government, ten adjacent families were grouped as a p'ai, ten p'ai as a chia, and ten chia, or one thousand households, as a pao. The head of each unit was responsible for the conduct and defense of those households under him, and the head of the pao had to answer to the government for the conduct

5. On the clan see Hu Hsien-chin, The Common Descent Group in China and Its Functions (Viking Fund Publications in Anthropology, No. 10), New York, The Viking Fund, Inc., 1948.

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596 and protection of the thousand households.

D. Economic Role

596 As the definition of the term "family" infers, it was the basic economic unit of the society. Real property such as land, houses, and workshops were owned by the family rather than by individuals. When disharmony caused the breakup of a joint family, its real property was divided among the constituent conjugal families, each as a new family claiming title to the portion of property which fell to its share.

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462 The peasant, artisan, and small-merchant families were units of both production and consumption. Male family members worked together in the fields, workshops, or stores to produce the goods on which the family mainly relied for a living. Sons nearly alway followed their father's occupation and seldom left home. Women worked in the home, taking care of the children and turning out the family's clothes and shoes. Where sericulture was practiced, women managed the entire industry from the cultivation of mulberry trees to the weaving of cloth. Food and clothing were allotted each member according to his needs, as they were determined by the head of the house and permitted by the family's circumstances.

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596 Some variation from this pattern occurred among the upper-class families. Gentry-officials and merchants were often away from home; they frequently had personal income from salaries or business, from which they met their expenses without resorting to the family treasury.

596 888 The family and its extensions in China also functioned to provide security in old age, food or material help to the poor, and employment for needy or deserving relatives when possible. That a son should not provide for his parents in their old age was unthinkable. Were the sons dead or in some other way unable to assist their parents, the aged were cared for by other close relatives or by the clan. Deeply sanctioned by kinship morality and firmly rooted in Chinese government and business, nepotism was one of the most resistant factors to the advance of the modern political, industrial, and business systems in the twentieth century.

III. THE CHANGING FAMILY

A. Influence of Modern Technology

596 178 The transition which occurred in the traditional Chinese family from approximately 1842 to the advent of the Communist regime is traceable to three major influences: (1) modern technology with its attendant factory system and modern business organization;

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(2) the new environment consisting of rapid transportaton, modern government education, rural education organizations, and modern books and periodicals; and (3) the revolutionary political and social ferment which followed in the wake of the Western penetration of China. Change came first and most penetratingly in the ports, which were initially influenced by Western trade and later by the growth of native industry centered on those cities. The same influences also reached into the rural environs of the city ports in the decades before World War II. The great mass of the Chinese people -- the population of the traditional villages, towns, and cities in the interior -- felt the modern impact only in minor ways, if at all.

The first influence of modern technology in China came in the form of an influx of manufactured goods. Their availability at cheap prices changed the consumption and production habits of the family. Articles formerly made at home were bought with cash, necessitating new types of spare-time or full-time occupation removed from the family sphere.

Much more important in effecting a change in the old family pattern was the introduction of modern factory and business methods into China. For one thing, it organized economic activity on a non-family basis. Persons from rural areas attracted to the city by the

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opportunity to earn an independent income or the necessary supplement to the family's farm income were forced to make their homes near their jobs for at least a part of the year. Either permanently or temporarily they were removed from direct family control and subjected to the new ideas associated with industrial society everywhere.

Another consequence of the factory and business system was a new criteria for employment. The efficient operation of modern production and management required that personnel be hired on the basis of the possession of such skills as a particular job demanded rather than on the old basis of personal or kin relationship to the owner or responsible management. The solidarity of blood relationship and the old employment function of kinship were prime resistants to the spread of modern business enterprise in China, but where the latter succeeded in establishing itself, it forced a fundamental break in the old Chinese familial process.

E. Influence of Modern Environment

In many places where the Chinese population was sheltered from direct contact with modern industrial life, an indirect influence was exerted by the environment. The modern curriculum taught in foreign missionary schools in the late nineteenth and

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the twentieth centuries was approximated by the new government schools and offered to a broader segment of the population in the decade before World War II. New social, political, and economic ideas thus disseminated were supplemented by the outpourings of the press. Some rural villages formerly a day's journey or more away from the nearest great city were brought only hours away by modern methods of transportation, particularly the railroad and the steamship. All these media brought the people and especially the young into contact with ideas and ways of life alien to their own. Awareness of new opportunities, comforts, and pleasures to be had in the modern city planted a seed of dissatisfaction with the old manner of living.

C. Influence of Revolutionary Thought

An even more disturbing influence on the old way of life was the increasing spread of revolutionary social and political doctrines after 1916. The monarchical reformer K'ang Yu-wei had brought the traditional family under attack as early as 1898 by castigating the "virtues" associated with it as either non-existent or harmful to society. These ideas did not achieve any widespread currency in China until the rise of the New Culture Movement in 1916, a revolution in Chinese thought and expression. It emphasized individualism, the equality of the sexes, and the duty of service and loyalty to the nation. Ideas of this sort were spread by the May

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Fourth Movement of 1919, in the revolutionary propaganda of the Kuomintang during its struggle for power in the mid-twenties, by the student anti-Japanese agitation of the thirties, and in the socially conscious writings of China's new and popular authors.

D. Effects on Family Nature and Structure

In the relatively small area where these influences were felt, traditional family organization and the roles and functions dependent on it were forced to give way. With a part of the family temporarily or permanently in the city, the authority of the traditional family head was undermined. He was still needed at home to carry on the farm work, and so it was generally the daughters, the sons not needed for agriculture, and occasionally, the wives who entered the cities to seek part-time or full-time work. They sent home from the cities whatever part of their wages that could be spared from their own living needs. The family head thus controlled only their excess earnings and not their full income. He no longer directed the production of the family as a unit nor determined wholly every member's share in consumption. For at least part of the year, he could exert no direct control over the city-dwelling members of the family. With the possibility of an independent livelihood in the city, adult family members in nearby villages had an alternative to harsh treatment by the family head. This factor

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596 tended to have a moderating influence on
178 paternalistic authoritarianism.

596 562 The family in the rural areas adjacent to industrialized cities was also affected in other ways. Men of advanced years, particularly if they had a classical education or held official position, continued to be honored. However, their position of influence and authority was challenged by younger men with the personnal qualities of dynamic leadership and success. Ancestor worship continued to give a greater primacy to males in the family but the ability of daughters to earn a wage enhanced their value to the family and made their early marriage into another family less desirable. It should be noted, however, that women of farming and laboring families worked outside of the home only out of sheer economic necessity. Neither sex approved of female employment in the factory. Whenever possible, it was avoided or terminated. Among upper-class families, women with modern education began gradually to seek employment in the professions and to regard such work as a means of establishing permanent personal and economic independence.

594 The independent family in the modern city was most subject to change. Though

578 "aginst the trend of the time"; as "immoral," "corrupt," "lazy," "egotistic," "too cautious"; and for gambling, smoking opium, and frequenting brothels. Mothers were more gently and less often criticized, but were reproached for "political backwardness," "unhygienic habits," "gossiping, playing mah-jong, quarrelling [and] ill treatment of young daughters-in-law." College students also reported more actual disagreements with parents than did high school students. The most frequent subjects of disagreement were marriage, politics, education, participation in the students' movement, recreation, modern hygiene, and fashions, friends, and future professions.[6]

E. Effect on Family Economic Role

596 578 176 The decreasing ability of the family to function as a production and consumption unit or as an employment agency in an industrial society has already been pointed out. The initial break with the old form of employment was forced by foreign firms or government services headed by foreigners. Their prohibition against officers hiring or recommending relatives was only beginning to be copied by wholly Chinese institutions such as banks, factories, and schools in the years before World War II. Where the employment of relatives was forbidden, friendship, a common birthplace, training in the same school, or membership in the same secret society often provided the basis for a personal link between an employer and a prospective

6. Lang, op. cit., pp. 284-87. [p. 176]

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596 employee and for the rise of cliques in business
572 and government offices.
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Scattered surveys of various strata of the population in industrial areas indicate that only at the upper managerial or owner level, where the facts of economic operation were most pressing, was the majority in favor of impersonal, rational selection of employees. Even in modern colleges, only about half the students appeared to favor that choice. With each successively lower economic level, the preference was more overwhelmingly for selection on the basis of kinship.[7]

F. Effect on Social and Political Role

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867 With the collapse of the imperial system in 1912, the family was no longer fitted to serve as the social and political training ground of China. The political parties and modern schools, particularly the colleges and universities, now began to train youth for the new political world which was coming into being after 1911. No comparable institutions existed to inculcate in youth a moral and ethical code that would serve as a common guide in the new society. Attempts by the Kuomintang leaders during the period of the National Government to restore filial piety along with a revised Confucian code to the service of an increasingly authoritarian-minded state met

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with failure among the nation's youth.[8]

IV. THE FAMILY UNDER COMMUNISM

A. The Marriage Law

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In reconstructing Chinese society, the Communist regime has undertaken to change the nature and function of the family. The first step in this direction was the new Marriage Law promulgated in May 1950. It is one of the three legal pillars of the state. The other two -- the Labor Union Law and the Land Reform Law -- were announced at a later date but put into effect within a much shorter time and with greater immediate success.[9]

Essentially, the outward provisions of Marriage Law are comparable to the laws affecting marriage and the family in the civil and penal code announced by the National Government in 1930 and 1931.[10] The basic features of the new law are summed up in its first three articles, which provide for:

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8. Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology, "Far Eastern Quarterly, August 1955, pp. 515-32.

9. See comment by the American editors of Current Background, Hong Kong, American Consulate, 236, pp. 1-3; hereafter cited as C.B.: Unless editorial comment is indicated, as here, citations from Current Background refer to literal translations of material in Communist

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Reports on the results of the 1952 investigations of Marriage Law implementation were framed in equally incomparable area and time categories. One report covering northern Kiangsu during the first half of 1952 noted that the number of arranged engagements during the period totaled 39,911 or nearly three times the number of engagements "founded on free love," while 19,894 arranged marriages had taken place, exceeding the number of free marriages by 28 per cent.[28] Another report at about the same time gave a more complete picture for the whole province of Kiangsi from May 1950 to January 1952. In the province during that time, it was reported 121,000 free marriages had been arranged with the assistance of the All-China Federation of Democratic Women, more than 72,900 divorces had been instituted after the failure of reconciliation attempts, the marriages of 16,454 child brides had been annuled, 40,902 engagements arranged by parents had been terminated, and 33,634 couples had been aided in establishing harmonious homes by the intercession of the People's Government.[29]

D. Reorientation of Family Reform

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Between the time of the publication of these

28. C.B., 236, p. 14.
29. Ibid., p. 4.

582 divorce figures in March 1952 and the end of
586 the year, the Communist approach to marriage
584 and family reform seems to have undergone a
185 change. There are indications that the regime's emphasis on new freedom for women and the prominent publicity given statistics on divorce had led to the Marriage Law being popularly termed the "Divorce Law."[30] At the same time, resistance in the rural areas to sudden changes in the old institutions of marriage and family relations were becoming evident to Party leaders as the result of the late 1952 investigations were tabulated.

A shift in the pace and in the propaganda emphasis on marriage and family reform was evident in Liu Ching-fan's report to the Government Administrative Council at the end of 1953. Although the better treatment and greater freedom given to woman was not to be neglected, greater emphasis was placed on the establishment of "harmonious" and "democratic" relationships within the family, whether originally of the old or new type, and to the positive benefits that would accrue to all members of the family as a consequence of reform.[31]

185 Analyzing the then current situation, Liu
581 noted that the people still maintained a feudal
584 ideology and consciousness in regard to many

30. China News Analysis, 5, p. 2.
31. C.B., 273, pp. 5-6.

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social problems, and that this attitude in respect to marriage problems was a "more universal and serious one." Liu admitted that the abolition of the feudal marriage system and the establishment of the new system was "a long term and difficult process in the ideological and social reform of the people." To accomplish this reform, he added, the regime would have to co-ordinate its efforts with the people's personal interests and levels of attainment, persuade the people patiently, and raise their level steadily. The process of implementing the Marriage Law, Liu concluded, would have to be made part of the regular tasks of the government and people's organizations at all levels and co-ordinated with the central tasks of production, construction, and elections.[32] These recommendations have become the principles by which the government still seems to be guided in marriage and family reform.

In the cities where modern influences had prepared the people for acceptance of new marriage and family principles, the regime encountered a different kind of problem. Just before International Women's Day, March 8, 1955, an authoritative statement in the Communist press added a new note to the usual references to lingering remnants of feudal obstruction and the

32. Ibid., pp. 4-6.

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long-term nature of family reform. The statement charged that bourgeois ideology had reached into marriage and family relationships. The bourgeois influences detected were love of luxury and disparagement of labor, "carelessness" in choosing marriage partners or the desire for new partners after marriage, and devotion to self-interest. They had respectively given rise to the sins of marriage based on money, "the be-littlement of sexual relationships," and mal-treatment, desertion, and irresponsibility toward parents and children.[33]

The nation's young people were evidently the most prone to this subversive influence. A campaign was launched in the large cities during the spring of 1955 to guard youth against "bourgeois concepts." In connection with the drive, the Communist press evidenced concern regarding romantic love, heart-break, unsolved marriage problems of workers in sparsely populated areas, and the attractions and diversions of a carefree social life in the cities. These things, the press warned, were subverting many young people from their primary duty of devoting their whole effort and attention to study and work in the national interest. The advice of the Communist editors "to place love in a secondary

33. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.

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position in one's live" is hardly likely to solve the problem.[34]

A different sort of problem confronted youth in the countryside. Apparently the possibility was not present there for youth to develop love and marriage attachments through the ideal and officially sanctioned method of mutual participation in production, indoctrination, and study. A 1955 report on Marriage Law implementation admitted that "in the extensive rural districts... the conditions for adequate communal life and avenues for social intercourse" are lacking. As a result, "most marriages are still being contracted after both parties were first introduced to each other by third parties." The report hastened to explain that as the bride and groom gave their previous agreement to the marriage it was to be regarded as a marriage of free will and not to be confused with the old and outlawed practice of arranged marriage.[35]

E. Replacement of the Family's Social, Economic, and Political Role

A second step taken y the Communist regime to change radically the nature and function of the Chinese family was accomplished with the establishment of organizations to regiment

34. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.
35. Ibid., 1002, p. 3.

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every phase of human endeavor. The labor unions in the city, the peasant associations, mutual-aid teams, and co-operatives in the country became the center not only of economic life, but of social, political, and indoctrination activities as well. Unions were organized in the cities almost as soon as they fell to the Communist armies, but the formation of comparable institutions in the countryside awaited the gradual process of land reform. Until it was completed in any area, no alternate organization to the family existed to assume its socio-economic role. This fact seems to explain why the Communists during the spring of 1953 limited their Marriage Law campaign in the countryside to those areas where land reform had been accomplished.

Special organizations were set up to train and absorb the energies of women and children who might otherwise be free of the constant direct influence of the government. These two groups were absorbed respectively into the All-China Federation of Democratic Women and into the Young Pioneers, the Federation of Democratic Youth, and the New Democratic Youth Corps.

Aside from its primary role as a unit for procreation and for child-care until the young reached an age when they would prove adaptable to molding by the state, the family was left only with the secondary duty of supporting the state

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596 training process. An editorial in the People's
185 Daily in mid-1955 pointed out the "deep solicitude" of the goverment toward children, made manifest by the establishment of nurseries and schools and the teaching of proper attitudes toward children and the correct methods for educating them. "The new Socialist generation" was to be brought up "physically strong, courageous, honest, fond of study, patriotic, and imbued with collective spirit." The editorial also stated that trade unions were to help office employees and workers to learn how to educate their children: Teachers and directors of the Young Pioneers were to assume the "important responsibility" of guiding children in classrooms, meetings, and extra-curricular activities.[36]

593 With the Communist regime's emphases on
577 youth, loyalty to the state, socialist construction, and the rooting out of feudalistic and bourgeois ideas, the problem of the proper attitude of youth toward parents need clarification. An article on the subject in the January 1955 issue of China Youth emphasizes that "respect for one's parents is part of...individual or social Communist morals," but the attitude "must be governed by the interests of the Revolution." If the parents are counterrevolutionaries, they should not be respected but treated as enemies;

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36. Ibid., 1064, pp. 11-13.

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593 if they are counterrevolutionaries who have been
577 pardoned by the people and are still able to work, they should be made to "reform" through labor, and should not be pitied or helped. Only if they are unable to support themselves should they be aided by the children, "for if the children do not support them, then the burdenwill fall on the state, which is obviously undesirable." As to bourgeois parents, they should normally be shown respect and concern; but if they break the law, "the children should justly and dispassionately examine their crime." Working class parents "should of course be respected, loved, and taken care of." They should not be discriminated against or ridiculed because of the shortcomings they have inherited from the old regime, but "should be patiently persuaded to see the light."[37]

V. EAST CHINA REGION

A. Disparity of Family Life

•596 The widest diversity in the nature and
178 function of the family is to be found in the East China Region. Kiangsu was the most industrialized province in China proper (excluding Manchuria) before World War II, and the trends forced by

37. Ibid., 973, pp. 30-32.

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accomodation to modern methods of factory production and city living paralleled the objectives sought in the Marriage Law or, at least, prepared the people for a change in the old institution. On the other hand, areas could be found throughout the East China Region where family life had been as little influenced by industrialization and modernization as could be found elsewhere in China. Fukien, for instance, was one of the last strongholds of the clan organization, which had ceased to exist as a functional entity elsewhere in the region. Fukien was also unique in another respect: the coastal areas of the province contained overseas communities wherein the family showed some significant departures from the typical Chinese family.

Communist press announcements of marriage conditions revealed by the investigations of late 1952 singled out isolated areas in the East China Region as typical of unaltered adherence to backward practices of the traditional family system throughout the country. Such examples were cited as P'ing-ho hsien, Fukien, where seventy per cent of all the women had been child brides;[38] a hsiang of T'ai-hsing hsien, Kiangsu, where the majority of children under ten years old had been betrothed by their parents;[39]

38. C.B., 236, p. 5.
39. Ibid., p. 14.

167 The Communists calculate that family dependents in Fukien of overseas migrants number two million.[51]

595 Before the Japanese invasion of China, the
596 family in these overseas communities was similar in solidarity, values, and social role to the family elsewhere in China, but unique in that often the male head was separated from his wife and their children for most of his adult life. If he could afford it, he would maintain a concubine and a separate family in the overseas community Although it was usual for the children of this overseas union to be sent to China for their education and to share in inheritance of family property, the concubine rarely came with her Chinese mate when he returned to his native village.[52]

434 During the absence of the male head from
596 his Chinese home, his wife usually acted as head of the household. She and her children were supported in great part by funds periodically remitted from abroad by the male head, and she had control of the dispersion of this and other

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51. S.C.M.P., 1024, p. 13.

52. Ta Chen, Emigrant Communities in South China: A Study of Overseas Migration and Its Influence on Standards of Living and Social Change, ed. by Bruno Lasker, N. Y., Institute of Pacific Relations, 1940, pp. 140-43.

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family income derived from labor or property in the home village. The usual source of income at home was from agriculture.[53]

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Although the economic status of emigrant families ranged from poor to wealthy, the overseas communities were on the whole wealthier than non-emigrant neighboring villages. The excess of the wealthier families' dual income was largely invested in land and houses.[54] When the Communist took over the area, they were faced with the problem of what attitude ought to be taken toward these landlord families whose income from abroad was a vital source of foreign exchange for the government.

457 668

Evidently, no special privilege or status was initially allowed members of these families, and their real property was expropriated on the same basis as that of any other element considered to be exploitive by the regime. On the other hand, the government exerted every effort to influence members of overseas families to write letters to their relatives abroad, setting forth the benefits of land reform and Communist reconstruction in order to woo overseas sympathy and investments in every way possible.[55]

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53. Ibid., pp. 58-85, 106-23.
54. Ibid., p. 110.
55. C.B., 211, p. 40.

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457 668 The Communists did gain a favorable response from a part of the overseas element, but it was apparently not up to Communist needs and expectations, for various experiments and temporary shifts have marked the regime's subsequent policy toward the overseas Chinese and their dependents in China. New efforts to attract their sympathy were initiated in early 1955. Much publicity was given to the reclassification of overseas landlords as "no longer enemies of the state" before the expiration of the five-year probationary period. Buildings expropriated from overseas Chinese for government use were reportedly being returned to their former owners or paid for. The press reiterated the theme that measures were being taken to assure the right to ownership of overseas remittances and their delivery into the proper hands.[56]

D. The Pace of Reform

185 596 In the pace of family reform, the East China Region is probably not as far behind the North and Northeast regions as in other changes instututed by the Communist regime. Although the North and Northeast regions have been longer under Communist control, industrialization and modern city life with their influences for change in family form and function have a longer history in Shanghai than elsewhere in China. The rural

56. See section entitled "Overseas Chinese," in S.C.M.P. during the first six months of 1955; for instance, 1024, pp. 13-15.

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areas in the region uninfluenced by modern trends are at least no more widespread or prevalent than elsewhere in China.

If and as the new regime fulfills its plans for industrialization and the organization of rural areas in co-operatives or collectives, more insistent pressures than mere propaganda will be brought to bear on the traditional family. But even this kind of force will not completely wipe out the old attitudes and loyalties of the elder generation. No such drawbacks characterize the heavily indoctrinated youth of today, more enthusiastic than their parents for the new order, but the urge manifested by many emancipated young people toward individualism and romanticism in love and marriage may pose a problem of equal calibre for the new masters of China

577 ideas; some have been discarded, others have been taken over with little adaptation; still others linger between the lines and in the implications of Communist utterances.

596 577 The old virtues associated with the traditional family have been discarded because the old family system has been dissolved, its functions taken over by the modern conjugal family on the one hand and by state and Party organizations on the other.[35] Familial virtues are castigated as "feudal" and as backward features of what the leadership calls "the squalid old society of China."[36]

829 The basic Marxist dogma that the individual is molded by his class position and, indirectly, by the "stage of the society into which he is born, has a good deal in common with the Confucian view of the prime importance of environment in the formation of character. Thus the Communist effort to create a new society, in both traditional Chinese and Marxist terms, will create favorable environment for the development of individual goodness. But the "goodness" expected is different: "To sacrifice the individual for the sake of the Party, for the sake of the class, for national liberation, or the liberation of mankind, even to sacrifice one's own life without the slightest hesitation, with a feeling of happiness -- this is the highest expression of Communist morality...."[37]

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35. J. M. H. Lindbeck, "Communist Policy and the Chinese Family," Far Eastern Survey, #20, (July 25, 1951), pp. 137-41.

36. Liu Shao ch'i, quoted in Nivison, Communist Ethics and Chinese Tradition, Stanford

[cont'd next page]

593 In exchange for his submission to authority
156 and discipline in every phase of his personal life, the individual was given the basic necessities of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dominated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authority is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leadership of rebel armies are all bound together by ties of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137-47

178 system was undermined and began slowly to dis-
integrate. Chinese critics held that the old family
.596 stifled individuality, prevented the development of
individual initiative vital to modern China, and
that it was a breeding ground for authoritarianism
hindering the development of democratic citizen-
ship. They also felt that a new kind of individual
was needed, and that the family system prevented
its birth.[52]

156 The Communists are developing a new imag
of the individual and a new relationship between th
individual and authority; doing this they are using
certain of the old family ideas and, capitalizing
on dissatisfaction with the old family system, they
are releasing the individual from his bonds and
pushing him into a new system of human relations.

The Communists have paid particular atten
tion to the groups which suffered most under the
old family: women, particularly younger women,
such as daughters-in-law, and adolescents. Bitter
denunciations of the tyranny of the old family syste
by dramatizing its inequities, insistence on the
individual's loyalty to the Party rather than to
the family -- all these are being resorted to in
order to create new individuals suited to the needs
of a Communist society. In Communist literature
this new type of individual, free of the family and
its "feudal" relationships, is presented as having
boundless opportunities for self-development.
Stories of young "heroes" who have broken away --

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52. Cf. Theodore Chen, "New China, New Texts," Current History, No. 19, 1950, p. 325.

829 "a good daughter of the Party."[57] A song says:

> Our great fatherland --
> We should pay it the same filial reverence,
> As we would show to our mothers.[58]

596 These quotations suggest the reorientation of loyalties away from the family, but note that the terms and images used are those of the family system itself -- a typical example of the Communist use of the old order to destroy the old order. The functions of the traditional extended family are divided among the Party, the state, and the new type conjugal family. The individual, not the family, now chooses his mate -- often with "advice from Party comrades," and the state, not the family, sanctions the match.[59] The child is taught to rely on himself rather than on his relatives, and state nurseries take over, for many parents, the function of child care.[60] In illness

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57. Cf. Jen-min Hua-pao [People's Pictorial], Vol. 2, No. 2, 1951.

58. In Ch'ang-chiang Ko-sheng [Yangtze Songs], No. 7, Hsin-hua ch'u-pan she, Wuhan Branch, Wuhan, 1950, p. 15.

59. Cf. Lindbeck, op.cit., pp. 140-41.

60. The peom "Wen Pao-pao ["Ask Baby"] appeared in lower primary grade textbook in 1950. It has baby asking for various members of the family to carry him. But each member is busy at a separate task: hoeing grain, tending a machine, writing speeches, etc., and baby ends by saying, "Everybody has something to do. I'd rather walk alone by holding onto a wall." Translated in Weakland-Bunzel, Appendix B.

596 one looks to state and Party health agencies, but responsibility for the care of the aged devolves upon the children of the conjugal family.[61] The family's function as an administrative unit for mutual surveillance and responsibility is now eliminated, and each citizen is responsible to the state. Family connections are no longer a means of getting jobs; they are assigned to individuals by state and Party organizations. In this way the Communists undermine what is left of the old family and strike at the age-old evil of nepotism.

156 Yet, with the shattering of the old family and the assumption of its functions by the state, the individual is still urged by the leadership to work in a disciplined and co-operative way for the larger social group. The following prescription for individual behavior recalls the formulas for the activity of good members of the traditional family.

> Citizen of the People's Republic are expected to engage in labor and productive activities and to place the common good above personal benefit. They must learn to be helpful and co-operative. They must work hard and submit willingly to the discipline of group life. They must always be ready to learn to accept criticism for the purpose of improvement.[62]

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61. Cf. Survey of China Mainland Press, No. 973, Jan. 21, 1955, pp. 31-32; "...when parents are counterrevolutionaries, the child should treat them as enemies."

62. Cf. Theodore Chen, op.cit., p. 324, and Weakland-Bunzel, pp. 153-54.

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633 those who were ill-treated, took in the lost or abandoned, settled many family matters involving children.
736

From the early part of 1937 the Council embarked on a somewhat more concrete plan of child protection. For the programme which developed, the wider term of child welfare cannot be used, for it did not concern itself with instruction to mothers in the care of children, or provision of monetary assistance to families with children, development of kindergarten schools, or nurseries, or playgrounds—any of the "welfare" features so well understood elsewhere. Because of the special problems of Shanghai, emphasis was placed first on the field of "protection."

633 THE ORIGIN OF THE Council's recent concern with child protection is traceable to requests of the Slavery Committee of the
736 League of Nations that it give attention to the problem of *mui*
597 *tsai* or *pei nu,* so-called girl slaves. Through past centuries and
567 down to the present, the prevailing poverty of China caused poor families in certain areas of the country to give their daughters to
357 richer families better able to support them. During childhood and adolescence they are employed in domestic service, and then are married to husbands who have been found for them by their employers. It is obvious that this system provides possibilities of exploitation. Separated from their own relatives and in the control of others, these *mui tsai* can be worked very hard, even mistreated. In the view of the League of Nations Committee, there were elements in the situation suggestive of slavery. On the other hand, many instances were known of girls being well cared for in the homes to which they went. The League Committee, examining as it did many customs in different parts of the world where lack of freedom and of control over their own destinies characterised the lives of various groups, had urged on the governments in control of the regions in question the adoption of measures to alleviate the lot of the groups concerned. In the Far East, the League's views regarding *mui tsai* had been impressed on the governments of China, Hongkong and Malaya.

Accordingly, early in 1937 the Shanghai Municipal Council placed some responsibility on the Industrial and Social Division. The Chief of the Division was named "Protector of *mui tsai.*" The Division believed, however, that the task had been too narrowly

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conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them." 633 736 597 567

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow: 357

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor. 633 736 597 567

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen. 548

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

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633 view was expressed in the 1937 Report on *pei nu* forwarded by the
736 Council to the League of Nations Slavery Committee and was found by
597 the Slavery Committee to coincide with a similar conception expressed
to it from other sources.

567 "The Chinese Government delegate to the Sixth Committee of the
548 League of Nations Assembly in 1937 (who is Chief of the Chinese Government delegation and its representative on the Advisory Committee on Social Questions) stated that the problem of *pei nu* can best be considered as part of the larger problem of child protection. The United Kingdom Government in its official communication to the Slavery Committee also indicated that work of the protection of women and children is intermingled with the problems arising out of the *mui tsai* or *pei nu* system. The Malayan Government has accepted in principle the minority report of the Commission on *mui tsai* in Hongkong and Malaya published in 1937. This recommended repeal of existing *mui tsai* legislation, the abolition of the legal status of *mui tsai* and the introduction of entirely new legislation for child protection."

736 Even as the Shanghai study was being made and the report pre-
597 sented, it was obvious that the 1937 war had left stranded an army of young people whose parents had been killed, or who were
633 separated from their families during head-long flight from danger.
567 Some of these children were in refugee camps; others were on the streets, begging, stealing, those still surviving managing to live in some manner. By contrast, *mui tsai*, young girls in domestic employment had at least a roof over their heads, and presumably food to eat. While in no way condoning the system, Council officials believed that the first concern of a Child Protection Service should be the homeless. No special registration of *mui tsai* was recommended. The programme which was developed and details of which follow was designed to care for these children in so far as an administrative procedure may do so.

Child protection work was begun with the young people who came into the hands of the police and were in need of help. Before 1939 it was the custom for police to take to court for disposition all lost, abandoned, abducted, ill-treated and otherwise exploited children for disposition by the judge of the court. To deal constructively with the needs of these young people something more than a purely legal process appeared to be desirable. In theory the disposition of the person of any citizen, child or otherwise, should be by the legal process. But in the situation ruling in Shanghai, where the need was essentially a social one, it was felt

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that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary-General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

The Chinese court held that the natural parents of a child in every case have a right to the child, whether exploited or otherwise. Instances occurred where a judge handed back to the care of parents girls who had been sold. The court view is based upon the relevant portion of the Civil Code. There is room for a reconsideration either of the law or of its interpretation by the court.

For the majority of those who either had no immediate relatives or were being exploited by relatives other than their parents, placement in an institution frequently represented the only possible adjustment. Every effort was made at once to find relatives or friends of a young person coming into the hands of the Service. If time was allowed to elapse, the chances of finding that link which would perhaps save the child from being alone and adrift forever might be lost. By newspapers, and by using local Chinese methods of advertising near the place where a child had strayed, the vital link was frequently established.

In 1940, for the first time, a complete picture was obtained of the extent of lawbreaking by young people under 18 years of age. In all, 981 appeared in court on criminal charges—899 boys, 82 girls. Of this number 70 per cent were unemployed; 87 per cent were involved in some form of thieving. Twenty-one per cent had previous convictions. 633 738 674

There was no special procedure in the First Special District Court governing the treatment of juvenile offenders. Regulations for a special procedure of the Ministry of Judicial Administration of the Chinese Government exist, but were not in use in Shanghai, or elsewhere in China, so far as is known.[2] In response to the 633 738 736

[2] In Instruction No. 2237, dated May 9, 1936, the Ministry of Judicial Administration of the Chinese Government instructed the courts to temper justice with mercy and understanding in dealing with juvenile delinquents. The articles of instruction [696]

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tions of the expense of caring for them, and it provided the 633
youths with an opportunity to become useful members of society. 738
Unfortunately there were difficulties both in discovering suitable 736
jobs and in keeping the young people at their jobs once these had been found. Containing, as the Division did, both an Industrial Section which sought to improve standards of employment for young people, and a Child Protection Service which tried to place them, the Division would place only where conditions of employment were satisfactory. Most factories where higher types of skills could be learned were beginning to require that apprentices have the equivalent of a primary school standard. Few children from institutions reached this goal. Where employers agreed to take them, their records were not wholly successful. Out of 206 placed in employment to the end of 1940, 110 made good. Boys asked why they should work long hours in factories—"eat the bitterness," as the saying is—when they could return to an institution where they need not work. Yet 50 per cent of them persisted and showed increasing signs of stability. On the whole, therefore, the results of the experiment were till the outbreak of Pacific hostilities encouraging, and it was hoped that the Division's other efforts to extend opportunities to underprivileged boys would have even more satisfactory results.[4] A general unemployment after December 1941 cut off this means of assistance to young people.

A POSITIVE APPROACH to the problem of *mui tsai* was begun 633
through the development of a procedure for the adoption of young 736
people. This was felt to be important even though no express 597
power lay with the Settlement authorities to institute a procedure. The initial report on *mui tsai* pointed out that so-called adoption is often claimed to be the basis under which a young person may be in the control of others who are not near relatives: "In Chinese life it is almost impossible to differentiate between cases of *mui tsai*, adoption, quasi-adoption, prospective daughters-in-law and

In an effort to stimulate better understanding, an initial conference was held in 1941 when such basic subjects as nutrition, recreation, and techniques in handling children were discussed. Short lecture courses in child personality and similar subjects were also given.

[4] In 1940 the Division launched an experiment in conditioning boys in a welfare camp before finding them employment. A vocational and academic programme for 80 boys over 13 years of age was put in charge of a special teacher, with the purpose of preparing these youths for permanent employment.

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other gradations." Very certainly in the majority of cases the adoption has not been carried out in accordance with the provisions of the Fifth Book of the Civil Code of the Government of China.[5]

These provisions do not require that adoption shall be carried out with the consent of the courts or of administrative authorities. In any event, in the absence of express powers in the hands of the Council, it was realised that any procedure which might be worked out administratively by the Child Protection Service could only be on a voluntary basis.

From the beginning of 1940 an arrangement was made with one institution which from time to time placed children in adoptive homes, that such cases would be referred to the Child Protection Service for a final approval. Follow-up visits were paid to the homes in which children had already been placed, and the results showed that in only some forty per cent of the cases were the adoptions satisfactory. It became apparent that more extensive periodical visiting was necessary, and a special social worker in the Service commenced regular visits. In the year April 1941 to March 1942, 116 homes were regularly visited. In these the situations of more than 90 children could be called thoroughly satisfactory.

Study of the satisfactory cases showed that children placed in good homes, even though often of very limited means, where they were cared for in a family atmosphere, were much better off than those remaining in institutions. No public funds for promotion

[5] Under these provisions:

The adopter must be at least twenty years older than the person to be adopted. (Art. 1075)

The relation between an adopted child and his adoptive parents is the same as that between a legitimate child and his parents, unless it is otherwise provided for by law. (Art. 1077)

An adopted child assumes the surname of the adopter. (Art. 1078)

Adoption must be effected in writing, unless the person to be adopted has been brought up as a child of the adopter since infancy. (Art. 1079)

The relation between an adopted child and his adoptive parents may be terminated by mutual agreement of the parties . . . in writing. (Art. 1080)

Where either the adoptive parent or the adopted child is found in one of the following conditions, the Court may, at the instance of the other party, terminate their adoptive relationship: (1) Where one party has ill-treated or grossly insulted the other; (2) Where one party has deserted the other in bad faith; (3) Where the adopted child has been sentenced to not less than two years' imprisonment; (4) Where the adopted child has spent money wastefully; (5) Where it has been uncertain for three years whether the adopted child is alive or dead; (6) Where other grave reasons exist. (Art. 1081)

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of a foster home programme were available. In this situation it was felt that a stimulation of the practice of adoption would be beneficial, and this policy was embarked upon. 633 736 597

In every case of adoption arranged or recommended by the Child Protection Service, documents of approval were given to the adoptive parents. These papers were granted only after all preliminary steps (including a medical examination and a subsequent six-month trial period) had been observed. The purpose of this procedure was to formalise adoptive relationships by official approval. It was hoped thereby eventually to create the conception that adoption in accordance with Chinese law should be encouraged.

There are other phases of the care of children which, it was felt, might rightly be termed the concern of the administration even in the peculiar situation in which the Settlement found itself. What is well known as family case work, the effort to assist a family to make adjustments and to solve its problems, was scarcely known in Shanghai, at least in any formal way. Many cases were known where children were delinquent, or begging, the root cause of which lay in the economic situation of the family. Often a child might well have been saved from a future life of crime if the family situation could have been solved. In general, the view was taken that, with the numbers of homeless children as great as they are, children with homes should not be cared for in institutions. Only the children in institutions had the attention of the authorities. The attention of certain social agencies, notably the Pullers' Mutual Aid Association, and some socially minded Chinese leaders, was turned in the direction of family case work as a means of serving the city's needy children.

THERE WAS AN ALMOST complete lack of recreational facilities for even the children of well-to-do parents, a consequence of the congestion in the city. There were some children's parks where younger children went, usually in care of *amahs* as nurses, and to which some more privileged older children also resorted. It was hoped that some beginning might be made with the provision in these of organised play under trained recreation leaders. A revival of a plan formerly instituted by the Joint Committee of Shanghai Women's Organisations could have obtained the use of open spaces 529 [857] 741

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556 generations.[3] These conditions accounted for the lack of a permanent ruling caste in China. There are definite ideals in traditional Chinese culture which conditioned the upward and downward mobility of the people within the social hierarchy.

B. Social Mobility

596 428 618 The family ideal. Large families, especially of the extended type, were the ideal in China.[4] However, in practice the ideal was limited by economic means. Primogeniture in China had been done away with long before the Manchu Dynasty (1644-1912). Land was divided equally among sons. After successive divisions, individual holdings became infinitesimally small. This contributed to the decline of the economic status of even the wealthiest families, particularly when land was the sole source of income.[5] On the other

3. Martin Yang, A Chinese Village, New York, 1945, p. 132; Francis Hsu, Under the Ancestors' Shadow, New York, Columbia University Press, 1948, p. 4.

4. Consult the chapter on The Family in this handbook.

5. "In the matter of inheritance, the general pattern observed for poor agriculturalists holds very well for the merchant group. Just as at the death of a farmer, there is a sharing of the property. In the agricultural situation, however, there seems to be greater fragmentation of the legacy, each son working his share more or less independently and with a minimum of combination. (continued next page)

hand, because of the existence of extended families and the clan structure, less fortunate members of these groups might be helped by relatives to gain a living or an education. A substantial amount of land was usually allotted to the communal family or clan for religious, educational, or charity purposes by illustrious members of the family or clan. Nepotism was simply a projection of the family ideal of mutual help among the members. Clan nepotism often accounted for a man's rise on the social and economic ladder. This practice contributed to the upward movement of poorer segments of the population who otherwise might never have advanced socially and economically in a relatively short period of time.

The scholar ideal. Learning was much esteemed, especially when combined with wealth. The prestige of the wealthy was never complete until their wealth was adorned with culture. Indication of respect for learning was common in China, as typified by the saying: "Although your children may be of low intelligence, you as parents should make them

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5. (continued) In the merchant situation there is somewhat more cohesion among the heirs, who often work the inherited enterprise as partners." Fried, op. cit., p. 52.

577 ground for loyalty to the state and the virtues
829 prized by it as part of the machinery of government. The root virtue of filial piety was extolled above all others in the Confucian system. It denoted not only the obedience and devotion of the son to his father but of the younger brother to the elder, and of the subject to the ruler.

618 Two types of organizations built on the foundation of the family were utilized by the state in maintaining peace and uniformity throughout the empire. One was the clan, or tsu. It bound together families with a common ancestor to promote their security and advancement. Relying for strength on the maximizing and formalizing of kinship ties, the tsu reinforced the authority of the family head and the values he imparted to the younger generation. The tsu settled disputes between families, conducted ancestor rites for any member of a family whose line died out, provided help and protection in times of trouble for the lower class members, and safeguarded the social and economic position of the well-to-do. Where the tsu was strong, it governed the village with little interference from the central government, except in matters of high crime and taxes. The advantages to the Confucian state of the tsu were deemed sufficient to compensate for its encroachment on the

618 state's jurisdiction.[5]

In gathering together all the members of the tsu for the yearly rites honoring its ancestors, this social institution served to bring the poor and uncultured into contact with, and under the influence of, the well-to-do and educated gentry. Its more accomplished members headed the clan and represented the closest approximation to the ideal of the "superior man" (chün-tzu). Meetings with such men, whose behavior was patterned by leisure and education beyond the means of the great majority of society, provided the lower classes with living models for emulation and opportunities to impress the young with the proper attitude of respect toward their social superiors.

631 576 Another institution based on the family utilized by the state was the pao-chia system. As it was constituted under the Ch'ing Dynasty (1644 to 1912) and again in the 1930's by the National Government, ten adjacent families were grouped as a p'ai, ten p'ai as a chia, and ten chia, or one thousand households, as a pao. The head of each unit was responsible for the conduct and defense of those households under him, and the head of the pao had to answer to the government for the conduct

5. On the clan see Hu Hsien-chin, The Common Descent Group in China and Its Functions (Viking Fund Publications in Anthropology, No. 10), New York, The Viking Fund, Inc., 1948.

594 The change was evident in Olga Lang's 1937 findings on the comparative form and function
582 of the family in the cities of Shanghai, Peiping (Peking), and Tientsin, and in rural areas removed from the urban influence. In every facet of the nature and values of the family among all classes in these places, Shanghai showed the greatest departure from the traditional family system and ideology.[43] But even where modernization was most advanced, Lang found that of ninety-five industrial workers' families interviewed, only 25 per cent of the marriages had been formed by free choice of the partners, and fifty-six of the ninety-six men and women workers questioned said they would insist on choosing their children's mates.[44] However, it should be noted that the tendency toward modern marriages increased with higher economic class, better education, and occupation in modern industry or professions.

B. The Clan

618 By the twentieth century, the vitality of the clan had deteriorated throughout most of the East China Region. Some vestiges of it still remained in Chekiang, Anhwei, Kiangsu, and

43. Lang, op. cit., pp. 120-327.

618 Shantung, but the institution was not vital to the people of those provinces.[45] In Fukien (and neighboring Kwangtung in the Central-South Region) where the clan had reached the highest stage of development, it still played a major role in society up to World War II.[46]

621 618 Where the clan was strong, villages were wholly or predominately made up of members of one clan.[47] This fact permitted clan administration of the village independent of the state, except in the matter of taxes, major crimes, and the necessity of registering marriages. The village governed itself through clan enforcement of centuries-old customs inculcated by the family. Clan rule was not weakened when the Republic introduced officials at the village subdistrict levels, where none had existed under the imperial government. The new officials were recruited from the same group which had managed the clans, and clan and government

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45. Hu, op. cit., pp. 10-11, and passim; Lang, op. cit., pp. 178-79. Also see the descrip ion of the minor role played by the clan in the Kiangsu villages investigat ed by Fei Hsiao-tung (t'ung), Peasant Life in China: A Field Study of Country Life in the Yangtze Valley, London, Kegan Paul, Trench, Trubner & Co., Ltd., 1939, pp. 84-86; and in the Anhwei village investigated by Morton H. Fried, Fabric of Chinese Society: A Study of the Social Life of a Chinese County Seat, New York, Praeger, 1953, pp. 92-95.

46. Hu, op. cit., pp. 10-11; Lang, op. cit., pp. 173-78.

47. Hu, op. cit., pp. 10-11.

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621 posts were often held by the same individual.[48]

However, even in its last stronghold, the
618 clan was a dying institution. Its authority was being undermined by the growing disproportion of wealth among its members, the dissatisfactions arising from misappropriation of clan wealth, and the subversive forces of industrialization, modernization, and modern city life. At the same time, traditional leadership was being challenged by younger men who had demonstrated their natural abilities by the acquisition of wealth, a modern education, or an official position. Lang's investigation of two Fukien clans in 1936 showed their leadership consisted of two merchants, one landlord, and the owner of a private school.[49]

Administrative positions in the clan were sought because they controlled immense wealth which could be manipulated to increase individual or family influence or fortunes. Besides the duties of keeping the peace among the institution's composite branches and families, the clan hierarchy was responsible for the maintenance of the ancestral temple, the conduct of ancestor worship, the defense of clan interests before the

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48. Lang, op. cit., pp. 177-78.

49. Ibid., pp. 175-76; Hu, op. cit., pp. 89-90, 98-100.

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618 government authorities, and the administration of clan property. In Fukien, the clan possessed smaller holdings than in Kwangtung, where fifty to seventy per cent of the land cultivated by clan members was estimated to be under clan control, but was still a dominant factor in the village economy and the livelihood of clan members.[50]

With the victory of the Communists in the East China Region in 1949, the functional existence of the clan ceased. In Fukien, where it had occupied a major social role, the disappearance of the clan left behind a pattern of independence from central government control and of familial order and loyalty that may not be easily erased by the Communists' authoritarian regime.

C. Overseas Communities

167 A unique departure along the coast of Fukien (and Kwangtung in the Central-South Region) from the general family pattern in China has necessitated much innovation and adjustment by the Communist regime. From the coastal area of Fukien have come more Chinese emigrants to Southeast Asia and other parts of the world than from any other province in China with the exception of Kwangtung.

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50. Ibid., pp. 173-78.

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48. Lang, op. cit., pp. 177-78.

49. Ibid., pp. 175-76; Hu, op. cit., pp. 89-90, 98-100.

24 the whole of south China was essentially the
181 steady outward push of an efficient agricultural technique which displaced the more primitive aboriginal food-gatherers and primitive slash-burn agriculturists, abosrbed most of these people into its operation and drove the remnants higher and higher into the hills. The characteristically Chinese agriculture is intensive; that is it uses large quantities of human labor in irrigating, fertilizing, and cultivating land for maximum yields. Its unit of socio-economic organization is the village, composed of those families which cultivate the land within easy walking distance of its center. It was in the villages of rural China spread over a vast area to exploit the land through a common technology, that the characteristic way of life developed. It is his family's village which is "home" to Chinese of all classes, no matter how far he may wander or how Westernized his life may have become. There are the ties with his own family's past, symbolized by the ancestral temple and the family or clan burial ground. There are the other families with which his own has built an enduring network of reciprocal favors and obligations. It is in the farming villages that Communist party workers now seek to bring about fundamental changes in the way of life and to break up the old complex of family and local loyalties.

62 What are the common patterns of village
181 life from the plains of Shantung to the narrow, crowded flood-plains of coastal Chekiang and Fukien? We shall sketch these before discussing

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variations represented by urban life.

A. The Pattern of Village Life

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First of all, life in the farming village is meager. In Shantung in 1932 there was .45 acres of cultivated land per person; the richer semi-tropical province of Chekiang had only .3 acres for each person.[1] Farm families save everything; fecal matter and refuse go into a pit near which a pig is kept, and at the time of spring fertilizing the material from the pit is mixed with topsoil or water and spread on the fields. Grass and grainstalks are carefully husbanded to be used as fodder for the farm animal, by no means one animal to a family and as fuel for cooking and rarely, for heating the house. Cloth is scarce and clothing is worn until it falls apart; after that the rags are used to make the soles of cloth shoes. The shortage of wood for all purposes has long been acute, and farm buildings are made of pounded earth, mud bricks, and, in the rice region, of bamboo lathe and mud plaster. Floors are of earth and only the dwellings of the wealthier farmers have glass windows. The dominant fact of life in the Chinese countryside is poverty. This has grown steadily worse during the last hundred years as factory-made goods destroyed village handicrafts, usury and tenancy increased, wars and ineffectual governments brought disruption and oppression, and overpopulation became steadily worse. "The

1. Geo. B. Cressey, Asia's Land and Peoples, New York, 1944, p. 87. Cressey cites C. C. Chang "An Estimate of China's Land and Crops "Nanking. 1932; Cressey p. 88:"...an average farm family of 6.2 persons must obtain its entire livelihood from a farm of 4.18 acres of which but 3.76 [contd]

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Annex "A," Subparagraph 2d, Political Background

PUBLIC ORDER AND SAFETY

625 692 Because of the large population and the complex society which exists in the East China Region, the Chinese Communists face many difficulties in maintaining public order and safety within its borders. In attempting to achieve this end, and in consolidating their political gains, the Communists have not hesitated to employ a strategy of terror. The Communists employ various means for the suppression of opposition and maintain a rigid control over the population. The People's court system, the People;s procuratorates, and the public security agencies are all instruments of suppression.

The People's court is conceived neither as an institution of justice nor as a protector of individual rights; it is designed to serve as a weapon of the state for "safeguarding the People's democratic system and protecting public property." In a similar manner, in order to insure observance of the law, the local People's procuratorate, although a "judicial organ," exercises procuratorial authority over all local state agencies, over government workers, and over all citizens in general. It also serves as an agency of control by supervising People's courts in matter of adjudication, by exercising a check over public security agencies in investigation activities and in the execution of judgment in criminal cases. The public security agency, the police, and the security forces are instruments of violence. They assume direct responsibility for the maintenance of public order.

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625 692 In addition to the use of violence as their primary means these various agencies of suppression form an integrated system, subject to the control of the Central People's Government and rigidly supervised by the Communist Party, and they all share the responsibility of ensuring the execution of codes and regulations relative to the maintenance of public order and safety. This chapter deals with the People's courts and People's procuratorate, the public security agencies and police, and codes and laws governing counterrevolutionary activities.

I. People's Court and People's Procuratorate

A. People's Court

692 After the establishment of the Supreme People's Court[1] in November 1949, the East China Branch Court of the Supreme Peope's Court was established. Liu Ming-sen was named as its president. The People's Court served as the representative of the Supreme People's Court in this region and as the final court of the region. At about the same time, the Municipal People's Court of Shanghai was also established.[2] However, it was placed under the authority of the Military Control Committee of Shanghai. This fact reduced the Municipal Court to a combination of military and administrative tribunal. Local courts in this

1. Report of Shen Chün-ju, former President of the Supreme People's Court, People's Daily, June 2, 1950. p. 1.

2. Work report of Shanghai Court, Liberation Daily, January 8, 1950; April 31, 1950, p. 5.

692 head of the Department of Public Security of the Shanghai municipal government.[19]

People's procuratorates have co-ordinated their main task with the key drives of the country. The discovery of nationwide corruption and inefficiency together with the urge for renewed suppression of counterrevolutionary activities in 1955 have decided the responsiblities of the People's Procuratorates.

II. PUBLIC SECURITY AGENCIES AND POLICE

A. Public Security Agencies

647 625 As the chief instrument of the Communist regime in its effort to maintain close vigilance over the entire populace and to assume the responsibility for the execution of arrests and punishment, the public security agency is perhaps the Communists' most powerful instrument of violence. In addition to its wide establishment in the rural and urban districts, the public security agency maintains organizations of all types in all government and industrial organizations. These public security agencies are further aided by public security networks organized among the masses, and by the judicious use of informers. Security forces, allegedly a branch of the armed forces, in collaboration with other secret agencies of the Communist Party, are the instruments of violence placed at the disposal of the public security agencies at all levels.

1. Organization Under the direction of the Ministry of Public Security of the Central People's

19. Liberation Daily, Jan. 25, 1951, p. 2.

647 Government, similar departments and bureaus
625 are organized at all levels, extending down to the public security commissions in the hsiang. The public security system is one of extreme centralization and is operated entirely by the Communist Party.

In the East China Region prior to 1954, a Department of Public Security under the East China Military and Political Committee was maintained. Because of the need for secrecy, and perhaps because of the sinister role it played, information on its organization and activity is not available. However, a report from the Nationalist Government on Formosa indicated[20] that the organization was composed of eight sections: political security, police, border security, armed security, "Reform-through-labor" (forced labor), intelligence, and personnel. Security cadre schools, security regiments, and other security commands were reported to be under the direct jurisdiction of this department. At the provincial level, the department maintained an elaborate organization, comprised of an administrative office and offices devoted to political security, security administration, police, general service, and Reform-through-labor. Other units such as the security cadre schools, coastal public security bureaus, and forced labor battalions were included.

701 In addition to the public security agencies in the East China Region, military authorities also shared a considerable responsibility in the maintenance of "public order and safety." The Military Control Committee in the major cities had been

20. Organizational Chart, Communist Military, Public Security and Intelligence Organization, Taipei, 1953.

701 an important instrument in public security work. Military authorities are particularly active along the coast where attack from Formosa is possible. Thus, Yeh Fei, present governor of Fukien, is also the commanding general of the Fukien military district and of the 10th Army Corps of the Chinese Red Army, which is deployed opposite the Formosa strait. The Shanghai Military Control Committee, with Ch'en I, commanding general of the old Third Field Army, as its head, has jurisdiction in matters of military and public security.

625 687 2. Public Security in Rural Areas During the land reform, the regime relied upon the Peasants' Association, the militia, and the People's tribunals for the elimination of landlords and "despots" and the enforcement of decrees. According to an order of the East China Military and Political Committee, concerning the punishment of landlords,[21] issued in September 1950, those who were accused of falsifying reports of property, the destruction or sale of property, the killing of cattle, and the destruction of farming implements were given one year's imprisonment. Creating rumors with a view toward misrepresenting government policy, distribution of land without the authority of the Peasants' Association, and other acts tending to lead to the disruption of rural government were crimes justifying a sentence of at least five years' imprisonment. The death

21. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compendium of Law and Regulations Concerning Financial and Economic Policies of the Central Government], Peking, Financial and Economic Committee of the Gov't. Adm. Council, 1952.

625 sentence was given to those who attempted to
687 overthrow the rural government, murdered Communist cadre, sabotaged factories, or engaged in banditry.

Directives from the East China Region with regard to the control of landlords after land reform are not available to us; however, the directives on the same subject issued by the Central-South Military and Political Committee may serve as illustrations of the measures taken by Communist authorities in this region.[22]

Landlords sentenced to imprisonment for five years to life were sent to Reform-through-labor camps. Those receiving sentences of less than one year were placed under the control of the hsiang government, denied the right to travel and the right to receive guests, and were compelled to engage in "productive activities."

625 Another measure taken at the conclusion of and reform was the establishment of security committees in the rural areas to organize mass participation in public security work.[23] The committee is established in each village and has three to eleven members elected at mass meetings and chosen from among activists in various organizations. Under the committee, public security teams of three to five activists are formed to establish a network in the village and in local organizations. In collaboration with the Party, the judicial agencies, and the mediation committees

22. Yangtze Daily, Aug 20, 1952, p. 1.

23. Regulation on committee, issued by Ministry of Public Security, ibid., Aug. 11, 1952, p. 1.

•625 widely established in the rural areas, these security committees form the backbone of the security system.

Unrest widely reported in the rural areas made it necessary for the Communists to further strengthen their work of rural security. In April 1954, an editorial in the People's Daily[24] urged as the chief means of improvement the strengthening of milita and the security committees. The employment of "mobile" People's tribunals and the circuit People's procuratorate teams were also used to ameliorate the work of public security. To combat the general increase in suspected arson and other criminal activities in 1955, a directive was issued by the Ministry of Public Security of the Central Government, urging the strengthening of fire prevention in the rural areas;[25] another directive provided for the transfer of security forces below the administrative district level from the military command to that of the public security bureaus in the administrative district and county governments.[26]

3. Public Security in the Cities The task of maintaining public order and safety in the cities

24. People's Daily, April 28, 1954, p. 1.
25. Ibid. May 29, 1955, p. 2.
26. Ibid. July 31, 1955, p. 2.

625 is more complex than in the rural areas. The Communists take at least four measures: (a) the establishment of an extensive public security organization; (b) the rigid control of census and stern restrictions over resident movements; (c) the establishment of resident organizations to watch over the populace and of public security teams to supervise security matters in all organizations; and (d) the strict regulation of all commercial and recreational activities.

The responsibility for the maintenance of "public order and safety" in the cities rests with the Public Security Bureau. The Public Security Bureau in a municipal government maintains eight sections and several special units. The eight sections include a secretariat, and offices concerned with political security (including intelligence, investigation, and confidental communication), security administration, criminal police, sanitation, fire prevention, supply, and personnel. Special units under the supervision of the bureau include prisons, detention houses, and Reform-through-labor camps as well as security training schools and security forces. Under the bureau, ch'ü sub-bureaus and public security sub-stations have been established. The sub-bureau takes charge of detention houses and directs the work of public security sub-stations and the security committees under them.

In the East China Region, Communist control over the urban populace was greatly facilitated

625 by the several drives initiated during 1950-1952. In order to make certain of the mass participation of urban residents in these drives for the large-scale condemnation, arrest, and prosecution of criminals, the Communists took direct control of the urban population. Immediately after the Communist seizure of power, measures were taken to evacuate unemployed workers and those originally from neighboring rural areas.[27] During and after the Land Reform Movement, the exodus of farmers from rural areas was controlled by the City-village Joint Office, which was staffed with public security officials from both urban and rural communities. Anyone who planned to move from one community to another had first to obtain permission from the office. The continuous evacuation of unskilled and unemployed workers arranged by the trade unions in co-operation with public security agencies, was an attempt to reduce urban population and thus make it easier to control. The evacuation of one million urban inhabitants from the city of Shanghai to the neighboring farm districts was not merely an economic measure; it was a political scheme to strengthen "public security" in the city of Shanghai.[28]

625 486 Equally effective is the rigid control of census-taking in the cities and in the rural communities.

27. Report of trade union work in Shanghai, Liberation Daily, Oct. 18, 1950 p. 1.

28. For summary of the measure, consult Forcible Evacuation of One-Seventh Shanghai's Population in Full Swing, Union Research, Series No. 1, Hong Kong, Sept. 6, 1955.

•625 486 Two directives issued by the Shanghai Department of Public Security in April 1951[29] and one issued by the Department of Public Security of the East China Military and Political Committee[30] provide sufficient evidence. According to a directive for the city of Shanghai, any resident who wished to move had first to obtain permission from a public security agency. Persons who wished to stay overnight were to be reported. The directive of April 1952, applied to all the cities in the East China Region, had the same rigid pattern. The only exception was that visitors who stayed longer than three days were required to report. In Shanghai, an overnight guest had to register.

Hotels hospitals and other places accomodating transient personnel followed a somewhat different procedure. Daily reports were required. The nationwide census in 1953 placed urban residents under further vigilance. Planned purchase and marketing (another name for rationing) introduced at the end of 1953 also helped in strengthening control. A directive issued by the State Council in July 1955 placed the registration upon a permanent basis.[31] The census is to be taken annually, and responsibility rests solely on the public security agencies.

625 The establishment of various control agencies in the cities has been discussed under the general heading "Communist Political Power in the Cities" in the chapter on Political Dynamics.

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29. Liberation Daily, April 22, 1951, p. 6.
30. Ibid., April 27, 1952, p. 2.
31. People's Daily, July 3, 1955, p. 1.

625 Of particular interest is the public security sub-station and the security committees, which are widely established in the urban inhabitants' committees. The security committee was first organized in all streets and alleys during the Suppression-of-Counterrevolutionaries Movement in 1951. Several security committees are linked, with jurisdiction equivalent to that of a public security sub-station, to form a general committee headed by the chief of the station. The sub-station consists of a chief, deputy chiefs, and several policemen. They have been assigned many functions for the maintenance and enforcement of public order. Included among these functions are "the enforcement of laws on public security and social order, the suppression of sabotage activities, the prevention and curbing of bandit activities and other criminal acts, the surveillance of counterrevolutionaries, the control of census, and the direction of the work of the security committees."

Security committees also exist in factories, business enterprises, and other industrial organizations. These committees are concerned with security and safety measures. This principle was registered in the several orders governing labor discipline. The organization of workers' "suppression teams" in all organizations in the city is a measure used to further mass participation in public security work. As of January 1950, some 40,000 workers had joined these teams. Their forced participation in all movements, particularly in the Three-Anti and Five-Anti campaigns, exposes the regime's habitual use of violence.

•625 656 The issuance of regulations pertaining to public security matters is a function of the public security agencies at all levels. Apart from the regulations issued under the Ministry of Public Security which require nationwide enforcement, local regulations can be issued by the local public security organizations. Regulations applied to urban inhabitants in the city of Shanghai are so many that individual movement and action are severely restricted. The regulation requiring the registration of all social organizations,[32] is so rigid that no association can be organized without the sponsorship of the Communist Party and its affiliated organizations. The requirement for the registration of firearms tends to prohibit the possession of pistols and firearms of any kind.[33] Other regulations,[34] like that which governs the inspection of luggage at all transportation centers and points of entry, are very severe. Luggage and personal belongings can be examined by public security agencies, customs officials, and medical authorities at any place and at any time.

The issuance of regulations governing the conduct of business and recreation is a means of establishing the surveillance of public security agencies over all activities. Even the movements and activities of cabaret girls are restricted by this control scheme.[35] The regulation on the supply

32. Liberation Daily Oct. 21 1950, p. 1.
33. Ibid., June 29, 1951, p. 5.
34. Ibid., May 28, 1951, p. 2.
35. Ibid., May 10 1951 p. 3.

625 and sale of radios and electrical appliances,[36]
656 issued by the Ministry of Public Security in July 1955. requires each electrical shop to secure a permit from a public security agency before requesting a license from the Department of Industry of the local government. Monthly reports of sale and inventory are also required. Failure to report suspicious patrons to the security agency is a punishable offense. This newly published regulation which supercedes a similar regulation issued by the same ministry in August 1951, sets forth a further restriction; owners of electrical appliances must secure permits from a public security agency before repairs can be made. Other regulations governing the operation of hotels, warehouses, pawnshops, and recreational facilities are very rigid. In addition to these regulations, commercial firms are subject to controls by other governmental agencies, including those in charge of "public purchase and marketing."

B. Police

625 Since policing is a function of the public security organizations at all levels, their functions are the same as those of the public security agencies. The police in Shanghai have an additional force for garrison duties. This police force can be stationed at any point in the city to safeguard "public order." Unquestionably this system helps to provide additional control over the people in key centers. The organization of a new police force has been attempted by the Communist regime. New personnel have been hired and there is a constant reorganization of

36. People's Daily, July 26, 1955, p. 3.

625 the entire existing police force.

The police should be distinguished from the security forces, which as a component part of the armed forces, are allegedly under the control of the military district command. However, the latest trend indicates an integration of the security forces into the police force. Such a step has already been taken at the district and county level, where the armed force of the police is organized to perform the functions of its predecessor, the security force.

III. CRIMINAL CODES AND LAWS GOVERNING COUNTERREVOLUTIONARY ACTIVITIES

671 Although the compilation of a criminal and civil code is assigned to the State Council's Bureau of Codification, the former Commission on Codification under the Government Administration Council, as yet no report has been made available. However, at different times decrees and orders have been issued by governments of all levels. The examination of some such decrees will help to explain how the Communist regime seeks to maintain "public order and safety."

A. Criminal Code

694 671 The decree[37] promulgated by the Chairman of the People's Republic of China in December 1954 explains the procedures for arrest and detention.

37. People's Daily, Dec. 21, 1954, p. 1.

369 Shanghai in 1906 and began a crusade especially against American
548 brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese
369 city also after 1911, and into the 1940's). Kidnapping[1] was another
683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

• 625 Law enforcement was severely handicapped by the complex but
692 ambiguous legal and administrative situation. Chinese police could
648 not pursue suspects into the foreign settlements, and foreign police were similarly excluded from the Chinese areas. Foreigners in
369 Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1 [in Shanghai -- Analyst]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

648 but until the occupation of the Settlement by Japanese forces in
633 1941, this document, the Settlement's constitution as it were, remained practically unchanged. Any change in Byelaws required the consent of a special meeting of ratepayers with a stipulated quorum of the Consular Body in Shanghai, of the Diplomatic Body. Changes in the Land Regulations required approval of the Chinese Government. A Chinese Government which resented the existence of areas alienated from its control refused to contribute to the perpetuation of foreign administration by agreeing to changes in Land Regulations. Thus for several decades prior to 1941 the Council had to proceed under an archaic set of constitutional powers. It possessed no specific power to deal with labour and social issues. After the occupation of the Settlement by Japanese
722 forces and the consequent coming under Japanese direction of the
633 whole Council administration, pseudo-changes in the Land Regula-
648 tions were considered. No final information is available on this matter, but presumably the form would be gone through of submitting them to a Council which was under Japanese influence, to a compliant Consular and Diplomatic Body consisting of Axis and neutral representatives, and to the Japanese-sponsored Chinese Government in Nanking, whose consent to changes could, it is assumed, be obtained. By this procedure a semblance of legality would be sought. Whether legally obtained or not, the Nanking-stated First Special District Court in Shanghai would apply bye-laws derived from newly assumed basic powers in the Land Regulations.

The Organic Law Governing Municipalities promulgated by the Chinese Government in 1930 by comparison granted wide powers to municipalities created by that Government. In particular, Sub-section 5, Article 8 of this Law gave to municipalities the power to administer and bureaucratically to enforce provisions relating to labour.

633 Possibly because of the lack of enabling byelaws, but possibly
364 also because concern with industrial and social issues came late in
744 China itself, the Council's consideration of certain types of social
[625] problems was late also. It was natural that the first municipal emphases historically were logically on the maintenance of public order through police services; on the provision of public health services in a country where modern ideas of sanitation have lagged

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here, avoiding making a mistake there, trying certain steps without instruction,—and hoping they would succeed. If they did, they could be gently reported in a monthly or annual report. If they were part of an adopted and printed report, the policy involved in these steps might be considered as not forbidden, and hence to be further acted upon. In the ten years of its existence the Council evidently found it preferable and expedient not to instruct or design the Division's development. 633 466

Several functions of the Division of considerable importance were thus developed. Work in relation to mediation of industrial disputes, to be described in detail in a later chapter,[1] was begun without specific authority and instruction. Yet it was brought to a stage when it could exercise a considerable influence over livelihood, and where no major dispute occurred which was not mediated by the Division. In this particular instance, a quiet procedure was used because of the general position the Municipal police held. The police had been long established. To them, disputes were potential civil disturbances. They had for many years been the arbiters of strikes: but they had no conviction such as the Division held concerning the right of workers to collective action. Their province was more properly that of preserving the peace than removing potential causes of its breach. The method employed was, therefore, to use existing members of the Division staff to make experiments in mediation; when a dispute occurred to call on management to seek information as to its view of the dispute, to seek contact with workers and suggest that services in mediation by the Division's fair handling might be useful. It did not take more than a few months for a reputation to be built up among workers in a few enterprises. These, in turn, informed other workers, who, when they were involved in a dispute, called on the Division seeking its assistance. Similarly, employers for their part came to appreciate the services offered. Within a year its place was fully established. The confidence which was engendered proved the most potent influence in success. Because of the Division's greater specific knowledge of conditions of work and of understanding of the psychology of workers, the day came when the police recognised that their object of preserving the peace in industrial disputes could be served by inviting the mediatory services of 633 466 625

[1] Chapter VI.

[1 [Industrial Division of the Shanghai Municipal Council -- Analyst]

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633 466 625 the Division. It is doubtful if this success would have been achieved if the substantial power of the police had been challenged by raising the question of a social approach to industrial disputes. Nor is it likely that a Council accustomed to listening to police warnings of possible civil disturbances if such and such a policy were instituted, would have upheld the views of a new social service against police objection. Instead, gradual successful practice of mediation at length established the theory of the appropriateness of the acquired mediation functions and the principle on which they rested.

633 466 625 467 It is admitted that in thus avoiding an open raising of issues the Division lost that chance for educative work which the democratic process would have given, in seeking, despite probable failure, to establish recognition of the theoretical as well as the practical validity of the social aims pursued. But when discussion might have meant inaction, it was better to forfeit it. It was never politic to raise formally with the police, with any chance of success, a proposal that labour unions should be encouraged, the view which the Division held. From 1937 onward Municipal Police required the registration of all organisations. They reserved the right to refuse to register those whose actions in their opinion would not help to maintain public peace. They refused to register labour unions. They permitted the registration of "mutual aid" groups with common occupational interests, but if these attempted to act as unions in formulating demands, their registration was cancelled. Some police officials took the view that all leaders of their fellows in any concerted action, no matter how unsupportable the conditions of work against which they protested, were "agitators." On occasions when informal discussion took place with individual members of police in positions of authority, few could be brought to see that unions encouraged and registered, with accepted leadership, could be a factor in preventing the use of unions by less desirable elements. Their negative recourse was to deny unions the right to exist. As later chapters will show, this attitude did not prevent powerful worker action. It merely deprived workers and the community alike of proper instruments for mediation and the development of experienced and acknowledged leadership.

633 466 511 In one issue where a discussion took place, the Division had to wage not one but several campaigns to preserve for the community

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was able to obtain through the Division's mediation in August 1942, a collective agreement embodying a minimum monthly pay of CRB$200 whether employees worked or not during slack months when otherwise they would not be able to earn this amount. Unions, too, were active in claiming on behalf of their members adequate discharge allowances. 467 668

It can thus be seen that labour was by no means inarticulate, nor did it necessarily await the stimulation of political groups to lend it cohesion and the power to act in concert. When impelled by a sense of economic needs, workers formulated demands which they pressed upon employers. Leaders emerged to conduct negotiations, often with considerable astuteness, and though in many cases they were almost illiterate, they were often keenly intelligent.

How was the division apprised of imminent industrial unrest? Without compulsory powers to require the submission of a dispute to mediation, it nevertheless arrived at the place where few serious disputes occurred which were not brought to it for settlement. There was a gradual building up of confidence in its fair handling of matters in dispute and one group of satisfied workers passed word to another that application to the Division for mediation would have useful results. Disputes could of course be referred by either party; but as a matter of technique the Division mediated most successfully when workers, not management, presented the request. The reason is obvious: workers may distrust a mediator whose help has been sought by an employer. The Division sometimes waited days after a case was referred by management, in the meanwhile trying through other workers whose confidence had been won, to have the workers involved in the dispute request mediation. 468 633

An obvious principle for the Division in mediation was not to break the strength of the workers. If their bargaining power were weakened, the process became not one of mediation between parties of equal strength, but a dictation of its views on the part of a stronger management. This view of the Division did not always correspond with that held by the Municipal police, who also were associated with the settlement of some disputes, usually those where violence or threat of violence had occurred. The police, whose function was primarily to preserve peace and order, 468 633 625

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[625] 468 633 tended towards the simple formula of taking the line of least resistance by requiring that workers return to work before mediation was undertaken. But workers who, having struck, went back to work, were workers weakened in their struggle. It must not be thought from this that there was any truckling to workers. The mediation officers did not hesitate to state when, in their view, the demands of labour were unreasonable. Equally the viewpoint of management was taken into account. Where it was reasonable it was supported; where it was thought there should be concessions the management was frankly told so. No pressure, however, was brought either to induce workers to resume before they were satisfied that they had obtained the best possible adjustment of their claims, or to induce management to make a settlement which it would regret.

The work of the Industrial Relations Section of the Division became partly mediating, and, as time went on, increasingly consultative. Both workers and management frequently sought advice on their situations before an open break occurred, and a final breach was more frequently avoided than not. But workers were not restrained by the Division from striking, if without the exercise of this instrument they could not obtain a just hearing for their demands. Nor was management, if workers proved unreasonable, over-persuaded not to use the weapon of lockout.

468 625 579 VIOLENCE SOMETIMES accompanied labour disputes. When workers refused to leave the plant, "sat down," or even locked up the management, then the police had to be called in. Every effort was made to avoid clashes with workers, but there were occasions when the police officer in charge believed it necessary to clear the plant. Workers then might seize any handy missile, from iron bars to bricks or garbage, with which they attempted to resist the police. In one strike early in 1941 the management permitted the men to enter the plant each morning for three days and to leave it each evening, without having done any work, in an effort to avoid the necessity for calling in the police. Meantime negotiations were attempted. When on the morning of the fourth day workers tried to enter the compound armed with iron rods, they were prevented from doing so, and the police were informed. In an ensuing melée many workers and policemen were injured, some workers fatally.

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162 1935 there were 38,915 foreign residents, of more than fifty nationalities. In 1870 at the time of the first census of the foreign population, foreign residents had numbered 1,666, and 6,774 in 1900.

Normally 1940 should have seen the taking of the quinquennial census which had been carried out regularly since the initial years 579 mentioned above. The Council, however, decided to dispense with 625 census-taking in that year. Police, with whose assistance the distribution and collection of census papers were accomplished, were preoccupied in combating serious armed terroristic activities. Moreover, Chinese members of the Shanghai Municipal Police had not completely resumed their former duties in the area of the Settlement north of Soochow Creek, in which Japanese military authorities continued to exercise military functions, and without 362 police help census-taking was not possible. Great congestion per- 162 sisted in the area south of Soochow Creek, but as a result of the destruction of many dwellings in 1937 during the fighting north of the Creek, the congestion per unit area there was less than formerly. The 1942 count of heads provided none of the usual additional information sought by a Settlement census. Hence it is necessary to rely on 1935 figures.

What was the population density in 1935? The basis of computation was the number of persons per unit area—in this case the number per acre. In the most densely populated police district, the figure was 547 per acre; a figure of more than 300 per acre obtained in nineteen police districts. A non-scientific, but for the average person a revealing, method would be to state the average numbers of persons and families per house, even though the size of the houses might vary.[3] Actually there is a certain uniformity in

[3] COMPARISONS OF CHINESE POPULATION AND HOUSE OCCUPANCY
(at five-yearly periods)

		Chinese Houses	
Year	*Chinese Population*	*Occupied*	*Unoccupied*
1935	1,120,860	74,952	6,967
1930	971,397	72,686	1,509
1925	810,279	65,474	2,357
1920	759,839	60,472	517
1915	620,401	54,083	1,856
1910	488,005	47,703	4,305
1905	452,716	44,316	1,012
1900	345,276	36,902	6,021
1895	240,995	29,851	800
1890	168,129	21,976	1,508
1885	115,170	18,513	3,064
1880	99,195	16,283	1,158

Annex "A," Subparagraph 1b, AF15
Sociological Background

HISTORICAL SETTING

I. INTRODUCTION

•631 On the basis of historical and cultural development, no valid reason existed for designating the five provinces of Shantung, Anhwei, Kiangsu, Chekiang, and Fukien as a common and distinct unit. The grouping of these five provinces as the East China Region from 1949 to 1954 by the Communist regime was an accident of recent history. When the vast territory south of the Yellow River fell suddenly into Communist hands during 1949, the victors solved the problem of administering it by placing the various field army commanders in control of the provinces their armies held. The East China Region coincided with the territory held by the Third Field Army under Ch'en I.

II. HISTORICAL AND CULTURAL DEVELOPMENT

175 A. Interaction of the Yellow River and Yangtze River Cultures

Western Shantung along the present course of the Yellow River was at the eastern extremity of the prehistoric cultures from which developed the first organized state in China -- the Shang

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618 state's jurisdiction.[5]

In gathering together all the members of the tsu for the yearly rites honoring its ancestors, this social institution served to bring the poor and uncultured into contact with, and under the influence of, the well-to-do and educated gentry. Its more accomplished members headed the clan and represented the closest approximation to the ideal of the "superior man" (chün-tzu). Meetings with such men, whose behavior was patterned by leisure and education beyond the means of the great majority of society, provided the lower classes with living models for emulation and opportunities to impress the young with the proper attitude of respect toward their social superiors.

631 5K Another institution based on the family utilized by the state was the pao-chia system. As it was constituted under the Ch'ing Dynasty (1644 to 1912) and again in the 1930's by the National Government, ten adjacent families were grouped as a p'ai, ten p'ai as a chia, and ten chia, or one thousand households, as a pao. The head of each unit was responsible for the conduct and defense of those households under him, and the head of the pao had to answer to the government for the conduct

5. On the clan see Hu Hsien-chin, The Common Descent Group in China and Its Functions (Viking Fund Publications in Anthropology, No. 10), New York, The Viking Fund, Inc., 1948.

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596 and protection of the thousand households.

D. Economic Role

596a As the definition of the term "family" infers, it was the basic economic unit of the society. Real property such as land, houses, and workshops were owned by the family rather than by individuals. When disharmony caused the breakup of a joint family, its real property was divided among the constituent conjugal families, each as a new family claiming title to the portion of property which fell to its share.

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462 The peasant, artisan, and small-merchant families were units of both production and consumption. Male family members worked together in the fields, workshops, or stores to produce the goods on which the family mainly relied for a living. Sons nearly alway followed their father's occupation and seldom left home. Women worked in the home, taking care of the children and turning out the family's clothes and shoes. Where sericulture was practiced, women managed the entire industry from the cultivation of mulberry trees to the weaving of cloth. Food and clothing were allotted each member according to his needs, as they were determined by the head of the house and permitted by the family's circumstances.

Annex "A," Subparagraph 2b,
Political Background

GOVERNMENT STRUCTURE

631 The term East China was first adopted by the Communist Party of China in 1949 when the five provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien were consolidated under the military rule of Ch'en I, one of the commanders of the four field armies. It appears that these provinces are to have a special mission in the national defense and for the first time in China's history, five provinces are grouped into a region which forms a strategic security barrier along the seacoast.

The following tabulation gives the statistics of population and area of these five provinces.

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	SHANTUNG	KIANGSU	ANHWEI	CHEKIANG	FUKIEN
Population	48,876,192	41,252,192	30,343,637	28,865,747	13,142,721
Area (square kilometers). . .	140,000	100,000	144,000	102,000	120,000

Kuang-ming Jih-pao [Enlightenment Daily], Peking, November 1, 1954, p. 1; Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1953, p. 19.

I. GOVERNMENT STRUCTURE IN THE COMMUNIST PRE-CONSTITUTION PERIOD

The beginning of Communist rule in these provinces can be dated from the Communits capture of their capitals: (1) Tsinan, capital of Shantung, Sept. 26, 1948; (2) Nanking, capital of the Nationalist Government, April 23, 1949, and Shanghai, city of Kiangsu, May 27, 1949; (3) An ch'ing (Anking), old capital of

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631 Anhwei, about April 23, 1949; (4) Hangchow, capital of Chekiang, May 3 1949; and (5) Foochow, capital of Fukien, August 17, 1949.

In the pre-Constitution period, the Chinese Communists were not certain whether a federal or a unitary system of government would be preferable For a short period they tried a system of "regional administrations." Within China proper the government of the area was called "The Military and Political Committee of the Greater Area." But Manchuria was given the name of "The People's Government of the Northeast," which -- as it seemed to the Central Government -- was inappropriate for governments of regions inside the Great Wall. The greater administrative area was another version of the Union Republic of the USSR, which the Chinese Communists wanted to transplant to China. After a two-year period of experiment, the operation of the greater area was found unsatisfactory, and Liu Shao-ch'i condemned them as "independent kingdoms."[1]

Chou En-lai's Government Administration Council passed a resolution, in November 1952, that the Committee of the Greater Area should be changed from "Military and Political Committee" to "Administrative Committee," with the status of an agent of the Central People's Government. After

1. The term "independent kingdom" appears in Liu Shao-ch'i's report to the 4th plenary session of the 7th Central Committee, February 6-10, 1954.

631 the nature and function of the Administrative Committee was changed to that of an agent, the members of the committee no longer were appointed by the Central People's Government, that is, Mao Tse-tung's Council, but were recommended by the Government Administration Council, that is, controlled by Chou En-lai. Although the Political-Legal Commission, the Financial-Economic Commission, the Cultural-Educational Commission, and the People's Control Commission within the Committee of the Greater Area were kept intact, some of the other departments of that committee became subordinate to the ministries of the Central People's Government.

On August 7, 1952, the provinces of Kiangsu and Anhwei, which had been cut into halves, Su-pei, Su-nan, Huan-pei and Huan-nan, respectively, regained their status as independent provinces. The change of the Military and Political Committee into the Administrative Committee was a sign that China, which has been a unitary state for the past two thousand years, could not be transformed into a federal state resembling the pattern of Soviet Russia.

The organization and structure of the Administrative Committee of the Greater Administrative Area is given as follows:

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• 631

The Government Administration Council

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The Administrative Committee of the Greater Administrative Area (Region)

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The Political-Legal Commission	The Financial-Economic Commission	The Cultural-Educational Commission	The People's Control Commission

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The Provincial People's Government Committees

Department of Civil Affairs
Department of Public Security
Department of National Minorities
Department of Overseas Chinese
Department of Finance
Department of People's Provincial Bank
Department of Industry and Commerce
Department of Industries
Department of Transportation
Department of Post and Telegraph
Department of Agriculture and Forestry

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[continued from previous page]

Department of Labor
Department of Education
Department of Health
Department of Information and Publication
Department of Committee for Prevention of Illiteracy

All of these departments were subordinate (1) to the Administrative Committee of the Greater Area; that is, to the Political-Legal Commission and to the other commissions; (2) to the provincial People's Government; and (3) to the ministries concerned. Such a complicated system of subordination and control tends to slow down the work of administration. What is more important is that too much power was given in the Greater Area Government Committee; in some areas officials were given free rein and misused their authority. This may be one of the causes for the purge of Kao Kang, the Governor of Manchura. Consequently, the system of the Greater Area was again revised and, at last, abolished on June 14, 1954, three months before the promulgation of the Communist Constitution.

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III. GOVERNMENT STRUCTURE BELOW THE PROVINCIAL LEVEL

0631 The following paragraphs deal with the governments below the provincial level: There are the municipal government, the county government, and the hsiang or chen government. The urban population lives in a municipality, while the county and the hsiang or chen are found in rural or semi-rural areas. However, between the provincial and the county level there is an agent of the provincial government who inspects the work of different county governments within the district.

According to Article 53 of the Communist Constitution, the country is divided into provinces, autonomous regions (for minority nationalities) and special municipalities, which in turn, are divided into autonomous chou, counties, and municipalities. The counties are further divided into hsiang. In general the province, the municipality, the county, and the hsiang are fundamental divisions. There is, as well, an administrative district which is below the province and above the county. According to Article 42 of the Organic Law of the local People's congresses and local People's councils: "The Provincial People's Council when it is found necessary, can establish Administrative District Commissioner's offices as its agents, with the approval of the State Council." This is the legal basis for dividing a whole province into administrative districts. It is more or less similar to a prefect under the Manchu Dynasty, the functions of which were to look after and to inspect the work of the government of the counties

•631 and hsiang; but it is an administrative division and has no constitutional basis; that is, it can be changed or abolished. The number and the respective names of the municipalities, counties, and administrative districts in these five provinces are given as follows:

Political Subdivisions[7]

I. One municipality under the direct control of the Central People's Government: Shanghai.

II. Five Provinces

A. Shantung Province. Capital, Tsinan.

1. Four municipalities (cities): Tsinan, Tsingtao, Yentai (Cheefoo), Lin-ch'ing.
2. One industrial and mining district under the direct control of the provincial government: Tzu-po Industrial Mining District.
3. Eleven Districts:
   a) T'ai-an (District administrative office at T'ai-an), 12 counties: T'ai-an Lai-wu, Hsin-t'ai, Tsu-yang Ssu-shui, Ning-yang, Tung-p'ing, Fei-ch'eng P'ing-yin, Ch'ang-ch'ing Li-ch'eng, Chang'ch'iu.
   b) Te-chou (District administrative office at Te-chou) one municipality: (Te-chou); 12 counties: Te, Lo-ling, Te-p'ing, Shang-ho, Chi-yang Lin-i, Ping-yuan, Yu-ch'eng, Ch'i-ho, En Wu-ch'eng, Hsia-chin.
   c) Hui-min (District administrative office at the town of Pei-chen in Pin-hsien) 15 counties: Hui-min, Yang-hsin, Wu-ti, Chan-hua Ken-li Li-chin, Pin P;u-t'ai, Kuang-jao, Po-hsing Kao-ch'ing, Ch'i-tung,

Footnotes 6 and 7. [See end of this list.] [475]

• 631 Ch'ang-shan, Huan-t'ai, Tsou-p'ing.

d) Ch'ang-wei (District administrative office at Wei-fang Municipality), one municipality: Wei-fang; 9 counties: Wei, Lin-tzu, Ch'ang-i, Ch'ang-nan, An-ch'iu, Lin-ch'ü, Ch'ang-lo, I-tu, Shou-kuang; one subdistrict: Yang-chiao-kou.

e) Lai-yang (District administrative office at Lai-yang), 10 counties: Lai-yang, Lai-hsi, Liao-lan, P'ing-tu, Yeh-nan, Yeh, Chao-yuan, Huang, P'eng-lai, Ch'i-hsia; one special subdistrict: Ch'ang-shan-tao.

f) Wen-teng (District administrative office at the town of Wen-ch'eng in K'u-lun hsien), one municipality: Wei-hai; 8 counties: Wen-teng, Yung-ch'eng, Ju-shan, Hai-yang, Fu-shan, Mu'p'ing, K'un-lun, Shih-tao.

g) Chiao-chou (District administrative office at Chiao-hsien), 9 counties: Chiao, Chi-mo, Chi-tung, Chiao-nan, Ts-ang-ma, Wu-lien, Chu-ch'eng, Kao-mi, Jih-chao.

h) Lin-i (District administrative office at Lin-i), 12 counties: Lin-i, P'ing-i, Lin-shu, T'an-ch'eng, Ts'ang-shan, Fei, I-shui, Chü, Chu-nan, I-nan, Meng-yin, I-yüan.

i) Ch-ning(District administrative office at Ch-ning), one municipality: Chi-ning; 13 counties: T'eng, Yu-t'ai, Chin-hsiang, Chia-hsiang, I, Hsueh-ch'eng, Fu-shan, Chi-ning, Tzu-yang, Ch'ü-fo, Tsou, Wen-shang, Wei-shan.

j) Ho-tse (District administrative office at Ho-tse), 10 counties: Ho-tse, Chüan-ch'eng,

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•631 Yün-ch'eng, Liang-shan, Ting-t'ao, Ts'ao Tan, Ch-eng-wu, Chü-yeh, Fu-ch'eng.

k) Liao-ch'eng (District administrative office at Liao-ch'eng), 16 counties: Liao-ch'eng, Po-p'ing, Ch'ing-p'ing, Kao-t'ang, Shih-p'ing, Tung-o, Shou-chang, Yang-ku, Fan, P'u, Ku'an-ch'ao, Hsin, Kuan, Kuan-t'ao, Lin-ch'ing, T'ang-i.

B. Kiangsu Province. Capital, Nanking.

1. Six municipalities (cities): Nanking, Hsü-chou, Wu-hsi, Su-chou (Soochow), Ch'ang-chou, Nan-t'ung.
2. Eight Districts:
   a) Chen-chiang (District administrative office at Chen-chiang Municipality), one municpality: Chen-chiang; 10 counties: Tan-t'u, Yang-chung, Tan-yang, Wu-chin, Chin-t'an, Li-yang, Kao-shun, Li-shui, Chü-yung, Chiang-ning.

   b) Yang-chou (District administrative office at Yang-chou), 2 municipalities: Yang-chou, T'ai-chou; 10 counties: Chiang-tu, Kao-yu, Pao-ying, Hsing-hua, T'ai, T'ai-hsing, Ching-chiang, I-cheng, Chiang-p'u, Liu-ho.

   c) Huai-yin (District administrative office at Ch'ing-chiang municipality), one municipality: Ch'ing-chiang, 7 counties: Huai-yin, Ssu-yang, Su-ch'ien, Shu-yang, Kuan-yün, Lien-shui, Huai-an.

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•631 d) Hsü-chou (District administrative office at Hsü-chou), one municipality: Hsin-hai-lien; 10 counties: T'ung-shan, P'i, Kan-yü, Tung-hai, Hsiao, Tang-shan, Feng, P'ei, Hsin-i, Sui-ning.

e) Yen-ch'eng (District administrative office at Yen-ch'eng-hsien), 7 counties: Yen-ch eng, Chien-hu, Fo-ning, Pin hai, She-yang, Ta-feng, Tung-t'ai.

f) Nan-t'ung (District administrative office at Nan-t'ung), 7 counties: Nan-t'ung, Ju-kao, Hai-an, Ju-tung, Hai-men, Ch'i-tung, Ch'ung-ming.

g) Sung-chiang (District administrative office at Sung-chiang-hsien), 9 counties: Sung chiang, Shang-hai, Ch'uan-sha, Nan-hui, Feng-hsien, Chin-shan, Ch'ing-p'u, Chia-ting, Pao-shan.

h) Soochow (District administrative office at Soochow) one municipality: Ch'ang-shu; 9 counties: Wu, Ch'ang-shu, T'ai-ts'ang, K'un-shan, Wu-chiang, I-hsing, Wu-hsi, Chiang-yin, Chen-tse.

C. Anhwei Province. Capital, Hofei

1. Six municipalities (cities): Hofei, Huai-nan, Wu-hu, Pang-pu, An-ch'ing Tun-ch'i.

2. Seven Districts:

a) Liu-an (District administrative office at Liu-an), 7 counties; Liu-an, Huo-ch'iu, Shou, Fei-hsi, Shu-ch'eng, Huo-shan, Chin-chai.

•631 b) Fo-yang (District administrative office at Fo-yang), 10 counties: Fo-yang, T'ai-ho, Hao Wo-yang, Meng-ch'eng, Feng-t'ai, Ying-shang, Fo-nan, Lin-ch'üan, Chieh-shou.

c) Su-hsien (District administrative office at Su-hsien), 7 counties: Su, Ling-pi, Ssu, Ssu-hung, Wu-ho, Huai-yüan, Sui-ch'i.

d) Ch'u-hsien (District administrative office at Ch'u-hsien), 9 counties: Ch'u, Lei-an, Chia-shan, Hsü-i, Ping-hui, Ch'üan-chiao, Ting-yüan, Feng-yang, Fei-tung.

e) Wu-hu (District administrative office at Wu-hu), 13 counties: Wu-hu, Han-shan, Ho, Tang-t"u, Lang-ch'i, Kuang-te, Hsuan-ch"eng, Ching, Nan-ling, Fan-ch'ang, Lu-chiang, Wu-wei, Ts'ao.

f) Hui-chou (District administrative office at Tun-ch'i), 9 counties: Hsi, Hsiu-ning, I, Ch'i-men, Shih-tai, T'ai-p'ing, Chi-ch'i, Ching-te, Ning-kuo.

g) An-ch'ing (District administrative office at An-ch'ing), 13 counties: Huai-ning, T'ung-ch'eng, Hu-tung, T'ung-ling, Ch'ing-yang, Kuei-ch'ih, Chih-te, Tung-liu, Wang-chiang, Su-sung, T'ai-hu, Ch'ien-shan, Yüeh-hsi.

D. Chekiang Province. Capital, Hangchow.

1. Seven municipalities (cities): Hang-chow, Ningpo, Wen-chou, Shao-hsing, Chia-hsing, Hu-chou, China-hua.

631 2. Four counties under the direct control of the provincial government: Hang, Hsiao-shan, Hsin-teng, Fu-yang.

3. Six districts:

a) Chia-hsing (District administrative office at Chia-hsing), 17 counties: Lin-an, Hsiao-feng, Yü-ch'ien, Wu-k'ang, Yü-hang, Ch'ang-hua, Chia-hsing, Chia-shan, P'ing-hu, Hai-yen, Hai-ning, Ch'ung-te, Te-ch'ing, T'ung-hsiang, Wu-hsing, Ch'ang-hsing, An-chi.

b) Ningpo (District administrative office at Ningpo), 13 counties: Yin, Chen-hai, Ning-hai, Feng-hua, Hsin-ch'ang, Sheng, Shang-yü, Yü-yao, Tz-u-ch'i, Shao-hsing, Lin-hai, T'ien-t'ai, San-men.

c) Wen-chou (District administrative office at Wen-chou), 17 counties: Yung-chia, Lo-ch'ing, Yü-huan, Jui-an, P'ing-yang, Wen-ch'eng, T'ai-shun, Ching-ning, Ch'ing-yuan, Lung-ch'üan, Yün-ho, Li-shui, Ch'ing-t'ien, Tung-t'ou, Huang-yai, Wen-ling, Hsien-chü; one sub-district: Haimen.

d) Ch'u-chou (District administrative office at Ch'ü-hsien), 8 counties: Ch'ü, Lung-yu, Hsuan-p'ing, Sung-yang, Hsü-ch'ang, Chiang-shan, Ch'ang-shan, K'ai-hua.

631 e) Chin-hua (District administrative office at Chin-hua), 17 counties: Chin-hua, I-wu, Chu-k'ai, Tung-yang, P'an-an, Yung-k''ang, Chin-yün, Wu-i, T'ang-ch'i, Lan-ch'i, Shou-ch'ang, Hsü-an, Shun-an, Chien-te, P'u-chiang, T'ung-lu, Fen-shui.

f) Chou-shan (District administrative office at Ting-hai), 5 counties: P'u-t'o, Tai-shan, Sheng-ssu, Hsiang-shan, Ting-hai.

E. Fukien Province. Capital, Fu-chou (Foochow).

1. Four municipalities (cities): Foochow, Amoy, Ch'uan-chou, Chang-chou.
2. Eight districts:

a) Min-hou (District administrative office at Lo-chou in Min-hou Hsien), 8 counties: Min-hou, Lien-chiang, Lo-yüan, Ch'ang-lo, P'ing-t'an, Fu-ch'ing, Yung-t'ai, Min-ch'ing.

b) Chin-chiang (District administrative office at Ch'uan-chou), 10 counties: Chin-chiang, Hui-an, Hsien-yu, P'u-t'ien, Chin-men, Nan-an, T'ung-an, An-ch'i, Yung-ch'un, Te-hua.

c) Lung-ch'i (District administrative office at Chang-chou), 10 counties: Lung-ch'i, Hua-an, Ch'ang-t'ai, Hai-ch'eng, Chang'p'u, Tung-shan, Chao-an, Yün-hsiao, P'ing-ho, Nan-ching.

d) Lung-yai (District administrative office at Lung-yai), 7 counties: Lung-

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yai, Chang-p'ing, Yung-ting, Shang-hang, Wu-p'ing, Ch'ang-ting, Lien-ch'eng.

e) Yung-an (District administrative office at Yung-an), 7 counties: Yung-an, San-yüan, Ta-t'ien, Ning-yang, Ch'ing-liu, Ning-hua, Ming-ch'i.

f) Nan-p'ing (District administrative office at Nan-p'ing), 9 counties: Nan-p'ing, Ku-t'ien, P'ing-nan, Yu-ch'i, Sha, Shun-ch'ang, Chiang-lo, T'ai-ning, Chien-ning.

g) Chien-yang (District administrative office at Chien-yang), 9 counties: Chien-yang, Shao-wu, Kuang-tse, Ch'ung-an, P'u-ch'eng, Shui-chi, Sung-ch'i, Cheng-ho, Chien-ou.

h) Fu-an (District administrative office at Fu-an), 7 counties: Fu-an, Shih-yung, Fu-ting, Hsia-p'u, Ning-te, Chou-ning, Shou-ning.

[Footnotes Nos. 6 and 7 from a previous page.]

6. Note that when the name of a Chinese county is express in a monosyllable, it is the practice to add to it the word hsien (county). For example, Pin becomes Pin-hsien. If the name is expressed in two or more syllables, it is not necessary to add hsien. In the list below, hsien has been omitted as understood.

7. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung pao, 1955, pp. 234-35.

668 of hsiang governments is the strengthening of
632 rural leadership. The principle of collective leadership was the central theme. It called for redesignation of the Committee jobs, the introduction of new administrative procedures, and the strengthening of Party leadership over other mass organizations. The old practice of concentration of power in one individual and the delegation of power to a few were declared outmoded methods.

C. The Election and the Post-Constitution Period

666 The Communists' announcement of nationwide elections in 1953 indicated the degree of confidence in their power at the basic administrative levels. However, the elections held in 1953 and 1954 served again as an instrument to liquidate opposition.

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631 abolish the village as an administrative unit and to reallocate hsiang administrations has been designated as one of the tasks involved in the establishment of Communist power in the rural area prior to the elections.[57] However, before 1953 such tasks were restricted to a few places and served to gain experience before

57. Directive of rural political works, ibid., July 9, 1952, p. 1.

these tasks were introduced in a wide area. The reallocation of ch'ü and hsiang administrative units increased the number of units and facilitated control. In some places a hsiang was redivided into two parts. A directive[58] issued in May 1953 by the Shantung Party Sub-Bureau on the reconstruction of key counties was a renewed effort of the Party to enforce the reallocation and to prepare for the nationwide election in 1954.

After the promulgation of the Communist Constitution, political power was further strengthened. The hsiang People's Congress now holds highest authority but true power remains with the hsiang People's Council. Since these two institutions have gone through the two stages of construction and consolidation, Communist power is securely entrenched in the rural areas. On the other hand, with rising peasant resistance and maladministration of Communist policies in the rural areas, the Communist have encountered many obstruction. As a result, two drastic measures were taken by the regime in 1955. One measure was to overhaul the agricultural producers' co-operatives,[59]

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58. People's Daily, May 9, 1953, p. 1.

59. "Wei-shen-ma Pi-hsü Chung-shih Nung-yeh Sheng-ch'an Ho-tso-she Ti Kung-ku Kung-tso?" ["Why Should the Work of Solidification of the Agricultural Producers' Co-operatives be Stressed?"], New China Monthly, March 1955, pp. 133-34.

668 and the other was the announcement of the first
•631 Rural Basic Level Organization Conference[60] in April 1955. The basic task of the conference was the strengthening of Party leadership in agricultural producers' co-operative organizations and the gradual collectivization of farm production.

IV. PARTY CONTROL IN THE CITIES

668 Following the course that had proved successful in the rural districts, the Communists in the cities established and consolidated their control. The Democratic Reform Movement and the Suppression-of-counter-revolutionaries Movement directed at the trade unions and at the urban population, and the violent and widespread Three-Anti and Five-Anti campaigns, directed at the Party, administration, industrial, and business circles of society in effect performed functions similar to those of the land reform in the rural areas.

However, Communist control in the city is retained through the maintenance of a set of control organizations, extending from workers' trade unions to the students' federation and reaching into every street. Following is a brief discussion of the different organizations.[61]

60. People's Daily, March 9, 1955, p. 1.
61. Ibid., January 1, 1955, p. 1.

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634 Each county can also be divided into distric to which agents are sent with the approval of the provincial People's council. The same procedure can be applied to a municipality, which has need of agents to look after the administration of each street.

The nature and function of local government from the municipality down to the county and hsiang level, has changed radically since the beginning of the Communist regime. Popular organizations make it possible to keep the individual under closer surveillance than was possible in the past.

Under the early Republic and Kuomintang, a county was run by a single person called the magistrate, at times assisted by a few department heads of his own choosing. Now, the county People council, according to the Communist Constitution, consists of a head, a deputy-head, and from twenty one to thirty-one members and ten heads of administrative departments, namely, (1) civil affairs, (2) public security, (3) finance (4) grain, (5) taxes (6) industry and commerce, (7) agriculture and forestry, (8) transportation, (9) culture and education, and (10) health; with others to be added when necessary.

632 634 A hsiang council can have a head, a deputy head, three to thirteen members and also four to five department heads.

The People's congress on a county or a hsian level exercises the same functions as the provincial congress, which is covered by Article 58 of the Constitution: (1) to insure the observance and execution of laws and decrees; (2) to draw up plans for local economic and cultural development and for

632 public works; (3) to examine and approve local
634 budgets and financial reports; (4) to protect public property; (5) to maintain public order; (6) to safeguard the rights of citizens and the equal rights of national minorities.

Article 59 of the Communist Constitution stipulates that the congress elects and is empower to recall the members of the government on the corresponding level.

The difference between the number of depart ments in a county and that in a municipality, which is directly under the central government and divid into districts, lies in the fact that the latter can have three more departments -- one for judicial administration, a second for control, and a third for planning; whereas a county and a municipality under provincial control and divided into districts, can have four more departments -- one for producers' co-operatives, one for control of industry and commerce, one for reconstruction, and one for labor.

Besides, the above-mentioned administrative departments there are voluntary organizations, such as the CPC, the peasants' associations, the militia, the New Democratic Youth Corps, the All-China Federation of Democratic Women, an associ ation for the representatives sent to the congresses the inhabitants' association, and many others -- a tota of forty organizations. The number of people who work as staff members in these organizations can, in some places, reach an aggregate of 500.

633 It is evident that all of these territorial and administrative organizations and voluntary associations strive to work out a means by which the inhabitants can be observed by the government and the Communist Party.

632 B. Communist Rule in A Rural District -- Yung-ho Hsiang

The following description of the Yung-ho hsiang government in the county of Hsin-teng, Chekiang Province, appeared in a Shanghai paper. It may have been written for the purpose of propaganda, but it does explain how a hsiang government is supposed to operate.

In the Yung-ho hsiang there is a population of 1,883 persons living in 525 families, classified into eight families of rich peasants, twelve families of small merchants, twenty-two families of craftsmen, and the remainder classed as peasant families. The Communist Party has a party branch in this hsiang, with a membership of nine, a youth branch of 68, a peasant's association, a Federation of Democratic Women, three agricultural producers' co-operatives, and thirty-three year-round mutual-aid teams; 95 per cent of all the peasants are included in the three co-operatives and the thirty-three teams.

When the work of "democratic reconstruction" was set in motion, the election procedure took place within all the organizations and teams. The whole population elected 92 delegates to the hsiang congress, among whom were one teacher, one craftsman, one merchant, and one rich peasant; the remainder were peasants. Twenty

632 per cent of the delegates were women. The Yung-ho Hsiang Congress elected Wen-chin-ytian as as head, Lou Ch'uan-fa as deputy head, and thirteen members to the council. The work of the council is divided among: (1) Mutual Aids and Co-operatives, (2) Conciliation, (3) Relief, (4) Culture and Education, (5) Health, (6) Security and Defense, (7) Militia, (8) Irrigation, (9) Forestry, (10) Finance and Grain, (11) Census.

Several hundred proposals were made by the delegates to the hsiang congress, but they were finally reduced to the following categories: twelve proposals related to production; twenty related to irrigation; eighteen related to forestry; seven related to culture and education; three related to public safety; three related to taxes on rural products; two related to transportation; one related to health; one related to relief; ten general proposals; and twenty-four related to the party cadre.

The congress also passed resolutions in which the tasks for the next year were indicated as (1) increase of production for the year 1953, (2) increase of winter crops, (3) extension of word-study (reading), (4) co-operation with the government for the suppression of the Taoist Association, (5) forestry, (6) extension of consumers' co-operatives and (7) health.[9]

The above descriptions emphasize organization of the people, enlisting them in the services

9. Chieh Fang Jih-pao [Liberation Daily]. Shanghai, Decmeber 11, 1952.

632 of associations and watching their activities, provides instruments of regimentation which see into every corner and oversee all details.

642 In conclusion, it may be said, that, although the Chinese Communists are intent upon carrying out the work of "democratic reconstruction," they are also making use of constitutional machinery, democratic institutions, and other voluntary associations in order to gain popular support for the purpose of building a broad foundation for the complete monopolization of power. It should be noticed that, before the promulgation of the Constitution, two or three years were spent in the political education of the people in order to increase their interest in polling and registration and parliamentary procedure; only then was the Chinese Communist Constitution put into effect. Regardless of the real motive of the Chinese Communists, it must be admitted that they have created a new era in the history of Chinese constitutional government.

668 too many meetings. Too many jobs and too many meetings resulted in inefficiency and demoralization. It was necessary for the Communists to begin Party rectification and work for the consolidation of the power centers in the rural districts.

Directives issued by the East China Military and Political Committee at the end of the Land Reform Movement prescribed the key tasks for rural work.[54] The theme was the increase of agricultural production through the organization of mutual teams and agricultural producers' co-operatives. This task was assigned to the Party and hsiang government and consequently made possible the transfer of political power from the Peasant's Association to Party and government agencies. This transfer was evidenced in the overhauling of Party units and mass organizations operating in the rural district, the convening of ch'ü and hsiang People's representative conferences and the strengthening of the hsiang government. The overhauling of Party units and mass organization was necessary because on these bases depended the transfer of power from the Peasant's Association to the Party and hsiang government.

668 632 The convening of ch'ü and hsiang government People's representative conferences had

54. Liberation Daily, July 9, 1952, p. 1.

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668 been an important task, because the control of
632 the conference by the Party ensured the election of hsiang governments. Such as task was at first limited to a few localities. The experience gained was helpful in other areas. However, in Shantung, the progress was better, due largely to the early conclusion of land reform.

The convening of hsiang People's representative conferences involved the holding of peasant representative conferences and the election of hsiang governments. As of July 1951, some 37 per cent (4,865) of the hsiang governments in Shantung Province had undergone the process of consolidation.[55] At the Second East China Civil Affairs Conference[56] in July 1952, some 2,147 representative conferences were held and 17,128 hsiang governments had been established (34.2 per cent of the total). The newly established hsiang governments were reorganized to include the several commissions on co-operatives, public security, finance and food, culture and education, militia, mediation, relief and irrigation, and forestry.

Equally important to the reorganization

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55. Ibid., July 25, 1951, p. 6.
56. Ibid., July 9, 1952, p. 1.

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57. Directive of rural political works, ibid., July 9, 1952, p. 1.

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A. Communist Rule in a Municipality-- Shanghai

• 633 A study of the municipality of Shanghai, which is the most important city in China, will make clear the Communist way of governing the urban population. The government of Shanghai consists of a mayor, five elected deputy-mayors, 44 members of the People's council, and a People's congress consisting of 737 delegates. a maximum number never surpassed by any provincial congress. This is the main structure of the executive and deliberative branch of the municipality of Shanghai. The area of Shanghai is then divided into thirty districts or wards, in each of which are established departments of civil affairs, of industry and commerce, of education and culture, of health, and of secretariat work; at times, another department for construction and production work is added. Each of the districts has an average population of 225,856 persons, but in a suburban ward the population may be reduced to 81,014 persons. In the P'eng-lai district, where the densest population is found there is a population of 381,563. The division into wards took place in 1949 when the population of Shanghai was 5,127,280. The Chinese Communists went into such detail that in each of Shanghai's 11,185 streets, a street committee was established whose work was divided into six departments: (1) Health, (2) Education and Culture, (3) Social Welfare (4) Conciliation, (5) Security and Defense, and (6) Relief. The voluntary associations in this instance are: (1) Resist-America Aid-Korean Branch Association, (2) Joint Association of Commerce and Industry, (3) Democratic Youth Association, (4) Students' Union, (5) the Federation of Democratic Women, and (6) the Housewife League[8]

8. Ch'ün-mo Luan-wu Ti Shang-hai-shih [Shanghai Where the Demons Dance in Confusion], Taipei, 6th Section, Nat'list Party, 1954, pp. 5-8.

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668 633 The Urban Inhabitants' Committee is organized with the stated aim of contributing to the welfare of the residents. The basic unit is a family residing in or sharing a house with others, and a committee administers the affairs of from 100-600 families. An attempt was made to organize urban inhabitants in the 6,008 alleys in Shanghai in the winter of 1950. The committee organization was not widely established until 1951. As of June 1954, some 1,852 committees and 36,000 teams had been organized.

The Urban Street Office is the representative of the city government and acts as a liaison between the government and the street. In fact, the office serves to check and impose rules upon the residents. Its jurisdiction parallels that established for the Public Security Sub-Station, thus enforcing a doublecheck among the residents. The Public Security Sub-Station is responsible, in the main, for the maintenance of public order and the suppression of counter-revolutionary activity.

668 The Mediation Committee is a "mass" organization, established both in the city and in the village. Its function is to mediate disputes, propagandize government statutes, and exercise "judicial" power in the village and street for misdemeanors uncovered by the Peoples' tribunals. Although the committee acts as a third party in a dispute, it must not be overlooked that the committee represents

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Politics and Population

The Political Status of the City

648 In its physical aspect and in its economic organization, Shanghai was, and remains, largely Western. Foreigners governed most of the city. Yet the soil remained Chinese, and the legal or treaty powers of the foreigners were limited.[1]

The terms of the Treaty of Nanking in 1842 (between China and Great Britain at the close of the Anglo-Chinese war of 1840–1842*), which opened Shanghai, Ningpo, Foochow, Amoy and Canton to foreign trade, did not deal with the conditions of administration at the ports, and these were left to be negotiated separately. At Shanghai, negotiations in 1843 with the local Chinese officials established the right of foreigners to lease land within a small area set apart for the purpose outside the walls of the existing Chinese city. China remained sovereign at least in theory over the whole of Shanghai, and in effect delegated certain rights and powers to foreigners. The area of the foreign leaseholds was expanded by successive agreements with the local Chinese officials until it covered the greater part of the conurbation which developed at Shanghai, exclusive of the original walled city, but the administrative powers of the foreign government of this area remained tenuous.

633 The Shanghai Municipal Council, the chief organ of the foreign government at Shanghai, had the responsibility, granted by agreement with the Chinese officials, of maintaining order within the International Settlement, and this was taken to include policing and the maintenance of public works such as roads, drains, lighting, and later water, gas and electric services as these were developed. Powers of taxation, however, remained an unsolved issue until as late as

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* Similar treaties were quickly negotiated by the other European powers and by the United States. See below, Chapter Five.

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633 651 1899, when it was finally agreed (largely as a result of diplomatic pressure) that no Chinese taxes could be collected within the foreign settlements except maritime customs dues (administered by an organ of the Chinese Government staffed by foreigners and Chinese) and the land tax (since the land remained Chinese property), while the Shanghai Municipal Council was free to tax both foreign and Chinese residents of the Settlement.

648 701 Neither the Shanghai Municipal Council nor the foreign consuls at Shanghai were ever legally empowered to hinder the passage of Chinese troops through the foreign settlements, although Chinese troops were successfully excluded by *force majeure* and diplomatic bluff from the time of the first threat to the foreign settlements at the so-called Battle of Muddy Flat in 1853.* However, all of the Western powers having treaty relations with China claimed the right to land their own troops in the Settlements for the protection of the property and lives of their citizens. While this right was never formally enunciated in any treaty or agreement, it was practised on numerous occasions when troops landed from foreign warships in the harbor joined the Shanghai Volunteer Corps in defending the Settlement. The foreign settlements were never invaded by a hostile force (although bombs and shells landed there in 1932 and 1937), nor occupied by Chinese troops, from 1853, when the Volunteer Corps was formed, until Japan's assault on China engulfed all of the city after Pearl Harbor in 1941.

648 692 The most important right of the foreigners at Shanghai was extraterritoriality, which placed citizens of all powers having most-favoured-nation agreements with China under the jurisdiction of their own national laws wherever they went within China. This principle was first enunciated in the Treaty of Wang Hsia between China and the United States in 1843, and the law was in practice administered to foreigners by their own consular courts. Extraterritoriality gave the foreigners advantages in business and in security of person and property; at Shanghai it was the only solid legal basis

* An incident in the Taiping Rebellion (1850–1864), when Shanghai was for long periods surrounded by rebel or imperial forces. On this occasion, the foreign residents of the city, aided by crews from their ships in the harbor, cleared out a large encampment of imperial troops which had been established within the Settlement boundaries. See F. L. Pott, *A Short History of Shanghai* (1928).

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of real significance for the existence of the city as a foreign enclave. 648
(All special rights of foreigners in China, including extraterritorial- 692
ity, were renounced by the treaty powers in 1944. Shanghai is now governed as a single unit by the Communist administration.)

The practice at many other treaty ports in China differed. At 648
some, outright territorial concessions were made to each important 651
foreign trading power; at others, the Chinese authorities established 439
"international settlements" where foreigners might purchase land; at others, as at Shanghai, certain areas were reserved for foreign leasing (and later foreign purchase), with title deeds issued by the Chinese Government. Altogether, more than forty such treaty ports were established in China (some of them in fact inland centers far removed from navigable waterways), and administrative practice differed widely among them. The one common feature of all the treaty ports was that goods entering the "port" were exempted from all further taxation on their domestic movement by the payment of one inclusive tax. This provision was intended primarily to expedite the foreign trade of the treaty ports, but it also acted to encourage the movement of domestic trade through these cities with the streamlined tax system as compared with the multiplicity of local taxes which otherwise interrupted the movement of goods within China.

At Shanghai, there were three independent political units (map 633
3). First, the original Chinese city, to which were added, as the city grew after its opening to foreign trade, areas of predominantly Chinese occupancy outside the limits of the foreign settlements. This Chinese area was governed by the local Chinese county authorities until 1928, when the Nationalist Government established the Municipality of Greater Shanghai (map 5), a new administrative unit covering all of Shanghai outside the foreign settlements, responsible directly to Nanking and independent of local authorities. (It totalled 320 square miles, most of which remained open rural country outside the conurbation.) Second, the so-called International Settlement, which had originally been British and which was opened to all foreigners in 1854. This was the largest and most populous single political unit within the conurbation, and it included the city's commercial core, most of its manufacturing, and most of its shipping frontage. Third, the French Settlement, usually miscalled the "French

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633 Concession," which was, like the originally British and later International Settlement, merely an area which by written agreement with the local Chinese authorities was set apart for the leasing and later for the purchase of land by French nationals. It was largely residential, and was governed by a Municipal Council in the same way and with the same powers as the International Settlement under the Shanghai Municipal Council. The population of both foreign settlements was overwhelmingly Chinese.*

362 One peripheral matter may be mentioned here in brief since it is a common difficulty in all great cities and since Shanghai's solution of
361 it has been somewhat unusual. This is the problem of conveniently located space for suburban residential occupance. The development of large-scale manufacturing came relatively late in Shanghai, and was not a primary factor in the city's economy until about the first decade of the twentieth century. Most of the city's industrial area (map 3) has been occupied since that time, and while most of the Chinese industrial workers lived in the area of the factories (many of which were supplied with workers' dormitories on the premises), there was a growing need for conveniently located housing in residential suburbs for higher-income Chinese and foreigners engaged in the expanding economic activity of the city. A combination of circumstances had left such an area near to the city's commercial core only sparsely occupied until about the end of the first world war. This was the major part of the French Settlement, behind its narrow river frontage.

The last and largest addition to the French Settlement was made as late as 1914, and it covers substantially the area which had become residential by the 1920's. The French Settlement had not expanded earlier in this direction for a variety of reasons. In common with their practice in other colonial areas, the French had favored their own nationals in the granting and registering of title deeds to land in their Settlement. (Registry was managed through the French consul.) The choice sites went to French merchants, and most of the other foreigners took their business elsewhere, while the volume of French business alone was not sufficient to produce adequate grounds for territorial expansion. The French Settlement was further

* Wherever Shanghai is named here, it refers to the conurbation as a whole.

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454 investment in industry. The political independence of the foreign settlements was a key factor in all of this, as well as in the development in the city of banking, exchange, and an international money market, all profiting from financial enterprises by no means limited to the city's trade and industry but conducted under the advantages of foreign law and of free circulation of foreign and Chinese currencies.

● 633 441 Trade, industry, and finance thus were given an original impetus and were helped to maintain their mutual and cumulative effect of attraction by Shanghai's political status. Location has, however, been the predominant factor in the growth of the city at every period, and distinguished Shanghai from other treaty ports which, with the same economic opportunity derived from their political status, were rapidly outdistanced by Shanghai. Hong Kong's location was equally favorable at the start (before north China and the Yangtze valley were opened to foreign trade) and the city had the further early advantage of insularity, where full British sovereignty gave to trade the security an entrepôt requires. If political status were the primary factor, Hong Kong would have displaced all its rivals. Hong Kong's trade is still second only to Shanghai's, but following the usual pattern, as commercial development proceeded in the wake of treaties opening new ports and granting new rights to foreigners, a mainland site became increasingly advantageous. At the same time, the center of trade shifted inevitably to its natural focus in the Yangtze basin after the collapse of the artificial Canton system.

A vigorous controversy among foreign and Chinese businessmen in Shanghai over the economic importance of the city's political status was touched off in 1931. The Shanghai Municipal Council (at that time composed of five British, two American, two Japanese, and five Chinese members), had for a decade received increasingly explicit requests from the Shanghai Chinese and from the national government to consider means of returning to China full sovereign rights over the entire city, including the abandonment of extraterritoriality. In 1930 the Council invited the Hon. Mr. Richard Feetham, a judge of the supreme court of the Union of South Africa, to appraise the situation as an impartial investigator and to make detailed recom-

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mendations "with a view to assisting them in formulating some constructive plan for the future of the Foreign Settlement which, while giving full consideration to the aspirations of the Chinese people will at the same time afford reasonably adequate protection to the great commercial and business interests which have been developed in Shanghai."[1]

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In the course of his investigations, Justice Feetham consulted virtually every prominent foreign businessman and business organization, including those which had been demanding the rendition of foreigners' special rights, legal and territorial. Justice Feetham asked these individuals and organizations to give their several opinions on "the nature and extent of the business interests concentrated in Shanghai, particularly in the foreign Settlement, and the main causes which have led to such concentration."[2] Whether or not Feetham intended this as a leading question, the replies from foreigners were almost unanimous in stressing that the political status of the foreign settlements had been the only factor of importance in the growth of the city.

Their argument, as far as it went, was convincing. They pointed out that trade and investment could prosper only under orderly conditions, and that the security offered to business by the foreign settlements was not only physical but legal, embodied in courts of law free from political interference and upholding the sacredness of contract. They neglected to point out that the law, originally administered to each national group by its own consular officials who were often themselves members of the business community as well, and later for the larger national groups by specially appointed judges from the home country, was frequently read to the particular advantage of each national group, at the expense of other foreigners and of their Chinese competitors or customers. There was nevertheless protection, by the due process which obtained, against seizure of property, extortion, excessive taxation, illegal practices, and other phenomena common in contemporary China, where military requisitions, arbitrary government regulations, dues and fines, official and unofficial "squeeze," and wholesale expropriation were the daily risks of the businessman.

Even the Chinese enterprises outside the settlements profited

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from the special rights of foreigners by sharing the protection of foreign ships and troops against threatened occupation of these areas by Chinese forces in times of civil disorder or rebellion. Under Chinese control, the foreigners argued, public utilities would quickly deteriorate, and illegal and disastrous business operations would disrupt commerce and industry. The enormous investment in land within the settlements, legally protected by deeds and free from expropriation, was a prominent source of new capital for investment in the city's expanding economy. Title deeds to real estate in the settlements, registered with the foreign consuls, were important as security for loans to both foreign ano Chinese entrepreneurs. Foreigners cited the gradual drop in interest rates in the Settlements since 1843, a healthy condition for business, and attributed it to the security attendant on foreign political control, comparing it with interest rates elsewhere in China often exceeding 50 per cent per annum. Some of the statements from foreigners cited "the superior geographic location of Nanking" (an assertion which they did not substantiate and which hardly can be upheld), arguing that it was nevertheless "backward" solely because it lacked the advantages of security on which Shanghai had grown.

There were two dissenting voices among the foreigners. Germany had lost her special rights in China, including extraterritoriality, in 1915, and the statement of the German Chamber of Commerce[3] gave first importance to geographic location in the rise of Shanghai, taking the view that its political status had been a minor factor. "In our opinion, the geographical situation is the vital point . . . The position of Shanghai as a commercial centre greatly depends on the situation in the interior." Most of the city's imports are transshipped to the interior, and most of its exports originate there. This trade is "not protected by Shanghai's special administration, still there is an ever-increasing total of trade figures, a phenomenon which evidently is not entirely due to the status of Shanghai."[4] It was natural that the German businessmen should prefer to see the special treaty advantages of the other foreign merchants removed, but the recovery of German trade at Shanghai after 1919, despite the handicap of dealing on equal terms with the Chinese,

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was quick, and by 1930 it amounted to a larger percentage of the business of Western nationals than it had in 1913.[5]

Professor C. F. Remer, a noted student of Chinese economic problems then on the faculty of St. John's University in Shanghai, contributed the only impartial and certainly the best informed opinion on the questions raised by Justice Feetham.[6] He allowed the early importance of political (and thus economic) security in favouring the concentration of capital and commerce in Shanghai, "but it does not follow that the abolition of extraterritoriality would destroy Shanghai as a financial center. China's trade would still be financed. The degree of difficulty would depend on the Chinese government regime, and here the Chinese bankers, merchants, and industrialists would exert great influence." Emphasizing that China appreciated the geographic advantages and importance of Shanghai and would not let them lapse, he pointed out that "what would go primarily would be the present free opportunities for foreign investment and foreign financial operations, and possibly the concentration of silver and specie in the Settlement, which would limit speculation and general financial operations, but not necessarily seriously. Financial dislocation could easily be avoided by intelligent Sino-Foreign cooperation, and China's financial center would remain at Shanghai."

Statements from Chinese civic and business organizations ranged from polite Chinese phrases claiming that "the problem is too intricate for an immediate or complete answer" to outright demands for the immediate rendition by the foreigners of all special rights. Most of them played down the importance of political and economic security in the growth of the city, or maintained that it could adequately be provided under full Chinese sovereignty, and all of them stressed the natural advantages of Shanghai as the key factor. Justice Feetham's final recommendations were that immediate rendition would be fatal to the economic life of the city, and that although it must come eventually in order to satisfy Chinese national aspirations, it should be delayed until the rule of law and constitutional government was accepted in China.[7] This was of course a conveniently ambiguous phrase, and no provisions were made for determining when the conditions had been met. It remains to be

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633 441 seen how the surrender of special privileges in China by all of the nations having treaty relations with China (completed by 1944), and the full sovereignty of the national government of China over the whole of Shanghai will affect the economic development of the city.

Jealous of their threatened treaty rights, which undoubtedly gave them as foreigners an advantage in business and investments over the Chinese, the foreign business community of Shanghai overstated the importance of the political factor in the rise of the city, especially by implying that the special status of the Settlements and their foreign residents worked equally to the interests of Chinese and foreigners. Primarily, they failed to evaluate correctly the locational factors which, once the Yangtze basin was opened to foreign trade by treaty agreements, played the predominant role in the growth of modern Shanghai. A city of this order of magnitude and volume of trade could not have and did not develop anywhere else in China, and this condition was in large part responsible for the mushroom growth of Shanghai as the one dominant commercial center for most of the country.

The security provided by foreign control was an important stimulus to economic development at a critical time, during the early years of the foreign settlements when capital began to concentrate there. In this respect it had the effect of a protective tariff for the infant Western-type economy born into a strange land. Once this economy had matured and acquired its own momentum (based increasingly on Chinese participation according to Western economic methods), the tariff was characteristically retained although it was no longer necessary to the healthy functioning of the economy and now operated merely to protect special sectors (in this case the foreign businessmen), which could continue to operate on a non-competitive basis. It is not necessary to deny that removal of the tariff would cripple "special interests" to maintain that the net effect of removal on the overall functioning and prosperity of the economy would be slight.

633 441 177 A new group of Chinese businessmen had learned Western commercial methods from their intercourse with foreigners in the treaty ports. Shanghai was the leading school, and by the turn of

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the century, foreigners in business there were in general limited to the heads of firms and their executive assistants. Chinese were responsible in the foreign firms for the bulk of buying and selling and for the essential groundwork of financing in addition to maintaining their own trading firms. Private Chinese entrepreneurs took a prominent part in the growth of industry in the city after 1895, and modern Chinese banks modeled on Western methods rivaled the foreign banks after 1900 as the leading Shanghai financial institutions. Strong foreign, especially Japanese, competition, profiting from treaty advantages, was more responsible than Chinese lack of experience or ability for the fact that the Chinese did not dominate the originally foreign economic life of the city more completely than they did. Chinese capital for investment was a problem, but it was increasingly being produced by Shanghai's own economy, and capital could be borrowed abroad without requiring foreign control over its investment.

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It could be argued that while Chinese methods in business and industry were in many cases different from those of the West, they were better adjusted to the particular conditions of the Chinese economy and society and if given free competitive opportunity would be at least equally successful.* In any case, it could not be assumed that if left in sole control of the complex economy of Shanghai which they had helped to build, the Chinese would allow it to run down to any significant extent. Conscious planning to relocate industry is another matter.

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The prolonged controversy leading up to Justice Feetham's investigations included a special number of the *China Weekly Review* in 1926 devoted to "Greater Shanghai" in which the following argument for rendition appeared: "Shanghai would have been a great city had there never been a foreigner in the place. It would continue to be a great city even if the foreigners should vacate their modern buildings and go home."[8] While the first sentence is an overstatement of the case, the second sentence is undoubtedly accurate.

* Carl Crow, *Four Hundred Million Customers* (1937), and *Foreign Devils in the Flowery Kingdom* (1940), an American businessman of nearly thirty years' experience in Shanghai, tends to take this view.

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AUTHOR'S PREFACE TO THE SHANGHAI EDITION

000 The role of authorities in the control of factors influencing the life and livelihood of any community has become more significant with each passing decade since the commencement of the Industrial Revolution. Periods of national emergency or wars place on governing bodies greater responsibilities for evolving methods of control which will offer safeguards to, and preserve as far as possible, the livelihood of a nation. The restoration of peace may not lessen, but may even enhance the necessity for official concern with these questions.

Whatever the future of Shanghai, it will always have a large industrial population for whose well-being the authorities must have concern. Some analysis, therefore, brief though it may be, of the industrial and social situation in the International Settlement in Shanghai, and the efforts of authorities to meet the problems presented, should be of some advantage in evolving a programme for the future welfare of its industrial population.

The question is sometimes asked whether progress in improving industrial conditions in the Shanghai areas under foreign administration has significance for China as a whole. It has been my experience that ideas spread rapidly among factory owners, and that they are willing to try new procedures. If, therefore, in Shanghai, educational or administrative means can produce improvement in the working conditions, and particularly if it becomes apparent that these better conditions "pay," it is certain that their influence will spread. In one respect Shanghai's significance for the rest of China lies in the long start which it has had industrially over other parts of the country. It is a treasure trove of skilled workmen. These, to be sure, are not qualified technicians in the sense familiar in Western countries, since there has been a lack of technical training facilities. Yet there are thousands of men who are skilled in the operation of machinery, and this skill requires both time and the opportunity of working in machine shops to acquire it. For the China of the future, for the real industrial China which must emerge, they constitute a national resource which should be developed.

121 633 This monograph has been written at the request of the Institute of Pacific Relations from the experience of creating for the Shanghai Municipal Council an administrative instrument which has functioned in the industrial and social field since 1933. The Council has lacked

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specific powers to evolve a comprehensive legislative instrument to regulate industrial conditions, enforce minimum wages, require compulsory mediation and arbitration in industrial disputes and deal with many other social issues. This limitation has not prevented the creation of a trained staff which collects accurate information for use in wage adjustments, mediates industrial disputes when requested, provides general advisory and consulting services as well as trained personnel to inspect industrial enterprises, and tries to obtain better physical conditions of work.

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The present monograph, after a brief survey of the jurisdictional issues, indicates the existing problems and describes the plans which have evolved within the limitations of constitutional power and financial support to improve industrial conditions in the International Settlement of Shanghai. This study is essentially a record of material, much of it published for the first time, summarising administrative policy, giving background for the efforts and outlining unsolved problems. Though official in the sense that it describes official action, it is not an official document; it is personal in that it has been my privilege to attempt to find the solution to these problems. For facts and opinions expressed herein, I, as the author, am solely responsible.

ELEANOR M. HINDER

Shanghai
October 1, 1941.

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CHAPTER I

THE BACKGROUND

648 On October 10, 1942, the governments of Great Britain and the United States announced the relinquishment of their extra-territorial rights in China. The announcement was fittingly made on the "Double Ten Day," the tenth day of the tenth month, anniversary of the founding of the Chinese Republic in 1911. It brought to an end a century of special privileges for citizens of the two countries concerned, and heralded the passing of concessions and settlements. Among these was the International Settlement in Shanghai, where, indeed, at the moment of the announcement, Japanese military exercised actual control. The intention was nevertheless clear that, when the invader had been expelled, the actual government and not only the theoretical sovereignty of the International Settlement in Shanghai would pass into the hands of the Chinese Government.

648 633 The complex administrative composition of the Shanghai which existed in the decade 1933-1942 to which the efforts described in this monograph refer, was well known to students of Far Eastern problems. From 1927 onwards three distinct political administrations exercised jurisdiction over three well-defined areas. The Shanghai Municipal Council, dating from 1845, ruled over the International Settlement, an area of some 8.94 square miles, slightly more than half of which lay north of Soochow Creek and the remainder to the south of it. The French Municipal Council functioned in the French Concession, an area of 3.95 square miles to the south of the International Settlement. Two districts, one west and one north of the Settlement, were known as the Extra-Settlement Roads areas, where the Shanghai Municipal Council owned the roads by right of purchase under treaty provisions, and permitted enfranchised public utilities to use them for transportation and other services, but where the enclaves between the roads 648 were Chinese-administered. Some changes occurred after the out- 633 break of Sino-Japanese hostilities in 1937 when Japanese military 722

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648 exercised certain controls in the area of the Settlement north of
633 the Soochow Creek. The Western Extra-Settlement Roads area
722 passed in 1942 completely into the control of the Chinese City Government.

The governing body of the International Settlement was the
648 Shanghai Municipal Council, of international membership. From
633 1930, soon after Chinese members first took seats on the Council, until 1941, it consisted of 14 members. Nine foreign members were elected by foreign ratepayers, and the general convention of its composition—five British, two American and two Japanese members—was observed. Five Chinese members were chosen by representative Chinese organisations. The allocation of seats in no way satisfied Japanese aspirations, and on several occasions they sought to increase their representation. In April 1941 a change was made which gave three seats each to British, American and Japanese members, and widened the basis of representation to include one German, one Dutch and one Swiss member. Four seats were allocated to Chinese members. The newly constituted Council proved a success. It pursued vigorous policies and faced many issues, the solution of which political impotence had previously made impossible. Functions formerly exercised by a ratepayers' meeting passed into the hands of the Council.

The administration of the French Concession was under a French Municipal Council appointed by the Consul-General for France. The Chinese City Government was presided over by a Mayor, appointed by the Chinese Government. The Chinese-administered area in Shanghai was a "special municipality," under direct control of the National Government of China, not of the province of Kiangsu in which it was situated.

648 Chinese citizens resident in the two foreign-administered areas
633 were subject to Chinese Courts presided over by officials appointed
692 by the Chinese Government. After the withdrawal of the Chinese Government to Chungking in 1938, the judges of the First Special
722 District Court (in the International Settlement) and of the Second Special District Court (in the French Concession) remained unchanged for a time. In 1940 the Japanese-influenced Nanking Chinese Government obtained control over the Second Special District Court. Chungking-appointed judges were replaced in the First Special District Court when Japanese military occupied the

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International Settlement after the outbreak of Pacific hostilities in December 1941. Under the extra-territorial system foreign residents were subject to the laws of their own country and tried in consular courts. Russia relinquished her rights in 1924; Germany and Austria lost theirs in the war 1914-18.

On December 8, 1941 when Japan attacked Great Britain and the United States, the Shanghai Municipal Council agreed to carry on its functions in the interest of the civilian population. At the close of the year, however, the resignations of American, British and Dutch members of the Council were requested. The British chairman was replaced by a Japanese chairman. In the eyes of the Japanese authorities the agreement reached earlier in the year as to the composition of the Council remained in force, but was considered suspended. The places of resigning members were not filled. The Council carried on with four Chinese, three Japanese, one German and one Swiss member. The international character of the Council was technically preserved.

The free exercise of authority by the Council was, however, restricted. During the first eight months of Japanese occupation more than 80 senior British police were replaced by Japanese, and Japanese came to occupy also the ranking posts in the Secretariat, in the Public Health Department and in the Industrial and Social Division. No major question could be decided by the Council without reference to the Japanese authorities, and, further, the Council was given instructions by the Japanese which it had to carry out. In short, while pursuing its normal municipal functions unhampered, it began to be an instrument of Japanese occupying forces.

It is clear that in a city whose administrative controls have been so divided there would be complications in the carrying out of the most elementary administrative tasks. For many years the dominant feature of Shanghai was its administrative disunity. The absence of plenary powers on the part of the Settlement at any rate created peculiar difficulties in dealing with problems inherent in large cities.

The authority of the Shanghai Municipal Council derived from the Land Regulations drawn up in 1854 and from Byelaws attached thereto. Later alterations did something to widen initial provisions,

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648 but until the occupation of the Settlement by Japanese forces in
633 1941, this document, the Settlement's constitution as it were, remained practically unchanged. Any change in Byelaws required the consent of a special meeting of ratepayers with a stipulated quorum of the Consular Body in Shanghai, of the Diplomatic Body. Changes in the Land Regulations required approval of the Chinese Government. A Chinese Government which resented the existence of areas alienated from its control refused to contribute to the perpetuation of foreign administration by agreeing to changes in Land Regulations. Thus for several decades prior to 1941 the Council had to proceed under an archaic set of constitutional powers. It possessed no specific power to deal with labour and social issues. After the occupation of the Settlement by Japanese
722 forces and the consequent coming under Japanese direction of the
633 whole Council administration, pseudo-changes in the Land Regula-
648 tions were considered. No final information is available on this matter, but presumably the form would be gone through of submitting them to a Council which was under Japanese influence, to a compliant Consular and Diplomatic Body consisting of Axis and neutral representatives, and to the Japanese-sponsored Chinese Government in Nanking, whose consent to changes could, it is assumed, be obtained. By this procedure a semblance of legality would be sought. Whether legally obtained or not, the Nanking-staffed First Special District Court in Shanghai would apply byelaws derived from newly assumed basic powers in the Land Regulations.

The Organic Law Governing Municipalities promulgated by the Chinese Government in 1930 by comparison granted wide powers to municipalities created by that Government. In particular, Sub-section 5, Article 8 of this Law gave to municipalities the power to administer and bureaucratically to enforce provisions relating to labour.

633 Possibly because of the lack of enabling byelaws, but possibly
364 also because concern with industrial and social issues came late in
744 China itself, the Council's consideration of certain types of social
[625] problems was late also. It was natural that the first municipal emphases historically were logically on the maintenance of public order through police services; on the provision of public health services in a country where modern ideas of sanitation have lagged

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and where virulent disease is endemic; on the development of highways, sewerage and drainage systems; and, through franchises, on the supply of public utility services. Thirty years ago, however, it became evident that Shanghai was coming to be an important manufacturing city, and that a large industrial population would arise, brought to the city from rural areas by the hope of securing employment. The necessity, therefore, for concern with the social problems everywhere associated with a large industrial populace grew more urgent with the years.

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In the 1920's first efforts were made by the Shanghai Municipal Council to regulate industrial conditions with the attempt, in 1925, to obtain passage of a byelaw which would limit the age of commencement of work for young people to 10, rising later to 12 years.[1] Until April 1941 the limitations on the Council's powers necessitated the summoning of a special meeting of ratepayers (voters) to alter or to add to any byelaw which might permit the Council to exert authority, provided it were not incompatible with the Land Regulations. Two special meetings of the ratepayers in 1925 lacked the necessary quorum of voters. The byelaw could not be passed.

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Chinese residents in the Settlement subordinating social to patriotic motives opposed the proposed byelaw, for they did not desire the extension of the Council's powers into realms not specifically provided for in the Land Regulations and existing Byelaws. The year 1925 antedated the rise of the Chinese National Government which was to show a lively concern in labour matters, and at that time the Peking Government took only a perfunctory interest in the regulation of industrial conditions. On political grounds even socially minded Chinese leaders in the Settlement opposed the Council's assumption of control over labour conditions, notwithstanding that the issue was a humane one of preventing the exploitation of children. Although under the Land Regulations, attendance and voting at ratepayers' meetings were prerogatives of foreign (i.e. non-Chinese) ratepayers, this Chinese point of view was nonetheless forcefully made known in the Chinese press which has always freely criticised the Settlement administra-

[1] "Toward the Regulation of Child Labour," *Bulletin No. 1.* Joint Committee of Shanghai Women's Organisations, 1926.

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633 tion. Foreign voters were not willing to force a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition. Following the failure to secure the proposed byelaw, the Council decided that, until the Chinese authorities themselves moved to regulate conditions of industrial employment, it would make no further attempt to concern itself with these issues. Larger forces, however, were at work. While the Settlement authorities were
665 attempting to limit the work of children, the Kuomintang, the National People's Party of China, met in Canton and adopted a much more extensive platform of social measures. In the late summer of 1926 the Kuomintang army began its march northward from Kwangtung Province and, by March 1927, had entered Nanking, which was to be the capital of the National Government for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

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claimed the right to "inspect factories in the Settlement," aiming, however, at eventual control of all questions relating to labour in Settlement enterprises. The Council, on the other hand, held the view that, because of fundamental differences in systems of administration of law, the operation of officers of the Chinese Government in the International Settlement was not acceptable.[2] The fear was also entertained that, should regulation of industrial conditions be introduced into, and thoroughly enforced in, the Settlement, unequal competition would result with enterprises outside the Settlement where, it was felt, enforcement would be less complete. On August 1, 1931, when the formal statement of the Chinese Government declaring the Factory Act in force was published, there appeared also a statement by the Shanghai Municipal Council endorsing the principles of industrial regulation and indicating its intention of working toward safe and healthful working conditions. The outbreak of Sino-Japanese hostilities in January 1932 postponed the consideration of means to implement this general statement of principle until 1933, when it was decided to employ the Council's licensing powers to gain the desired ends.

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In 1933, a special meeting of ratepayers was again convened, this time to change the general licensing byelaw (Byelaw 34)[3] to include industrial undertakings among the enterprises which the Council might license and hence regulate and inspect. This time the approval of the ratepayers, and subsequently of the Consular Body in Shanghai and of the Diplomatic Body in Peking, was secured by the Council. It then felt it had a constitutional right to license factories and, by this means, to enforce certain conditions. The Chinese view was still that such a byelaw was beyond the Council's powers under the Land Regulations.

The Chinese authorities in the metropolitan areas outside the two foreign-administered areas, having strengthened their position in the five years since the establishment of their municipal government, by now known as the Shanghai City Government, registered their protest at the passage of the amendment to the byelaw. In the eyes of the City Government the International Settlement was the "First Special District" and the French Concession the "Second

[2] "Regulation of Industrial Conditions," *Annual Report*, Shanghai Municipal Council, 1933.

[3] *Land Regulations of the Foreign Settlement of Shanghai*, Shanghai Municipal Council.

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471 Special District," areas temporarily beyond, but ultimately to be
648 restored to, its own jurisdiction. The claim was made that only the
633 City Government could regulate Settlement industrial conditions,
466 by enforcing the Factory Law of the Chinese National Government.

An event of importance to the whole problem of law enforce-
648 ment was the Court Rendition Agreement of 1930[4] between the
633 Council and the local Chinese authorities, which provided for the
692 return to complete Chinese control of the Provisional Court exer-
471 cising jurisdiction over Chinese citizens of the Settlement and over those residents belonging to nations without extra-territorial rights. From the 1911 Revolution until 1927 there had been a Mixed Court under foreign influence, expressed in part by the sitting of foreign assessors with the Chinese judges in the hearing of cases. Between 1927 and 1930 a Provisional Court functioned, giving place in 1930 to the Shanghai First Special District Court, completely under the direction of the Ministry of Judicial Administration of the Chinese Government. The new agreement provided that the Court should exercise jurisdiction over cases brought in by the Municipal Police of the International Settlement and arising out of infractions of all duly enacted laws of the Chinese Government, together with cases arising from breaches of municipal bye-laws. In limiting the laws which the Court would apply to those duly enacted by the Chinese Government, the agreement excluded the application of regulations promulgated by the various Chinese ministries.

648 Since the labour laws referred to above in each case state that
633 the competent authority is the municipal government in munici-
692 palities and the *hsien* (or county) government in *hsiens*, and since
466 the enforcing municipal authority in Shanghai recognised by the Chinese Government was the Chinese municipal authority, it was logical for the Court owing allegiance to the Chinese authorities to refuse to try a case brought in by a Shanghai Municipal Council organ under any of the labour laws.[5] In the eyes of the Court the

[4] *Municipal Gazette of the Foreign Settlement of Shanghai*, 1930 volume.

[5] All possible means of using the Court as an instrument of enforcement under laws other than labour laws were explored. In 1939 seven workers were burned to death when an apprentice spilled inflammable thinner over a charcoal stove which the owner of the factory had been specifically instructed by Council officials to remove from the workroom. The Municipal Advocate advised that no case would lie under Article 276 of the Chinese Criminal Code which prescribes a five-year

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Council was not a competent authority within the meaning of the Chinese Government acts. 648 633

The matter was still further complicated by the fact that many owners of industrial enterprises in the Settlement enjoyed extra-territorial rights. While Chinese legalists argued that extra-territorial rights were of the person and not of the undertaking, in practice Chinese law could not be applied against foreign enterprises owned by those with these rights. At the same time the authorities of the countries with extra-territorial rights held in general that the labour codes of their respective countries did not apply in their Shanghai courts.[6] 692 466 471

sentence or heavy fines for negligence causing the death of others by neglecting the degree of care required in an occupation. The proximate agent only is held liable by the Chinese Courts, and in this case he, in the person of the apprentice, was dead. A case was, however, instituted under Article 33 of the Law Governing Penalties for Police Offences, which prescribes detention or fine for one who "undertakes any work or business contrary to mandate or regulations." Judgment was obtained against the factory owner. When, however, later cases were instituted against other factory owners failing to carry out instructions, the cases were dismissed.

[6] Two cases were heard in the United States Court for China in which application of American law was involved. In the first, in 1936, the widow of a linesman brought an action for damages against an American company for alleged negligence on the part of the company which resulted in death by electrocution of her husband. The case was dismissed. In his judgment the Judge stated that cases similar to the one in question were now rare in the United States because of the almost universal adoption of Workmen's Compensation Acts. Counsel for the plaintiff suggested the novel possibility of the Compensation Act of the District of Columbia being applicable. This, the Judge stated, required study. But he expressed the view that "it may not be impossible, even in this difficult jurisdiction, through reasonable construction and elimination of unsuitable portions to preserve the substance of the law in some fair and workable system which would be welcomed by both employers and employees."

A second case arose later in the same year. A non-American employee of an American corporation slipped on the floor of the employer's premises sustaining an injury for which damages were sought in a common law action based on the theory of negligence. The plaintiff contended that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in this action from maintaining the defences of contributory negligence and assumption of risk. The defendant contended that the District of Columbia Workmen's Compensation Act was not applicable in the Shanghai jurisdiction on the grounds of inherent unsuitability.

The Court ruled that the literal compliance with the District of Columbia Compensation Act would be impossible in the Shanghai jurisdiction, but expressed its belief that the principle of the law of the United States should not be ignored. The judgment referred to the "congressional will manifest in the passage of the District of Columbia Compensation Act" and believed that the "Court might award remedies to injured employees consistent with the spirit and objectives of federal legislation."

Judgment was entered for the plaintiff in the sum of US $1,200.

The Court later temporarily withdrew its Opinion pending further study. It was later restored, and the amount of the award to the plaintiff increased to US $2,200.

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How was such a complicated situation to be dealt with? How could a way be found to improve industrial conditions through administrative action? Fortunately the personal relations between the officers of the Chinese City Government and those of the Shanghai Municipal Council were cordial, despite official differences in viewpoint. The Council welcomed the suggestion of the Shanghai City Government that negotiations should be undertaken to discover if a solution could be found to the impasse. Communications on the subject actually began prior to the special meeting of the ratepayers in 1933, and discussions were continued actively immediately after the alteration to the licensing byelaw which had been approved by the Shanghai Consular Body, and before it had received the approval of the Diplomatic Body in Peking. The licensing power, though it had been obtained, was not immediately invoked. It was felt that its use at the time would probably have brought to a head resistance on the part of Chinese industrialists and others. Moreover, if by negotiation a method might be found by which the requirements of the Chinese Government's Factory Act could gradually be applied in the Chinese Courts against citizens of nations amenable to these Courts, and through some other procedure to those of other countries, the status of the national law would be upheld: it would not be replaced by local regulations. A more comprehensive instrument than license was felt to be desirable.

Conversations extended over four months in 1933, but no agreement was reached. In 1934 the Director of the Shanghai Branch Office of the International Labour Office attempted to use his good offices to find a way out of the deadlock, laying useful foundations. Chinese Government delegates to the International Labour Conference in Geneva in 1934 and 1935 raised the question of a solution to the jurisdictional difficulty in Shanghai. Subsequently, the Director of the International Labour Office in Geneva met with government representatives of Great Britain, the United States, Japan, France and Italy, who agreed to discuss the problem with their governments.

Between 1935 and the outbreak of the Sino-Japanese hostilities in 1937, negotiations between the Shanghai Municipal Council and the Shanghai City Government continued. At one point it appeared that a *modus operandi* had been reached, whereby the Council,

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under authority delegated by the Chinese authorities, agreed to apply in the Settlement those portions of the Factory Act which were enforced in Chinese territory. The Consular Body, however, fearing that such an agreement would imply the partial abrogation of extra-territorial privileges, stated that it could be made applicable only to industrial interests within the Settlement which were subject to Chinese jurisdiction—i.e. to foreign residents without extra-territorial rights, and to Chinese. In that case, the Consular Body held, there would be no objection to a clause stating that the Council would, with the consent of the authorities concerned, apply a similar inspection procedure to all other factories by means of the powers vested in the Council by the Land Regulations.[7] No real progress had been made in the negotiations by the autumn of 1937 when, as a result of Sino-Japanese hostilities, the City Government ceased to function and its personnel withdrew from Shanghai.

WHILE THE FRONT STAGE had been given over to negotiations, the Bureau of Social Affairs of the City Government and the Industrial Section, the organ of the Council which had been created to deal with the regulation of industrial conditions, had not been idle. The Bureau had exercised a considerable influence within the Settlement even prior to the 1933 licensing byelaw amendment, and it continued to do so. Its officials did not inspect industrial premises, but they were active in mediating industrial disputes which were frequent and often bitter. Even foreign owners of industrial enterprises, who were most vocal in insisting that inspection of factories should remain in the hands of the Shanghai Municipal Council, in the absence of facilities provided by the Council to assist them in the settlement of industrial disputes yielded to the force of organised labour and in some cases gladly accepted the offer of mediation by officials of the Bureau of Social Affairs. Furthermore, the Bureau established a Statistical Section, which began to collect basic information concerning wages and hours of work, and instituted an intensive study of the cost and standard of living of Chinese workers inside and outside the Settlement. This programme finally produced cost of living index figures which were to play an important part in the adjustment of workers'

[7] *Municipal Gazette of the Foreign Settlement of Shanghai*, August 1936.

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earnings in the period of inflation following the 1937 hostilities. The Council's Industrial Section worked steadily at improving health and safety in the Settlement's industrial enterprises. In its desire that nothing should interfere with a possible agreement with the Chinese authorities, it did not, prior to 1937, compete in the mediation of disputes but remained in the less controversial field of hygiene and safety promotion. The concentration of factories and workshops within an area of some nine square miles placed them within easy reach of inspection and made transport a much less difficult problem than was the case for the Chinese authorities, in whose extensive territory factories were widely scattered. While the frequent use of dwelling houses as factories and workshops in the Settlement limited the improvements which could be made, there was a general rise in standards between 1933 and 1937.[8] Trade by trade, a steady drive improved machine safety, safety in the use of pressure vessels, provisions for industrial hygiene, and general working conditions. Relying only on the general authority of the Council and on reason and good will, the Industrial Section used educational means to induce employers to take steps toward factory improvement. The Court could not be invoked, but considerable success was nonetheless achieved.

WITH THE OUTBREAK of Sino-Japanese hostilities in 1937, all industrial enterprises in the Settlement closed. In the western district Chinese and non-Japanese foreign-owned undertakings re-opened shortly after. Those in the eastern district, which was held by the Japanese Naval Landing Party, were in the area of heaviest fighting where blocks of Chinese-owned undertakings were destroyed. Five months after the hostilities had commenced, foreign-owned plants were found to be "islands in a sea of destroyed Chinese enterprise." Comparatively few foreign factories suffered much injury, but they remained closed until the spring of 1938. By the end of 1938 all foreign-owned and many smaller Chinese-owned plants in the eastern district had been re-occupied. Larger Chinese-owned plants were operated by Japanese occupiers. Although Japanese offers of restitution to legal owners with the object of co-operation in their management were made, there was little response by Chinese.

[8] See Chapter III.

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A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

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466 and Industrial Division to secure improved industrial conditions.
471 Two contrary tendencies were observed. Owners of destroyed enter-
178 prises, previously operating either in the eastern district of the
Settlement or in provincial cities, in many cases showed a dis-
● 633 position to take advantage of new construction to erect better and
648 more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

[9] See Chapter III.
[10] See Chapter IX.

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection.

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

When pacific hostilities developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to

[11] In subsequent pages frequently referred to simply as the "Division."

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to secure a better arrangement. Indeed, many employees of foreign firms taken over by the Japanese had to accept, under threat, allowances considerably short of this scale. 471 723 [466]

Thus very soon after the commencement of the Pacific hostilities, the former bustling industrial Shanghai died. The air, once polluted with the smoke of countless chimneys, cleared miraculously. Streets formerly grimed with coal dust became strangely clean. But these were improvements which boded ill for the people's livelihood. To the streets instead came to die many who could not find food or shelter.

Little detailed information is available as to conditions in Shanghai after August 1942. But the social problems of the city are substantially the same whether there is Japanese direction of the former administration or not. The Division will probably be forced during the period of isolation from the outside world, and through the proposed pseudo-changes in the Land Regulations referred to above, to use the Japanese-instructed Nanking Government Courts in enforcement. This may have one useful effect, that of removing those dangers of inequity and lack of evenhanded justice which exist when every factory engaged in the same trade is not subject to the same official scrutiny on the basis of clear regulations. The work of the Division in the last decade has shown that specific formal authority is not essential for useful achievement. The power of accurate facts has been very great. The appeal to reason has not been without result. While industrial conditions at the close of the decade were in many cases still thoroughly bad, within the limits of authority and capacity a not inconsiderable progress had been made prior to December 1941, laying the foundations of improvement in the lives and livelihood of workers in Shanghai. 633 648

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CHAPTER II

SIGNIFICANCE OF THE BACKGROUND FACTORS

633 648 THE GENERAL ATTITUDE of the Chinese residents towards the international but foreign administration in the Settlement was a basic factor which had to be taken into consideration in the efforts to create a municipal instrument designed to achieve social progress. No patriotic Chinese citizen could approve a situation in which part of his country was alienated from the direction of the Chinese government, notwithstanding its prosperity and progressiveness in peaceful times, and however useful the existence of such areas had proved to the Chinese people in times of distress and civil disturbance. Until 1926 the membership of the Shanghai Municipal Council had been entirely non-Chinese: in that year Chinese councillors were chosen, taking their seats in 1928. In 1930 the number was increased to five. For those accepting seats to agree to associate themselves with the foreign administration, and for Chinese civic organizations to elect such members, meant a compromise with their national feelings, though this was perhaps tempered by satisfaction that the ranks had been opened to them. Though they had chosen to reside in the International Settlement in Shanghai it could be said of no large number of Chinese that they had any warm attachment to the administration which controlled it.

633 648 664 208 Relationships between the people and an administration are not a matter of remote and academic attitudes. They are the everyday contacts between the people and the employees of the administration at the level where the people live. They are the relations between the people and the individual members of the police force, with the health inspectors, with the building inspectors and so on. The majority of Shanghai municipal posts carrying responsibility were filled by foreign members of staff, chiefly of British nationality though with a sprinkling of Continental European, American and Japanese staff. In 1930, after one of the periodical staff surveys, it was accepted in principle that qualified Chinese would be ap-

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pointed in greater numbers to senior positions. This decision was 633
somewhat slowly implemented. When the Japanese occupation of 648
the Settlement took place in December 1941 there were in the gen- 664
eral Council service still comparatively few Chinese of specialist 208
training. The total Chinese staff was nevertheless much larger than the foreign, comprising many in clerical grades and in lower police ranks. The majority of the Council's staff were men of high professional achievement and sterling character. This did not preclude the currency in the community of criticisms against municipal employees. It could be said also that there were residents who were ready to escape compliance with the requirements if they could.

Such attitudes toward the administration and its staff did not make easy the beginnings of a Division which found it essential to obtain the confidence of the people. Moreover, as the preceding chapter shows, the actual issue as to whether the Shanghai Municipal Council should exercise any controls over industrial enterprises and so over labour in the Settlement, was a political one over which feelings ran high. To the more or less passive resistance on the part of sections of the Chinese community to the foreign administration was added a specific resistance in the concern of the Council with Chinese labour matters, a reaction which was national and emotional in origin and was kept up by propaganda means.

The Chinese population in the International Settlement enjoyed complete freedom of expression. This freedom was exercised particularly in criticism of the Settlement administration. Through powerful newspapers and through a Chinese Ratepayers' Association a constant pressure was maintained on the administration, and this was by no means unaffected by it. It has therefore to be realised that a potent influence was exercised by the Chinese population thus vocal and free.

Important, too, when the creation of a Division with social aims 633
was under way, was the attitude of the Chinese residents toward 648
the social situation, as well as that of the Council. There was a general acceptance on the part of both of prevailing poverty. The Council's acquiescence sprang from the traditional interpretation of its responsibilities imposed in the charter of administration, the Land Regulations. It was argued, not without logic though perhaps at the expense of imagination, that the limited revenues available

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633 648 under the prescribed tax sources provided only for the furnishing of the bare elements of civic amenities such as peace, order and liberty and that there were insufficient funds to indulge in social welfare schemes and in the field of economic and social relief. The Council tended to balk at the idea of a small economic and social Utopia while surrounding areas remained immersed in poverty. But Chinese civic associations equally ignored the fundamental social situation. They were more concerned at the time with achieving political victories than with making social progress. Reluctance to venture into the field of China's economic ills was characteristic of Chinese Councillors as well as American, British and Japanese. Chinese Councillors were frequently men prominent in charitable work, some devoting virtually their whole time to organisations and institutions for relief. Yet few gave evidence of recognition of the possibility of attempting through municipal agency to make fundamental approaches, to do anything about the load of debt which burdened almost every family, or to ask themselves whether the wages paid by industry of whatever national ownership were high enough.

633 466 WHEN THE COUNCIL, urged to do so by the political nature of the issue of the regulation of industrial conditions in the Settlement, decided to make a first appointment to its staff, it did not appear to be clearly seized of the exact nature or scope of the responsibilities on which it had embarked. It was generally accepted as the simplest course that the first emphasis should be on improving conditions of hygiene and safety in factories. No machinery in the shape of a special committee of the Council was set up to be the means of obtaining deliberation of the scope of the work, or to define the particular social problems which should be faced. This omission was later in practice found to have been useful. To attempt to have discussion of questions and arrive at a policy and programme, a method which would be considered to be most natural and useful in most circumstances, was found under the circumstances not the most suitable approach. Instead, those to whom the opportunity came to develop the work realised, after some initial mistakes in technique, that it would be necessary to work as quietly and unobtrusively as possible, taking advantage of this situation

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here, avoiding making a mistake there, trying certain steps without 633
instruction,—and hoping they would succeed. If they did, they 466
could be gently reported in a monthly or annual report. If they were part of an adopted and printed report, the policy involved in these steps might be considered as not forbidden, and hence to be further acted upon. In the ten years of its existence the Council evidently found it preferable and expedient not to instruct or design the Division's development.

Several functions of the Division of considerable importance 633
were thus developed. Work in relation to mediation of industrial 466
disputes, to be described in detail in a later chapter,[1] was begun 625
without specific authority and instruction. Yet it was brought to a stage when it could exercise a considerable influence over livelihood, and where no major dispute occurred which was not mediated by the Division. In this particular instance, a quiet procedure was used because of the general position the Municipal police held. The police had been long established. To them, disputes were potential civil disturbances. They had for many years been the arbiters of strikes: but they had no conviction such as the Division held concerning the right of workers to collective action. Their province was more properly that of preserving the peace than removing potential causes of its breach. The method employed was, therefore, to use existing members of the Division staff to make experiments in mediation; when a dispute occurred to call on management to seek information as to its view of the dispute, to seek contact with workers and suggest that services in mediation by the Division's fair handling might be useful. It did not take more than a few months for a reputation to be built up among workers in a few enterprises. These, in turn, informed other workers, who, when they were involved in a dispute, called on the Division seeking its assistance. Similarly, employers for their part came to appreciate the services offered. Within a year its place was fully established. The confidence which was engendered proved the most potent influence in success. Because of the Division's greater specific knowledge of conditions of work and of understanding of the psychology of workers, the day came when the police recognised that their object of preserving the peace in industrial disputes could be served by inviting the mediatory services of

[1] Chapter VI.

[1] [Industrial Division of the Shanghai Municipal Council -- Analyst]

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633 466 625 the Division. It is doubtful if this success would have been achieved if the substantial power of the police had been challenged by raising the question of a social approach to industrial disputes. Nor is it likely that a Council accustomed to listening to police warnings of possible civil disturbances if such and such a policy were instituted, would have upheld the views of a new social service against police objection. Instead, gradual successful practice of mediation at length established the theory of the appropriateness of the acquired mediation functions and the principle on which they rested.

633 466 625 467 It is admitted that in thus avoiding an open raising of issues the Division lost that chance for educative work which the democratic process would have given, in seeking, despite probable failure, to establish recognition of the theoretical as well as the practical validity of the social aims pursued. But when discussion might have meant inaction, it was better to forfeit it. It was never politic to raise formally with the police, with any chance of success, a proposal that labour unions should be encouraged, the view which the Division held. From 1937 onward Municipal Police required the registration of all organisations. They reserved the right to refuse to register those whose actions in their opinion would not help to maintain public peace. They refused to register labour unions. They permitted the registration of "mutual aid" groups with common occupational interests, but if these attempted to act as unions in formulating demands, their registration was cancelled. Some police officials took the view that all leaders of their fellows in any concerted action, no matter how unsupportable the conditions of work against which they protested, were "agitators." On occasions when informal discussion took place with individual members of police in positions of authority, few could be brought to see that unions encouraged and registered, with accepted leadership, could be a factor in preventing the use of unions by less desirable elements. Their negative recourse was to deny unions the right to exist. As later chapters will show, this attitude did not prevent powerful worker action. It merely deprived workers and the community alike of proper instruments for mediation and the development of experienced and acknowledged leadership.

633 466 511 In one issue where a discussion took place, the Division had to wage not one but several campaigns to preserve for the community

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the right to know what the situation actually was with regard to 633
the rising cost of living. After Japanese occupation of the environs 466
of Shanghai in 1937, the Council financed the work of producing 511
cost of living statistics begun by the former Chinese City Government. Again quietly and without raising an issue, the Division's figures concerning costs of living of Chinese workers were sent for publication in the *Municipal Gazette,* these statistics appearing monthly from October 1938. Early in 1940, when living costs had begun to rise steeply, and when workers were clamouring for wage adjustments, some operators of larger industrial plants addressed the Council asking that publication of these figures be discontinued. They were "misleading," it was argued, and the cause of unrest among workers. The argument to show the "misleading" nature of the figures was that they could not be correct, because if they were, workers would not be able to live as they did. The fact of the eternal load of debt on most working-class families was incompletely recognised, and met with the objection, "who would lend to workers unable to repay even their old debts?" Continuance of the publication of the figures was, however, ordered, after long discussion in the Council chamber. The Council showed its ability to see the social significance of the statistics. In 1941 the publication of cost of living figures was again challenged, but again was ordered to be continued. In 1942, after Japanese occu- 633
pation of the Settlement, and the institution of a new currency 466
which the Japanese hoped would hide the continuously rising liv- 511
ing costs, a further effort, led this time by Japanese, was made to 722
cut off from the people any accurate information as to the economic situation. Once again the Division succeeded in maintaining publication of the indices even during Japanese occupation.

THE CREATION OF a qualified, devoted Chinese staff was from the 633
beginning considered to be essential and the pivot on which every- 466
thing else would depend. Experienced, wise Chinese men and women with close understanding of problems and with a devotion to people, were sought and challenged to submit themselves to possible misunderstanding of their more nationally minded compatriots by entering the Council's employment. If such persons could be induced to use an administration they did not personally

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favour for the sake of its service to their own people, it was felt something might be accomplished.

First appointments were very carefully made. A Chinese engineer, who had "had his hands dirty," had worked in machine shops himself and had skills with machine tools, who had worked side by side with workers and could in a very real sense speak their dialect, was a first choice. A second was a Chinese woman graduate of a well-known Chinese women's college and of an American school of social work of national reputation. She had not hesitated, after her return from America, to take a post considered very humble in China as matron in a factory dormitory, in order that she might from this vantage point grapple with conditions of work in the factory. A foreign member of the staff was later to become internationally famous as the moving spirit in the development of Chinese Industrial Co-operatives in "Free China." He knew Chinese life intimately in Shanghai, and in the years 1933-38 materially contributed to betterment of conditions and converted many younger Chinese engineers to his outlook. These were early choices: they proved right.

A staff of four members in 1934 had, by 1943, grown to one of fifty-five. Only four of these were foreign, one being Japanese. Of five most important posts, four were filled by Chinese. From the beginning it was decided to create a staff almost entirely Chinese, though as previously noted in other Council departments most senior posts were filled by foreigners. The step was logical, seeing that the new Division was to deal with social issues, the life and livelihood of the Chinese people. Furthermore, the effort was successfully made to secure (with the exception of a small statutory differential between the remuneration of all foreign and Chinese staff based on the view that foreign staff members had commitments abroad) that Chinese and foreign members of the staff in the new Division be equally graded and receive equal remuneration. And again the aim was that there would be no differential between the emoluments of men and women members of staff doing work of equal importance, though this habit held in other Council departments. This intention also was successfully carried out, though sometimes in the face of opposition of those who failed to see why a qualified woman should receive the same grade and pay as a man.

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These principles were the expression of the spirit with which the work was begun and carried through: that Chinese and foreign members of staff were equal partners in a high adventure. There was a real comradeship based on mutual respect for the capacity and the motives of each individual of whatever nationality. The especially fine minds and wise judgment of Chinese colleagues, steadily creating their own work in their own fields, found appreciation among the foreign staff; the generous sharing of experience and the friendship of British, Austrian, Danish and Japanese staff members with their Chinese colleagues was equally welcomed. In short, a comradeship, consciously aimed at and greatly desired in advance in the early years of the Division's life, was achieved. 466 633 177

As members of the staff were sent out to make initial contacts with factory owners in the early years they had one instruction: to make friends. In the absence of powers of entry, with the possibility that they would be refused, nothing could be done unless they could make themselves wanted. To a large extent the staff succeeded. As time went on and contacts widened, the Division staff earned an enviable reputation for knowledge in their field, so that they were welcomed on this account as well as personally. Moreover, the absence of power to enforce court action has some compensations. Staff members knew that on themselves alone and on the vigour they were able to bring to their work depended their success. Unless a factory owner could be convinced of the reasonableness and rightness of the request made, the possibility of obtaining compliance was remote. And, further, the lack of power to hale into a Court meant that it was seldom considered worthwhile by an employer to offer to suborn a member of the staff so as to escape the necessity of carrying out his requirements. The total effect of these factors was to give to the Division staff a satisfactory status in the community and a useful relationship with the majority of Chinese employers. 466 633 471

Foreign employers reacted somewhat differently to the Division's efforts. For the most part physical conditions were considerably better in British, American, German and Japanese plants than in Chinese-owned enterprises. In consequence in the efforts to achieve safety and better hygiene, less had to be done in foreign enterprises. Many western employers had the same attitude to "government

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466 interference" as employers in their home countries had entertained
633 decades before. Both western and Japanese employers knew that
471 no specific power lay in the hands of the Council to enforce standards. But in general they, too, welcomed the Division staff, submitted with good grace to suggestions for improvement, and carried out the recommendations made. Japanese employers were punctilious in installing safety devices suggested. They were not unwilling to meet Japanese standards in safety and hygiene generally. But neither Japanese nor Western nor Chinese employers were ready to consider modifications of hours of work, or rest days, matters in which—especially in the textile industry—reform was greatly needed.

In the absence of enforcement powers it was sometimes necessary to use something more than sweet reasonableness. A Chinese member of staff would report inability to secure compliance from a Chinese factory owner. Then the device of sending a foreign member would be resorted to. Or a foreign member would report he could do nothing with a certain Chinese owner: and the device of "changing the record," sending a Chinese voice, would be used. Or a man member of staff would fail; and then the eloquence of a Chinese woman, to which no mere Chinese man can stand up, would be used. Or again, failing to achieve success by talking on the premises of the industrialist where he was at home, he would be invited to the office of the Division, and, strangely, would most frequently comply. Then the staff, being in turn at home and hence with a psychological advantage, would urge its point of view. In most cases and by the use of one or other device, success was recorded. It cannot be denied, of course, that this was achieved at the expense of much effort, much waste effort, which the possession of ordinary powers of enforcement would have made unnecessary. It is thought, however, that more education was done through the means that had to be adopted than would otherwise have been the case. The one basic principle was belief that always there was *some* way in which a situation could be bettered.

466 Events during the decade in which the work described in this
633 monograph took place induced a certain change in general attitudes. When, in 1940, it was decided to set up a regular Council committee to be concerned with the Division's work, a Councillor

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in commending the progress made stated that the Division had brought the Council into close touch with the people and with their problems and had thereby performed a great service. For, as subsequent chapters will show, the steady rise in the cost of living from 1938 onwards, and the necessity of a continued concern with the supply of the people's rice, had stirred into action a Council previously more remote from general social issues. In their own businesses, whether commercial or industrial, Chinese and foreign Councillors who were employers were beset with the claims of their employees that their earnings be adjusted to meet rising living costs. In their own homes they faced the problem intimately with their own servants. Aloofness faded before the new difficulties in every-day life. Employer and employee, master and servant alike, had difficulty in maintaining even a shadow of the former standards of living, particularly after December 1941, and this common adversity begot a better general understanding of what livelihood for the Chinese worker in Shanghai meant.

Political, economic, psychological factors had their play and interplay in the decade when the Division sought first to function. Let us now examine some of the issues it faced in greater detail.

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scribed later[3] applied equally and similarly to the small industrial enterprises, since these were housed in dwellings which were the homes of workers and others. Some enterprises were so small that they occupied only one room of what originally was a four-room house, the remaining rooms being the homes of families or other small workshops.

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Conditions of this kind present authorities with almost insuperable problems in securing safer and more healthful conditions of work. Even if there had been unassailable instruments by which the proper departments of the Shanghai Municipal Council could have instituted court proceedings to enforce reasonable standards, the actual attainment of better industrial conditions would have been extremely difficult. When, as was often the case, enterprises were without sufficient space in which to install machine guards, lacking all sanitary equipment, with so little capital that the cost of improvements of any kind was prohibitive,[4] then the responsible authorities were confronted with this dilemma: is it better to permit employers to carry on unbelievably small or badly operated enterprises, endangering the life and health of those who work for them, employing them grievously long hours for very small remuneration, or should the authorities insist upon the closing down of such ventures because they cannot conform to even the most elementary standards of safety and hygiene? Frequently Council officials had grimly to suppress their feelings of sympathy when the existence of a completely insupportable situation, in which the lives of many were being risked, forced them to insist on the abandonment of an enterprise. Saving lives by closing dangerous trades meant destroying a source of meagre livelihood—a bitter decision.

For the first several years of its existence the Industrial Division's sole concern was with physical conditions in industry. Since there was no legal instrument of enforcement, reliance had to be placed largely on the tact of first-class personnel whose educa-

[3] See Chapter VII.

[4] Though individual plants may have had small capital resources, there was capital in the city. There were individualistic tendencies, however, which resulted in many small undertakings being opened with poor working conditions, comparatively costly working, inducing the use of child labour and frequently ending in suicide for the enterprise.

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tional and moral influence could induce employers to remedy unsatisfactory situations.[5] It is to the credit of those who worked in the early days that, undismayed by the size and difficulty of the task, going daily into back alleyways where very bad conditions existed, they attacked the worst of these and frequently eliminated possibilities of almost certain death by the changes which they were able to secure. Taking industry by industry, as opportunity presented, efforts were made to remove the most obvious dangers associated with their operation.

Less than two months after the first official was appointed by the Council to deal with industrial conditions, there occurred the worst industrial tragedy in the history of the city. On February 21, 1933, an explosion followed by a fire in a rubber shoe factory caused the deaths of 81 persons, 76 women and five men. The cause of the explosion was not definitely established. In all probability it occurred in a vulcanizer in which rubber shoes were "cured." Gasoline fumes driven off by the heat probably reached a potentially explosive degree of concentration, and a spark was perhaps supplied by the dropping of a steel frame inside the steel shell of the vulcanizer. There is still the possibility that the explosion was caused through faulty electrical installation in the dipping room, where rubber shoes were covered with a varnishing mixture containing a high percentage of gasoline. Here also a suitable concentration of gasoline fumes in the air could have produced an explosive mixture. In any case an explosion and fire occurred. Working at benches in the room immediately above the vulcanizing room were some 250 women, also using gasoline as a solvent and thus in an atmosphere charged with fumes. The fire spread with such rapidity that they were unable to escape, and the wooden floor on which they worked collapsed shortly into the inferno below.

This tragedy drew attention to general conditions in the rubber shoe industry which had grown swiftly in the preceding years. In 1933 there were 26 rubber shoe factories, all of them using gasoline freely without even the most elementary precautions. Some were grossly overcrowded and unable to provide adequate exits for the hundreds of women working on the shoe-forming process. Though without the legal power to do so, Industrial Division officials

[5] See Chapter II.

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633 through sheer insistence succeeded in closing six factories where it
466 was found impossible to effect improvement. The remaining
295 twenty were radically reformed. Among transformations which had made the whole industry reasonably safe by 1937 were the isolation of processes where gasoline was used, so that if a fire were to occur in one place it might not spread; the installation of proper electrical fittings for fume atmospheres; the inspection by qualified engineers of boilers, vulcanizers and other pressure vessels; the provision of adequate exits; and the installation of exhaust ventilation. Many owners built and occupied new premises. It was unfortunate that the hostilities in 1937 destroyed some enterprises and damaged many others where higher standards had been established.

The story of this particular industry has been related in detail since it is typical of the work that had to be done under conditions where no previous regulation had existed. Wherever it was possible to do so, in a wide range of industrial processes, standards were raised. But, as will be shown later, many fires and explosions occurred during the course of the improvement programme.[6] It almost seemed as if, as the efforts at betterment were being made, tragedies occurred to supply concrete evidence of the dangers. They assisted in the development of a public opinion urging action to prevent them. They were an added spur, if one were needed, to the efforts of those responsible for securing action. It can be asserted that the occasions so sadly presented were not lost. They meant renewed efforts by those whose aim was the elimination of the hazards which caused the tragedies.

633 Less obvious to the public perhaps but as serious to the workers
466 were the health hazards which efforts were also made to eliminate and which are referred to later in this chapter.[7] A difficulty confronting the authorities lay not only in obtaining an initial compliance on the part of employers. Action could be secured finally, after sufficient insistence, by exploiting something of a nuisance value in repeated visits to offending factories, or, otherwise, appealing to the better nature of employers. Securing the permanence of the better conditions induced required further insistence. Mechanical installations for the removal of metal dust from polish-

[6] See page 38.
[7] See page 39, ff.

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ing plants or of fumes from chrome-plating vats cost money to run; motors to drive the fans had to use electric current. It was cheaper to shut them off when the inspector was not about. Unfortunately, workers had, for the most part, little comprehension of the less obvious aspects of industrial hygiene; only when experiencing actual discomfort were they likely to insist on the operation of the apparatus. 633 466

Industrial accidents were both frequent and serious. This was to be expected in plants where congestion and generally haphazard operation and management in themselves contributed to the dangers always associated with the operation of power-driven machinery. Machine guards were almost universally absent even in factories owned by foreign nationals who in their own countries would be required by law to install them. The number of fatal accidents between 1934 and 1941 averaged approximately 100 annually, while serious accidents reaching the attention of the Division numbered about 1,500. In the absence of a routine compulsory notification of industrial accidents, it may be assumed that the actual numbers were far in excess of these figures. Information concerning accidents came largely from the hospitals where the injured sought aid and from police and municipal ambulance services, and the figures cited under these circumstances refer for the most part only to the more severe cases.

Using information from these services, the Division from the inception of its work inspected the scenes of as many accidents as possible in order to instruct the occupiers of the premises in preventive steps. Even without statutory power of enforcement, much was accomplished in achieving safer conditions of work by thus seizing the psychological moment when even an otherwise indifferent employer was shaken by an accident, perhaps a fatality. Nevertheless, after several years of endeavour, whole factories were still without proper safety installations. Even if there should have been authority to compel the adoption of necessary safety measures, nothing short of individual inspection and instruction would have induced installation in the majority of cases. The concept of law as something to be obeyed because it is law was not prevalent.

If the outbreak of hostilities in 1937 destroyed much of the advance which had been made, the reconstruction period from 466 633 178

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1938 to 1941 presented unique opportunities which Council officials seized eagerly.[8] Better standards and more suitable installations followed the erection of hundreds of new plants. The required submission of plans to the Building Surveyor of the Public Works Department under the Council's Building Rules gave many opportunities for contact with factory owners in the early stages of the development of their projects, and permitted the exercise of considerable influence upon what emerged. The destruction of his plant had in some instances deprived a factory owner of his resources and had driven him into beginning again on a small scale with all the disadvantages of the small enterprises previously described, but it also produced a counter-tendency. Those who were able to obtain capital for rebuilding frequently constructed anew on a modern plan, thus realising at one stroke the improvement which would have taken a considerable time in their former, destroyed plants.

The reconstruction took place at a time when newer industrial thinking among some Chinese factory owners prevailed. The generation of Chinese pioneers who had entered the field of modern industry in the first two decades of this century had done so with little fundamental understanding of mechanical operations. The waste which has occurred in Shanghai factories in the last forty years from a lack of understanding of elementary principles of industrial operations must run into large figures. If machinery ran and if goods were produced—that was enough. The fact that machinery was misused, abused, wastefully operated, or rendered useless in a short time mattered comparatively little to men who had poor understanding of machinery or of its care and upkeep, and whose economic thinking for the most part was geared to immediate "profits" rather than the long-term remunerativeness of investment.

In many cases these older entrepreneurs had given their sons educational opportunities which they themselves had lacked, such as engineering training in universities in China and abroad. In the 1920's and 1930's the numbers of qualified Chinese engineers returning from abroad had grown considerably, and they were filtering into industry. Following the 1937 destruction there were enough well-trained engineers to undertake the planning of the

[8] See Chapter I.

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new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

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A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

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Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

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even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered..

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

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The experiment could not be carried out to its logical conclusion, however, because after the spring of 1939, when the Japanese instituted controls over the cocoon output in the provinces, it became increasingly difficult to obtain cocoons from these areas. By the end of 1940 only two or three filatures were still operating, and the spring of 1941 saw very few cocoons reaching Shanghai.

DESPITE THE LACK of legal powers, it proved possible radically to reform the manufacture and operation of steam pressure vessels. Prior to 1936, when the institution of controls began, local boiler yards manufactured boilers almost exclusively from metal plate of unknown quality and test, and from designs which did not conform to accepted standards. Neither owners nor workers in the boiler yards had the necessary knowledge for an engineering task requiring special training. The result was that hundreds of initially unsatisfactory boilers had been installed. Regular inspection of them was unknown. Explosions were frequent, at times accompanied by loss of life; and the wonder was that they did not occur almost every day.

In 1936 the Council adopted rules governing vessels and systems under pressure, and for the registration of boiler yards. By the rules all local boiler yards had to employ the services of a Council-approved boiler surveyor who would design and supervise the construction of all vessels. Boilers had to be inspected and registered. Thereafter annual re-inspection was required. A roster of qualified engineers of all nationalities was obtained with the assistance of a specially appointed Boiler Board.

Although the regulations carried no penalty clause, it proved possible to apply them to a very considerable extent. All of the 34 boiler yards in the Settlement were registered, and no boiler after 1936 was manufactured or extensively repaired in them unless a permit therefor had previously been obtained. Qualified boiler surveyors supervised the construction and repair, and submitted copies of certificates describing the metal plate used. Considering the steep rise in the price of imported steel during those years, a result of higher world prices and the lower exchange value of the Chinese dollar, it is noteworthy that tested steel became universally used in pressure vessels manufactured in the Settlement.

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633 There remained much to be done before the goal of regular annual
466 inspection of all pressure vessels could be achieved.[10]
375 In July 1940 licence conditions under Byelaw 35 were instituted as a measure to control the use of celluloid and allied substances.[11] In 1939, twenty fires had occurred on premises associated with the
466 use of these substances, involving the loss of 28 lives (50 per cent of
633 all deaths in factory fires during that year), and an additional 35 persons were injured. In 1940 there were 15 fires with five deaths in factories using celluloid and cellulose spray paint. Many very small enterprises, operating on domestic premises and manufacturing such items as spectacle frames, combs and small toys, constituted a real danger. Cellulose spray painting operations were widespread. Use of a portable spray gun makes this type of work possible on all kinds of premises. The Division required installation of suitable exhaust ventilation in factories using cellulose spray paint and refused special "hazardous goods licences" for spraying operations in unsuitable premises. Progress was consequently made in removing this particular danger.

From July 1941, all enterprises handling hazardous liquids as alcohol, ether, amyl acetate, etc., also became subject to licence. When mixed with air in certain proportions, these liquids are explosive in addition to possessing inflammable properties. With the licence system, factories manufacturing alcohol, and others using gasoline as a solvent in the manufacture of rubber shoes, or amyl acetate as a solvent in the handling of celluloid, were brought under the control of the authorities. Failure to comply with requirements rendered a factory occupier liable to legal prosecution, but the comparatively small fine applicable was but a slight deterrent. Only after several court charges could Article 18[12] in

[10] By the end of 1940, 1,167 pressure vessels (including 969 boilers) were registered, and the Council's identification number had been stamped on 615 of these. In 1940, 440 inspection certificates were executed by Council-approved boiler surveyors. The 1941 figures showed a small improvement.

[11] Byelaw 35 reads: "No person shall keep, store, sell or manufacture any firearms other than those used solely for sporting, volunteer or police purposes, or any dangerous or inflammable materials, namely those which on account of fire or explosion may endanger life or property . . . or carry on any dangerous or hazardous trade . . . without a licence first obtained therefor from the Municipal Council, and in the case of a foreigner countersigned by his consular authority."

[12] The Article reads: "Prohibition of business may be ordered when the offender is found guilty of recidivism in respect of a similar offence."

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the Law Governing Penalties for Police Offences be applied, thus compelling the backslider to cease operations. 466 633

Following the outbreak of Pacific hostilities in December 1941, with consequent cutting off of sources of supply of imported commodities, many enterprises attempted the manufacture of chemical products otherwise unobtainable. About twenty small plants manufactured caffeine from tea dust. In this, chloroform is the usual solvent, and in its use there is little danger from fire. When stocks of chloroform became short, the use of alcohol as a solvent began, and the alcohol had to be at a high temperature for the process. Alcohol itself being under strict Japanese military control, Chinese rice wine was used, its alcohol content being stepped up by distillation. In July 1942, a faulty coil installed in a still caused its explosion and the death of eight persons and serious injury to seven others from alcohol burns. No case appeared to lie in the Court for negligence under the Criminal Code.[13] An action for operation without a licence resulted in a fine of $1,500, an amount quite insufficient in view of the serious loss of life.

The process of bringing any one group up to the desired standard proved a long one, especially when the requirements for even minimum safety standards are so extensive. Guarding of machinery, provision of adequate stairway and doorway exists, installation of mechanical exhaust in the case of harmful dusts and fumes, proper sanitary provisions—all these it takes time to obtain.

THE RANGE OF ENTERPRISES where progress was made in bettering conditions of work through removal of dust or fumes from the atmosphere is considerable. The list includes flannelette, cotton waste, toothbrush, feather-cleaning and seasoning-powder factories, cotton, paper and brass rolling mills, rubber plants, and plating and polishing shops. Not all enterprises among the types mentioned were brought under supervision, but conditions in at least some of each type have been bettered.

Conditions in plating and polishing shops were particularly bad. Chromium salts cause serious ulcers, and the fine mist which rises from the plating vats during the passing of electric current through the solution to plate metal articles can cause piercing of the nasal septum. The crowded working conditions in the small enterprises

[13] See Chapter I, page 8, note 5.

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633 466 where most of this work was done, and the absence of suitably impervious flooring which would enable the chrome salts to be removed from floors, frequently caused workers able to afford only cloth shoes and without protective covering for the legs to develop bad ulceration of the limbs. Once a skin lesion occurs, the generally insanitary conditions contribute to its aggravation. By 1935, as a result of insistence by the Industrial Division, no known plating vat of the more than fifty shops engaged in this type of plating was without suitable exhaust to withdraw fumes, thus reducing the danger of pierced septa. Efforts were made also to insist that workers should wear rubber gloves and leg coverings.[14] The polishing of metal articles with carborundum powder on cloth wheels in the plating shops constituted a further health hazard, because of the workers' inhaling and swallowing metal dust. The installation of an adequate exhaust to remove the dust at the point of origin was both expensive and physically difficult in the crowded conditions of many under-sized premises.

751 466 633 744 There are specific health hazards in industry such as those which have been mentioned—the use of chromium salts, the handling of lead in charging storage batteries, in typefounding and in printing shops, in the use of cellulose spray paint and so on. But the general insanitary conditions probably constituted a greater total health hazard for the whole body of workers, and the practice of giving food as a part of earnings was often responsible for widespread dietary deficiency diseases if the food lacked essential vitamins. The nutrition problem in factories is discussed in a later chapter. The Division accordingly felt the necessity of organising services to ensure that there was regular concern with the general sanitary conditions on the part of those employed by the industrial enterprises themselves. The occasional inspection visit of a factory inspector was quite insufficient to secure regular consistent supervision in such elementary matters as the provision and proper care of sanitary accommodation, the clearing away of accumulated rubbish, the daily cleaning of premises, or the washing of windows to permit the entrance of light to working places. Some factories, particularly the larger cotton mills, had for some time employed a doctor or a nurse or both. But these were seldom personnel of first class calibre, and they saw their task narrowly as being con-

[14] See also Chapter IV, pp. 66 and 67.

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cerned with sick employees only rather than concomitantly in insisting on healthful conditions of work. These doctors and nurses were gathered into conferences by the Division and under its influence their concepts of their tasks widened. Their authority in the plants grew, backed by the interest and authority of the medical officer in the Division.

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But there were many plants which could not afford the full-time services of a doctor and a nurse, and no measures of a health insurance nature made available a health service for the community. Facilities in outpatients' departments in hospitals were not sufficient in Shanghai to meet all the needs, and only in rare cases were they made use of for the dressing of wounds or for minor ills of industrial workers. Distances were too great; loss of wages in attending outpatients' clinics were deterrents to most workers. Yet many who continued to work were in need of help. Many women engaged in textile operations had large sores on the legs. Originally perhaps caused by the bite from an insect—bed bugs infest most houses—they had become infected, and the long standing at a spinning frame or at a loom aggravated the lesion and prevented healing. Where were women employed in the smaller textile plants to get attention? Where could the initial stages of beriberi be detected, and how could the management of a factory be warned to improve the diet of the workers?

The machinery which was evolved to give workers in smaller factories some clinical assistance, to arrange regular physical examination of workers and regular supervision of the sanitary conditions was the co-operative clinic. Three had been organised up to August 1942. Two were clinics with a fixed location, centrally placed in relation to some 25-30 factories employing 2500 to 3000 workers. There a doctor and nurses were in attendance and workers came for attention. The third was a mobile clinic; a nurse made the round every day of a group of related industries in a neighborhood. This clinic served six coal briquette factories, and so successfully that a seventh asked that the nurse's services be extended to that enterprise also.

The clinics were controlled and financed by the contributing member factories, with the Division's medical officer as adviser. The cost in August 1942 was CRB $1.50[15] per month per worker,

[15] See Chapter IV, note 2.

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751 with an entrance fee of CRB $3 per worker. The members of the
466 committees which met regularly to consider matters in connection
633 with the clinics became by this very process more and more
744 informed and interested in the health of their employees. Contributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 To a western observer a discussion of industrial conditions
633 must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission.
464 There are fewer children at work now than there were then. They
633 are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

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465 owned enterprises were considerably higher. Calculated upon the
434 July 1941 Revised Index of cost of living of Chinese workers, the
511 real wage index was 53.64 in 1941 and in foreign-owned plants
458 53.39. That the real wage position was not worse was due to the sincere efforts of industry to make as substantial adjustments as possible. The following table shows the real wage indices in Chinese-owned plants since 1930.

INDICES OF ACTUAL EARNINGS, COST OF LIVING (REVISED), AND REAL WAGES 1930-1940[8]

New Base: 1936=100

	1930	*1931*	*1932*	*1933*	*1934*	*1935*
Actual earnings	106.95	107.34	106.08	103.21	98.10	90.49
Cost of living (revised)	108.75	106.63	100.64	92.32	92.52	93.45
Real wages	98.34	100.67	105.41	111.80	106.03	96.83
	1936	*1937*	*1938*	*1939*	*1940*	*1941*
Actual earnings	100.00	84.83	92.38	119.09	242.47	467.65
Cost of living (revised)	100.00	119.09	155.28	202.99	430.61	871.89
Real wages	100.00	71.23	59.49	58.67	56.31	53.64

The index figures of cost of living of Shanghai workers, as earlier stated, were based upon the work of the former Shanghai Chinese City Government, whose continuance the Council assured after that Government's withdrawal following 1937 hostilities. It was not clearly seen, at the end of 1937, that these figures would assume importance in subsequent years when declining dollar values destroyed previous earnings standards. The regular monthly publication in the press and in the *Gazette*, official publication of the Council, of amounts in dollars which must be available to cover the family's living cost proved useful in helping in adjustments of earnings. The Division was consulted on many occasions by both Chinese and foreign employers and asked to make concrete recommendations as to the actual amounts which should be paid.

465 In addition, the work of mediation in industrial disputes which
633 was a regular activity of the Division was important in assisting wage adjustments. While some employers forestalled otherwise inevitable labour disputes, anticipating them through raising earnings when significant rises in living costs appeared, others, perhaps in some cases in less satisfactory financial situations, and unable

[8] Indices derived from the "New" Index based on December 1941-January 1942 studies, were not available in August 1942, the date of last contact with Shanghai.

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to take precautionary steps, found themselves confronted with demands by workers for wage adjustments. Though by no means the whole number of disputes which occurred in 1940, 111 cases were mediated by the Division in that year.

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In 1941, 138 disputes were mediated, 57 strikes, 81 cases of unrest in which cessation of work was avoided. In 1940, 431 establishments and 35,000 workers were involved; in 1941, 245 establishments and 45,000 workers. Among the latter 176 establishments were under Chinese management, 45 British, 19 American, three Swiss and one each under German and Russian management. Sixty-five per cent of the cases involved earnings. In the majority of these, settlement was obtained through the granting by employers of increases, whether in the form of wage increases, percentage cost of living allowances, rice or commodity allowances, payment of rice in kind, bonuses, or other devices to achieve the desired end.[6]

Hence, although the authorities lacked legal power to enforce an announced minimum wage or to require submission of industrial disputes to the administration, the actual existence and publication of regular information on minimum living costs and the provision of facilities for independent mediation by the Industrial and Social Division proved useful in adjusting difficulties caused by the steep rise in living costs. Indeed, the power which accurate information can exert in its own right, and the influence which voluntary mediation can also exercise was amply shown in the difficult period in Shanghai since the outbreak of hostilities in 1937. While obviously there was no universally satisfactory adjustment, and while poorly organized, under-capitalized enterprises continued to employ workers at rates inadequate to make even the usual contribution to support their families, in a greater number of cases than might have been anticipated, the power of facts and of reason was demonstrated. In the absence of compulsory

[6] Rice allowances have long existed in Shanghai. In order to alleviate the distress of their workers, whose very existence depends on their ability to obtain rice, many employers even prior to hostilities paid a monthly allowance which represents at least a part of the difference between the prevailing cost of rice and a certain minimum wage previously agreed upon by employer and employee. This grant is a "rice allowance." Other forms of compensatory allowances may be granted. For example, many employers prefer to leave basic wages as before and to add to them percentage cost of living allowances on basic pay, commodity allowances in cash, and, in some cases, even rice and commodities in kind.

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465 powers, such services of advice, consultation, presentation of facts
633 and voluntary mediation are important functions of the administrative authorities. With the full powers that the Chinese authorities will exercise in future in re-occupied Shanghai it is hoped they will be able to build upon the foundations already laid.

439 Shanghai was a city of large trading interests before it attained
463 significance as a manufacturing centre. It was still, at the outbreak
465 of Pacific hostilities, an important commercial city with a large export trade despite the severance of the Yangtse Valley trade after 1937. It was, prior to December 1941, the banking centre of China. After 1937 it was an important educational centre to which universities and middle schools from provincial cities had come when Sino-Japanese hostilities caused their withdrawal. There was therefore a large professional class in the community—professors, teachers, doctors, lawyers. The question of what happened to their livelihood is as significant as is the fate of the workers' economy.

A study of the standard of living of Chinese salaried employees was made in October-December 1941. So excellent a response to the request for the keeping of detailed information was made that, out of 1038 families responding, 441 perfect records were available. Originally it was intended to limit records to families with incomes below CNC$1000, but those with incomes beyond this amount so readily supplied information that the limit was waived. The majority of incomes were between CNC$500 and $1500. A Provisional Cost of Living Index was developed by May 1942 from the records of 100 families to meet the immediate need for a criterion to judge the situation in which Chinese salaried employees found themselves.

162 The average salaried family was found to be larger than the worker's family—6.60 persons, 4.72 consumption units, as against 5.02 persons, 4.41 consumption units in a worker's family as studied in December 1941-January 1942.

434 The total income of the Chinese salaried family studied averaged
465 $688.38 per month. Earnings of the husband accounted for 84.96
511 per cent, those of other family members only 3.95 per cent. The salaried family, as did the workers family, had to obtain other income; 11.09 per cent came from sub-letting rooms, interest and dividends, gifts and assistance, profits on speculation and gambling.

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worker claimed his right through the Court; indeed, the fact that they had rights under the law was known to comparatively few. In consequence the families of many workers killed in industrial accidents accepted less than their legal due, and many temporarily or permanently incapacitated received none of the benefits which the law intended they should have. While in most countries claiming of compensation is left to the worker or his family, in others where the general educational level of workers is not high, it is part of the administrative function to see that compensation payments are made. It would appear that the Chinese Government, in outlining the duties of factory inspectors in the Factory Inspection Law promulgated February 10, 1931, excluded concern with compensation payments of the Factory Act from the duties of inspectors. A programme for the enforcement of factory inspection approved by the Ministry of Industries in April 1934 stated "the factory inspector shall limit himself to the investigation of the actual conditions in which a worker is injured, falls sick, or is killed in the performance of duty."

Commencing where the family loss is greatest, the Division for some years acquainted employers of workers killed in the line of duty with the standards of the Chinese Government Factory Act. Later cases involving workers seriously injured were also taken up. This law was not applicable to foreign employers who were citizens of countries with extra-territorial rights.[8] It was found that the

the average wages of three years, nor be less than the average wages of one year;

(3) For the worker killed in the course of his or her employment, the factory shall, besides giving fifty dollars for funeral expenses, pay to the legal heirs a compensation of three hundred dollars and two years' average wages.

The average wages mentioned above shall be calculated on the basis of the wages for the last three months of his or her employment in the factory.

Funeral expenses and compensation shall be paid all at once, while allowances for injury or sickness or disability may be paid by instalments.

[8] See pp. 8, 9 for cases involving United States companies and the viewpoint of the U.S. Court for China. In enunciating the principles underlying compensation the Court stated: "It has long been recognized that accidents to workmen in industries are bound to occur where no actionable negligence can be attributed to the employer under common law principles. The hardship and suffering entailed by inevitable accidents, the burden of litigation to poor workmen and their families, and the harassment of unfounded litigation to employers where there was no legal liability, are all factors which helped to bring about the compensation acts. However, the most compelling reason was the conviction that social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities regardless of who was or who was not negligent."

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466 law was an instrument in inducing payments somewhat more
633 adequate, and standards improved year by year. Rising costs of
471 living and falling dollar values made the actual dollar standards of the Act inapplicable. Employers showed a willingness to adjust to changing economic situations in amounts of compensation paid.

In 1940 amounts of compensation were known in 35 cases, 21 of which were Chinese-owned enterprises, nine Japanese, two each American and British, and one German. Amounts ranged from $500 to $2,000. One American enterprise regularly paid compensation based on the number of months of service together with cost of living percentage allowance in force at the time of death, and a sum of $15 per month payable till the eldest son was 14 years. Another, a Chinese enterprise, agreed to pay $30 per month during 12 years till the eldest son should earn.

In 1941 compensation for accidents resulting in deaths was known in 19 cases, and for serious injuries in 12 cases. Of the total of 31, 19 were in Chinese concerns, six in Japanese, three in British, two in American and one in a Swiss enterprise. Amounts ranged from $500 to $6,000 in cases where death occurred. Five months' wages were paid by a Chinese concern where a worker lost fingers; another Chinese plant paid a year's wages for loss of an arm. A silk weaving factory, Chinese owned, paid $500 to an apprentice who had lost an arm; a Swiss metal industry drew, from an insurance company, 1½ years' pay and allowances for a worker who had lost his leg.

466 A compensation arrangement such as probably never occurred
633 elsewhere was made in the case involving the breaking of a leg of a young girl of eleven years of age. She had been employed as a substitute by a somewhat older girl to work in a stocking factory and had fallen over a horizontal shaft, causing the injury mentioned. The management claimed it had no responsibility for her presence in the factory—a view which it was not allowed to maintain. The Division finally induced the management to pay hospital expenses and to provide compensation in the form of one pound of soya bean milk per day delivered to her home for a period of six months. The Division saw the receipt for the account for the milk, which was paid in advance.

466 Looked at in the light of the relation between compensation payments in the case of death of a worker and the needs of a family

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466 standard of the law. In 1941 one enterprise paid the equivalent of nine months' wages. In 1934 a case reached the Court which awarded only the dismissal allowance as provided by the law, but ordered payment of ten months' wages during strike—as the period during which workers refused to accept the conditions of discharge was called. The amount paid usually did not exceed two or three months' earnings. When this was exhausted there was no further fund on which to draw.

464 466 While in some cases workers clung to the opportunity to work by all possible means, refusing to accept discharge, in other cases there was an indifference to loss of employment which can only be explained by the fact that its conditions were such that its loss was not regretted. Many enterprises complained of a great labour turnover. This was particularly true in cotton textile mills where, though no accurate figures are available, the movement in and out constituted in some cases a traffic. A twelve hour day or night might well engender a feeling that loss of the opportunity to work so long was indeed little deprivation. Earnings, too, in many cases were not sufficient to be the cause of struggling to keep an employment which did not reward more completely. There was need of realization by employers that some of their troubles of labour turnover would have disappeared with more favourable, not to say more reasonable, conditions of work and rewards.

633 466 722 Following the outbreak of Pacific hostilities, many enterprises had to close. The question of discharge allowances was then one which affected simultaneously many workers and many factories. The Division exerted every effort to have a uniform and adequate basis of discharge allowance announced, and in a memorandum to the Japanese authorities pointed out the cost of living and the social significance of giving as generous a sum as possible in the absence of any unemployment insurance. Japanese financial authorities, however, refused to permit the announcement as a principle of more than one month's pay as discharge allowance, with a second month's if the worker left Shanghai, the amount to be payable at destination. Even this meagre amount the Japanese supervisors of some former foreign-owned plants would not permit: in some

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Article 29: Factories which terminate a contract in accordance with the provisions of Article 27 shall pay the workers, in addition to their regular wages, half of the wages due for the period of notification as stipulated in the said Article.

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cases a mere $50 was forced on workers and their protests were given no attention. Former foreign owners whose funds were frozen in banks were powerless to help, though in many cases anxious to do so. Many Chinese owners, on the other hand, having access to their funds, made pay-off allowances considerably in excess of the standard which the Japanese permitted to be announced. Some paid six months' earnings. Most of the disputes which the Division mediated in the first half of 1942 were associated with discharge allowances.

THE COMPLETE COLLAPSE of all former earnings standards which resulted from the Pacific war has brought untold suffering. At the time when currency stabilisation will again be effected after Japan has been defeated, it will be well to give some consideration to the relation between earnings and cost of living. New standards of industrial earnings could be set in the reorganised currency, earnings based on careful studies of what it costs to maintain a family on a nutritionally adequate diet. This is not impossible, as subsequent chapters dealing with food and nutrition will attempt to show. Without greatly increasing the cost to the people, and without basically changing the Chinese diet, it should be possible through administrative action to eliminate frank deficiency diseases and to secure freedom from less obvious but real malnutrition. If there is some additional cost, earnings should be adjusted to meet it. Earnings in Shanghai's industry should no longer be determined solely by the fact that earnings on the land nearby are low: indeed, it is hoped that farm earnings also will rise. The excellently equipped cotton mills in Shanghai which will be restored even if they are in part destroyed upon Japanese withdrawal should not be operated in world competition with workers paid less than a subsistence wage. The concept formerly held that wages of principal wage earners could remain low since a second member of a family worked as a rule should find no place as a basis for setting standards of earnings. If no other good can come from the great suffering of the Chinese people in their many years of war it is to be hoped that the shaking to the foundations of old and inadequate standards may, when stabilisation comes, bring with it some new attitudes to what is due to workers. In the industry and quality of her people China has inestimable

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tse might be powerful within a trade instead of a district. The real 466
employment manager of several large textile mills in the Settlement was prior to December 1941 one *lao t'ou tse*; the personnel managers and even the management of these enterprises appeared to bow to the influence of this powerful "boss."

INDIRECT EMPLOYMENT through contractors was an unsatis- 466
factory state of affairs. In a few instances the efforts of the Indus- 633
trial and Social Division were successful in inspiring or assisting
its elimination. In some textile mills contractors were formerly 465
paid on the basis of the amounts of yarn produced. The system dated from earlier years. The contractors employed the workers and distributed their earnings to them. The management had no means of knowing whether the total earnings due the workers actually reached them or whether, as was probably the case, a considerable percentage was retained by the contractors. The closing down of these mills at the outbreak of hostilities in 1937 gave an opportunity to a management which had long desired to do so to rid itself of this incubus.

During an industrial dispute in an oil mill in which the services of the Division were sought, it was found that workers were both employed and paid by contractors. Base monthly wages paid by the management to the contractors were at a certain rate, but the amounts actually reaching the employees were less, part being retained by the contractor. The settlement of the dispute provided an opportunity to persuade all parties to abandon the contract method of operation, the contractors becoming actual employees at a remuneration sufficient to indemnify them. The new plan was outlined in a collective agreement to which a Division Mediation Officer was a party, and the several hundred workers, in a mass meeting, were informed by the Officer that in the future they would be entitled to the whole of their earnings.

But the old system remained in many spheres of industry. Trans- 466
portation workers, workers in flour mills, in some textile mills 465
and other undertakings were employees, not of the enterprises themselves, but of contractors engaged by the management. One industrial dispute showed that the *kung t'ou*, or work head, was paying the workers on a unit basis less than he reported to the management, and that the management meanwhile was under

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was expanding its sales. To have brought the latter group into contact with workers from the former would have constituted a distinct contribution to the welfare of both the employees and the employers. Such mass employment placement opportunities will occur again in future in interrelated trades, and there is a need for an employment agency which could act in this sphere. 464

In July 1942 some employers in the leather shoe trade, during the course of mediation of a dispute with employees, asked the Division whether it could assist in controlling the movement of workers from manufacturer to manufacturer during the busy season, when some employers, unable to find sufficient skilled workers, paid high prices to induce them to come into their employ. These employers sought to prevent freedom of action on the part of workers. But they were instead induced to sign a collective agreement in which discharge allowances were included, workers of longer standing getting substantially higher allowances, thus creating inducement to remain in original employment. The Division undertook to make a register of the skilled workers in the trade and to commence an experimental operation of a public employment exchange for this trade only. 464 633

As earlier indicated industry in Shanghai will be controlled during the period of its occupation by Japanese. The process had already begun by the middle of 1942. When it has progressed further it is likely that—if shipping is sufficient, for example, to bring rubber from Malaya and vegetable oils from the Netherlands Indies presently under Japanese control; if iron deposits in the vicinity of Nanking and Wuhu are developed; if the Chinese cotton crop is not entirely pre-empted by Japan—there will be some improvement in the employment situation. Hence in August 1942 recommendations were made that initial investigations and studies preparatory to the operation of public employment exchanges should be immediately begun. It is likely that progress may have been made even during the period of occupation.

Early in 1942, following the closure of many machine shops in Shanghai and the consequent throwing out of employment of mechanics and fitters, recruiting agents from Manchuria arrived in Shanghai. They came from steel rolling mills, from airplane plants, motor plants, mines, transportation enterprises. In view of the military occupation of Shanghai it was not possible to pre-

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464 vent the recruitment, but the Division exerted its influence to
633 see that as far as possible workers who accepted service would do so willingly, that they knew to what they were going. Efforts were made with recruiters to have them given contracts in which was written a fixed period of service. Workers were to be told by the Division that if they lost contact with their families they could inform the Division. The object was to prevent employment at a distance from becoming a cause of broken families. As events turned out, recruiters met with little success. The Division refused to become a promoting agency, taking the stand that its function was to safeguard the interests of recruited workers. Chinese skilled workers refused to enlist. Some attempts later by Japanese military to requisition Chinese residents of the Settlement for forced labour with Japanese forces were checked upon representation of the Division and the active cooperation of the Japanese Chairman of the Council.

466 A DIFFICULTY IN obtaining employment which applies to both adult and young workers is the requirement by most industrial enterprises of a guarantee prior to employment. The would-be worker must find some one who is willing to guarantee that in the event of his proving unsatisfactory in employment the employer will be in some measure indemnified by a cash payment. In China there exists a "shop guarantee," where, in return for a fee, a business enterprise guarantees the good behavior of a worker. A guarantee is, of course, known in western employment relations, but for the most part it is required only of those in positions of high trust where the handling of funds is involved, when such employees are bonded by regular insurance companies in return for a payment.

The widespread use of the guarantee may form a difficulty in the path of a public employment service, but not necessarily an insuperable one. The existence of nepotism is more likely to prove an obstruction in getting the services of an employment office accepted. The desire of someone already employed to obtain work for a relative or neighbor has led to some occupations becoming the preserves of certain groups. Employers, too, feeling hesitant about employing those entirely unknown to them, like to take as new employees those recommended by their own work-

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was able to obtain through the Division's mediation in August 1942, a collective agreement embodying a minimum monthly pay of CRB$200 whether employees worked or not during slack months when otherwise they would not be able to earn this amount. Unions, too, were active in claiming on behalf of their members adequate discharge allowances. 467 668

It can thus be seen that labour was by no means inarticulate, nor did it necessarily await the stimulation of political groups to lend it cohesion and the power to act in concert. When impelled by a sense of economic needs, workers formulated demands which they pressed upon employers. Leaders emerged to conduct negotiations, often with considerable astuteness, and though in many cases they were almost illiterate, they were often keenly intelligent.

How was the division apprised of imminent industrial unrest? Without compulsory powers to require the submission of a dispute to mediation, it nevertheless arrived at the place where few serious disputes occurred which were not brought to it for settlement. There was a gradual building up of confidence in its fair handling of matters in dispute and one group of satisfied workers passed word to another that application to the Division for mediation would have useful results. Disputes could of course be referred by either party; but as a matter of technique the Division mediated most successfully when workers, not management, presented the request. The reason is obvious: workers may distrust a mediator whose help has been sought by an employer. The Division sometimes waited days after a case was referred by management, in the meanwhile trying through other workers whose confidence had been won, to have the workers involved in the dispute request mediation. 468 633

An obvious principle for the Division in mediation was not to break the strength of the workers. If their bargaining power were weakened, the process became not one of mediation between parties of equal strength, but a dictation of its views on the part of a stronger management. This view of the Division did not always correspond with that held by the Municipal police, who also were associated with the settlement of some disputes, usually those where violence or threat of violence had occurred. The police, whose function was primarily to preserve peace and order, 468 633 625

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[625] 468 633 tended towards the simple formula of taking the line of least resistance by requiring that workers return to work before mediation was undertaken. But workers who, having struck, went back to work, were workers weakened in their struggle. It must not be thought from this that there was any truckling to workers. The mediation officers did not hesitate to state when, in their view, the demands of labour were unreasonable. Equally the viewpoint of management was taken into account. Where it was reasonable it was supported; where it was thought there should be concessions the management was frankly told so. No pressure, however, was brought either to induce workers to resume before they were satisfied that they had obtained the best possible adjustment of their claims, or to induce management to make a settlement which it would regret.

The work of the Industrial Relations Section of the Division became partly mediating, and, as time went on, increasingly consultative. Both workers and management frequently sought advice on their situations before an open break occurred,, and a final breach was more frequently avoided than not. But workers were not restrained by the Division from striking, if without the exercise of this instrument they could not obtain a just hearing for their demands. Nor was management, if workers proved unreasonable, over-persuaded not to use the weapon of lockout.

468 625 579 VIOLENCE SOMETIMES accompanied labour disputes. When workers refused to leave the plant, "sat down," or even locked up the management, then the police had to be called in. Every effort was made to avoid clashes with workers, but there were occasions when the police officer in charge believed it necessary to clear the plant. Workers then might seize any handy missile, from iron bars to bricks or garbage, with which they attempted to resist the police. In one strike early in 1941 the management permitted the men to enter the plant each morning for three days and to leave it each evening, without having done any work, in an effort to avoid the necessity for calling in the police. Meantime negotiations were attempted. When on the morning of the fourth day workers tried to enter the compound armed with iron rods, they were prevented from doing so, and the police were informed. In an ensuing melée many workers and policemen were injured, some workers fatally.

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468 not applicable to owners of factories with extra-territorial privileges,
467 to American, British, or Japanese owners.
471 The attitude of the Shanghai Municipal Council toward labour organisation was not specifically formulated. While a procedure of
467 registration of organisations with the Special Branch of the
633 Municipal Police as a means of crime prevention was instituted as an emergency measure after the 1937 hostilities, the registration of workers' groups was not encouraged.[3]

468 As stated elsewhere, industry in the past did not pay adequate
633 wages, many workers being employed at remuneration insufficient to meet the needs of a family.[4] There was no effective legal instrument for enforcement of minimum wage standards, but mediation procedure frequently was useful in achieving earnings adjustments. When a dispute occurred a first step was to request from the management the wage sheet of the preceding month, together, if possible, with the wage sheet of the corresponding month in 1936. It was then possible to find the actual earnings indices, and to compute real wage indices, so that the spending power of earnings became apparent. These earnings were further compared with the minimum subsistence costs regularly published monthly by the Division. By these two procedures the parties became aware of the actual wage situation, and efforts were exerted to have adjustments made so as to meet as nearly as possible the published figures.

468 An important instrument to further betterment of conditions
633 was the signing of a collective agreement to which factory manage-
675 ments, workers' representatives, and the Division, were parties. A written agreement is better than verbal promises. Moreover, being an agreement to which the parties had voluntarily agreed, it had the moral force of a contract.

The agreements covered a wide range of conditions of employment including wage increases, allowances of various kinds, provision of annual bonus and profit sharing, provision of hospital

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467 of their affiliation with the labour union . . . shall not make it a condition of employment that the worker shall not take charge of any business of the union or that he shall not enter a union or that he shall withdraw from the union." Translation by Koo Ping Yuen, *Chinese Labor Laws*, second edition, Commercial Press, Shanghai, 1935.

[3] See Chapter II.

[4] See Chapter III.

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and medical attention and payment of wages to those injured in the course of duty, limitation of hours of work, provision of direct employment by the management and elimination of employment through contractors. Two clauses frequently inserted gave a continuing influence: provision for mediation by the Division in the event of dispute, undertaking of workers not to declare a strike and of the management not to declare a lockout until mediation had been attempted; and provision that a report be first submitted to the Division in the event of necessity for suspension of work and dismissal of workers due to lack of raw materials, trade depression, or other causes. 633 468 675

The aim of the Division was not merely the settlement of an individual dispute, but to use the contact established between workers and management at the time of mediation to permit the exerting of a continuing influence on the employer-employee relations in the firm or trade involved. Most larger enterprises had factory rules to govern these relations. In as many cases as possible, parties to a dispute were asked to submit the existing rules to the Division. Many changes were subsequently agreed upon which contributed to better conditions of work and sounder employment relations. In the absence of a universally applicable law to control conditions of work, wages, hours of work and other matters in employment relations, such piecemeal handling, factory by factory, trade by trade, proved a useful procedure. 633 468

It can be said that, though there was no official encouragement of labour organisation on the part of the Shanghai Municipal Council, and indeed though police discouraged organisation through disallowing registration, there was nevertheless a recognition that workers' group action could not be opposed. The mediation services were undertaken without specific instruction and without specific powers to require that any dispute be submitted to mediation, yet they were in fact a tacit admission on the part of the authorities of the right of group action. In the future when the Settlement comes under the control of the Chinese Government, it is to be presumed that its Labour Union Law will prevail. Under this the right of group action is specifically recognised, though it is hoped that administrative controls over organisation as

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given in the earlier part of this chapter may not mean some lack of freedom of action on the part of unions.

One important result of the years of mediation in Shanghai is the education which many workers underwent in the process. Though there was little formal organisation or union activity, groups of representatives of workers in individual plants learned what group action meant during negotiations. It is not too much to hope that some of those workers who represented their fellows in negotiations, whose right to be heard was so patiently upheld—sometimes through interminable arguments—had an experience which may make of them the labour leaders of the future. This, at any rate, was a conscious aim of those mediating. In the conviction of individual workers that group organisation would serve the interests of the general body of workers lies the germ understanding of what a labour movement means. Perhaps a useful contribution has been made.

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342 stairway. This dark loft may be the only home that many a family
362 knows. The kitchen, at the rear of the house, may or may not be used for its original purpose; more likely it is the residence of yet another family, while portable coal-briquette stoves are placed anywhere for cooking purposes. In the same way the upper front room may have both vertical and horizontal partitions, making spaces for other families; and the room above the kitchen will house yet another household. The area for each family is obviously minimal.

511 The alteration of buildings without permit was illegal. Applica-
362 tion should be made to the Building Surveyor of the Public Works Department for permission to carry out any building alterations. In practice, however, it was very difficult to detect interior alterations while they were being made. While theoretically the removal of unauthorized structures might be required, and while the Building Surveyor waged a vigilant struggle against such structures, there were certain difficulties in the way of complete enforcement. Not the least of these difficulties was the fact that the earnings of the majority of the Chinese population were insufficient to permit them to rent larger living quarters than they actually occupied. The basic cause of housing congestion was economic. As we have seen, the earnings of a principal wage earner were in general insufficient for the needs of his family, nor did the average total wages earned by all family members meet these needs. Under these circumstances it is obvious that a family will pay as little as possible for rent, and will occupy an unbelievably small space in order to reduce rental expenditure.

633 THE SETTLEMENT WAS by no means complacent in the matter of
362 its bad housing conditions. At the annual meeting of ratepayers in 1936, a British resident proposed the following resolution:

> "Whereas the constant growth in the population of this Foreign Settlement has been accompanied by a rapid development of industrialism and many changes in the living conditions of the people: and
>
> "Whereas serious public concern has been manifested over the resultant housing congestion and other unfavourable conditions associated therewith: and
>
> "Whereas no definite steps have been taken toward the examination of the problem with a view to possible measures for preventing its further aggravation,

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"The Shanghai Municipal Council is now requested to appoint a Commission, with wide terms of reference, to investigate the housing situation and to publish a report thereon with such recommendations as the Commission may see fit to make."

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With slight amendment the resolution was adopted.

The Committee, when appointed, set about the examination of the housing question over a wide field. Apart from the general survey, one sub-committee concentrated on the question of the Council's administrative powers and on its building rules, while a second examined the obviously basic economic aspects of the situation.

In its findings the Committee recommended many technical methods which might control building alterations, encourage the erection of new types of dwellings in which a single room designed for the purpose would accommodate a single family, encourage the erection of small buildings to be used solely for industrial purposes, and discourage the future occupation of domestic premises for industrial uses. Specifically it recommended that no further "lofts" be permitted, in this way attempting to reduce the numbers of families which a house could contain. On the economic side, it was suggested that the Council should appoint a committee to consider means for the reduction of rent, and for the improvement of hygiene. Study was requested of such measures as public subsidy of housing schemes, reduced assessment of cheap house property, co-operation with extra-Settlement authorities in housing, improved cheap transportation, and increased wages. One recommendation was made which, in the light of what occurred upon the outbreak of war less than four months after the presentation of the report, seems particularly ironic—"discouragement of excessive population influx."

This report was considered by a special committee of the Council, modified somewhat, and finally adopted by the Council in June 1937. The general banning of lofts was not approved; it was thought preferable that poor families should continue to occupy crowded lofts than that they should be forced onto the street. A recommendation was adopted which set up a standing committee including the Commissioners of Public Works and Health and the Chief of the Industrial Division, to study and report on the eco-

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362 nomic and social recommendations. The early onset of hostilities
633 precluded action.

On August 13 fighting broke out, and the city entered a most difficult period from which, down to August 1942, it had not emerged. If a housing problem existed prior to hostilities, it was more serious later. If difficulties were experienced in finding remedies then, they were rendered almost insuperable by the influx of a refugee population which largely remained in the city.

342 IT HAS BEEN POINTED out that the provision of housing by owners
362 of large industrial enterprises was frequent.[4] This may take the form of factory dormitories, accommodating single men or women within the factory compound. Or it may be that the management constructs houses of the usual type which are let to workers, often at rates below the rate ruling in the city generally. The Division's view was that dormitories were not desirable, for workers housed in them were in the position of being virtually under the direction of employers both during their working and their leisure hours. Admittedly the physical conditions in some dormitories were better than those within the ability of low-paid workers to obtain in the community; but the freedom which the right to leave the factory at the close of the day represents may not be dearly bought by accepting less good housing outside. Employers took the view that they were conferring a benefit in the provision of housing at cheap rents, but such payment in kind is close to the old evil of "truck." Adequate wages for workers to obtain their own housing are desirable.[5]

633 Controls over dormitory development were exercised in the first
342 instance through the Building Surveyor, who carefully calculated the per capita air space for the number of beds which it was pro-
362 posed to install. Through the Industrial and Social Division, progress was made in obtaining the installation of bathroom and laundry accommodations, and more recently of ventilation systems, in

[4] See the discussion of Employment Relations, Chapter V.

[5] In June 1941, one enterprise which housed 330 men in a dormitory on a mill compound and intended to erect a second building to house 300 women workers reversed its policy. It added $10 per month to the wages of all employees, men and women, to help them to find housing elsewhere. It continues to supply hot baths, and provide laundry facilities, activities in the best "welfare" tradition of western countries. A second millowner who had not thought of dormitories in the light of limitation of freedom abandoned extension programmes.

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new dormitories. Provision for rooms for drying workers' clothes by steam, instead of having them hanging damp, depressing and unhygienic in already crowded bedrooms, represented further betterment. Standards were rising. The happiness of workers in dormitories is conditioned also by psychological factors. In an effort to enlist dormitory matrons in the campaign for better conditions of dormitory life, a course of discussions over six weeks was held. Thirty-six women from twenty-six factories came, their interest increasing as the course proceeded. Hygiene in the dormitory, food, provision of recreation and education, and some talks aimed to interest the matrons in achieving harmony and more ordered living were among the subjects discussed. Individual visits were paid to the matrons and they were encouraged to come to the office of the Division for consultation and refreshment in their task.

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REFERENCE HAS BEEN made to the high rents which the overcrowding resulting from hostilities produced. Rents in 1942 were almost five times what they had been in 1936. To some actual property owners this figure seemed fantastic. By rulings of the First Special District Chinese Court, rentals of those lessees amenable to the Court were not permitted to be raised by more than twenty per cent, which means that the property owner did not receive more than twenty per cent above his 1936 rate. His costs meantime increased greatly. Charges for water consumed in many cases equalled the rent received. For the purpose of the cost of living index figures, actual "retail" rentals paid by sub-tenants who rent a portion of a house from the principal tenant were considered. The principal tenant, taking advantage of the enormous demand for housing produced by the hostilities, raised the rentals of his sub-tenants on every pretext.

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To discover the extent to which principal tenants were exploiting the housing shortage and squeezing the last cent possible from their sub-tenants, a study of the problem was made by Council officials in 1940. A typical situation was found to be as follows. The principal tenant paid his landlord an annual rental of only $960, although investigation of investment, water costs, which the landlord met, and other charges demonstrated that he should, instead, have paid $1,398. In rentals from his sub-tenants, however, he took in $2,004, in addition to the value of the space which he

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511 occupied, worth another $550 to him—or $2,554 in all. Admitting
427 that he was entitled to a certain return on his investment and for services, and putting this at the generous figure of twenty-five per cent, his excess profit after all charges was $453, approximately fifty per cent of his initial rental.

In face of sufficient houses for the increased population the find-
511 ing of any basic solution to the situation proved difficult. During
427 1940 Council officials and committees sought means to relieve the obviously exploited sub-tenant and to give the actual owners of
633 houses a return on their property more in keeping with their increased liabilities. Every conceivable method was considered. The proposal was made to property owners, for example, that they might let directly to sub-tenants, eliminating the functions of principal tenants, but many legal difficulties appeared. Tenants on monthly leases had a virtually perpetual lease, as interpreted by the Chinese courts. A suggestion was made in 1940 that controls might be exercised through licensing sub-lessors. Legal advice then held that it was not within the Councils competence to license sub-let premises. Competent Chinese advisers warned against instituting a procedure which might create difficult relations between the principal tenant and his sub-tenants. In the housing shortage, they stated, no sub-tenant would dare to take advantage of a provision aimed to reduce his rentals. Without a new dwelling to which to go, he would rather pay his present rent than create a strained situation finally forcing him to move.

But emergencies frequently shake authorities from their purely legalistic interpretations, sometimes with social betterment in consequence. After the outbreak of Pacific hostilities in December 1941, it was apparent that unemployment consequent on this development would make it impossible for many, even those formerly well placed, to pay ruling rents. Accordingly the Council issued a notification forbidding landlords to evict tenants during a period of three months, and instructed landlords and tenants to reach mutually satisfactory rental relations without recourse to the Courts. A Conciliation Board was established to mediate rental disputes between landlords and tenants. Sanction of the Consular Body was obtained for a new Byelaw to require a licence to sub-let and to make the acceptance of key money illegal. Through the licence the rentals of sub-let premises could be controlled. From

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the point of view of the people's livelihood, this measure involving control of rentals of 250,000 families was potentially an important social instrument. By the conditions of licence, the licensee had to post in a conspicuous place the exact rental paid by him to the landlord, together with his outpayments for municipal rate, licence fee, water and light charges if the licensee supplied light to the sub-tenants. Upon the basis of these total charges the sub-lessor might make a profit of not more than 20 per cent or a similar profit proportionately for any portion of the house sub-let. An important provision stated that no addition might be made to a sub-tenant's rental to compensate the licensee in respect of any money paid for alterations made to the premises. The significance of the key-money provision will be discussed later.

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In the first quarter, 42,000 licences were taken out. An inspection staff paid 19,000 visits in this quarter, first instructing as to the necessity for obtaining a licence, then as to the method of computation of the rentals of various locations. To reinforce the efforts of the inspection staff 65 cases were instituted in the First Special District Court. Fines up to $250 and in five cases imprisonment, in one case up to six days, were inflicted. By the end of the first three months it was calculated that the rentals in 30 per cent of the sub-let premises had been adjusted in accordance with the provisions of the licence. By the licence conditions also, sub-let premises further sub-let could not earn any further profit. Since this practice had been very common the provision was a further factor in keeping down the people's rent.

Key money is a lump sum payment demanded by a landlord before he will give tenancy of a house: or by a tenant in the transfer of a lease: or by a tenant wishing to sub-let. It is not recoverable. When housing shortage is acute, key money for accommodation may be many times the monthly rental and can run into thousands of dollars for a house whose monthly rental is one or two hundred. The Byelaw forbade the demanding or taking of key money, or the taking of money in excess of the market value of furniture or fixtures for any premises let. Cases of key money came easily to light, through newspaper advertisements on the part of those not yet cognisant of the new ruling, or through information obtained by inspectors on their rounds. The support of the Court was obtained in applying the penalty of detention upon proper legal

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511 basis but contrary to usual practice in cases involving infraction of
633 a Byelaw. A judgment of three months' imprisonment was handed
427 down in one case where the accused was charged with taking $20,000 key money. When the sale of furniture and fixtures was involved, valuation by the Court's valuers was obtained, on the basis of which a case was instituted if it was found that the sum asked in the transfer of premises was greatly in excess of the value of these items. It will take a considerable period before key money will become recognised as being illegal, and there will always be cases where payments are made secretly. There will always be those ready to pay illegally for what they cannot obtain otherwise. Nevertheless a beginning was made in destroying the value which accrues to the tenant from the mere holding of a tenancy. Related to the question of key money was the provision in the licence to sub-let that not more than one month's rent could be collected in advance. Without such a provision a lump sum payment could be passed off as rental in advance, though monthly rentals would, in fact, also be collected.

362 The licence to sub-let aimed also at improving actual housing
633 conditions. It required that the kitchen in a house might not be sub-let for residential purposes. It provided that passages must be kept free and rear and front entrances available for use at any time. If conditions become such that housing shortage becomes less acute, the instrument of licence could be used further to require improvement in housing conditions. Use of lofts as living accommodation, for example, might ultimately be forbidden.

There exists another instrument which might be invoked. A
744 proposal by the Council to prevent overcrowding was approved
362 in the form of a Byelaw by the Ratepayers' Meeting in April 1941. For years its necessity had been admitted, but difficulties in obtaining a quorum of ratepayers had prevented this and other needed reform measures from securing formal approval. It was understood that the Commissioner of Public Health would apply the Byelaw with discretion, at first only in the most flagrant cases, because of the housing shortage.[6] Nevertheless its existence provided an instru-

[6] *Byelaw against overcrowding*: "Every building or any part thereof found to be inhabited in excess of a proportion of one person for every thirty square feet of habitable floor space, or superficial area, and four hundred cubic feet of clean and unobstructed internal air space shall be deemed to be overcrowding, and the householder shall be liable to penalty or fine not exceeding twenty-five dollars."

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ing of the treaty with Nanking on November 30, 1940, it was 262
announced that high Japanese military authorities in Nanking had 438
agreed that, subject to meeting the needs of the army and with 722
certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai.

There were ample stocks of rice in Burma, but there were no 435
ships to bring it to Shanghai. This was well known, not only to 262
rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*.

It can readily be understood that with such difficulties in feeding 262
the Settlement, major emphasis had to be placed on ensuring sup- 579
plies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937.

The distressing effects of high prices were illustrated by the prac- 685
tice of "rice sweeping" (and, indeed, the snatching of other com- 262
modities such as raw cotton) which became a frequent sight in the 435
city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled.

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council 633
had intervened to bring rice to Shanghai, it had no desire to inter- 438
fere with the normal trade in rice unless forced by circumstances 262
to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under

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633 the chairmanship of one of its own members to deal with the
438 matter.

But it proved impossible to secure the desired ships, and the out-
262 look for Shanghai appeared dark. The authorities were therefore much relieved when in April the Government of Hongkong requested the Shanghai Municipal Council to act as its agent in disposing of stocks of Rangoon rice which had been held in Hongkong as a reserve but could not be kept indefinitely without deteriorating. An arrangement was concluded whereby the Council agreed to receive enough for the Settlement's needs at a price which would enable the Hongkong Government to replenish its stocks through imports from Rangoon.

262 On April 26, 1941, when second-grade Saigon rice was quoted
435 at $126 per *shih* in the Shanghai rice shops, the Council announced
438 its intention to import Burmese rice from Hongkong. Speculators
633 who had been hoarding rice made last-minute efforts to sell at high levels. Prices rose steadily until May 3, when $145 was quoted for second-grade Saigon rice, but during the next fortnight they dropped, until May 17, when Council rice at $110 per *shih* was placed on sale in the retail shops. The "racket" for the moment was broken.

435 Ever since 1937, the Council's Supplies Committee had wrestled
633 with the question of price control. The rice trade appointed a
262 "Shanghai Rice Price-Fixing Committee" whose decisions could, according to Chinese Law, be enforced in the First Special District Court. During 1939 it fixed a price endorsed by the Council, of $40 per *shih*, which, however, was soon exceeded; and a "black market" developed where deals were consummated at prices considerably beyond this price. During 1940 the question of price-fixing generally was again exhaustively examined by a special sub-committee of the Supplies Committee. One result of its work was the adoption by the Council of measures requiring clear marking of the prices of daily necessities sold in the Settlement. The aim of this was to induce competitive selling on the part of vendors, and to permit the buying public to discover where goods were most reasonably priced. The Council, together with the French Concession administration, published regular price lists of necessities, also with the idea of informing the public where goods could be most reasonably purchased. In June 1940 the Council established

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a Price Investigation Office within the Public Health Department in an effort to curb profiteering and to check abuses in connection with food supplies. After six months' intensive work, this Office recommended that price-fixing should not go beyond voluntary measures.[1] The report listed the following arguments against the introduction of compulsory price-fixing of basic commodities at that time:

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1. The magnitude of the problem and the lack of means on the part of the Council successfully to enforce compulsory price fixing in the International Settlement, where so many different national laws apply.[2]

2. The present abnormally high cost of nearly all staple commodities, due primarily to the military occupations of the areas surrounding Shanghai resulting in various forms of interference with the normal influx of such commodities. Whether the interferences are due to military necessity is beside the point, because, in any case, no fundamental solution of the problem can be accomplished without the assistance and good will of the Imperial Japanese Forces.

3. The question of the value of the local currency. Its effect, directly on imported goods and indirectly on domestic products, is beyond any control measures the Council might wish to enforce.

4. The fact that the Council would be unable to fix reasonable profits for importers and wholesale dealers. Control of retail prices alone will always be of a petty nature as long as no shortage of supply exists. Business competition and ordinary common sense amongst the purchasing public should tend to render retail profiteering relatively insignificant.

5. Should it be decided to fix maximum prices both for markets and shops, two or perhaps three different prices would have to be fixed for identical products in accordance with the location, class and overhead expenses of the various shops.

THERE WERE SEVERAL efforts to make staple foods available to poorer sections of the community at less than ruling prices during the period prior to the outbreak of Pacific hostilities in 1941. The "Shanghai Rice Cheap Sales Committee," composed of senior

[1] There was some basis for such a recommendation, even though the situation was such that control was necessary. In Shanghai where many nationals had extra-territorial rights, the means to secure compliance through national consular courts were difficult to find. The Council was of course quite unable to control the purchasing power of the Chinese currency.

[2] In October 1941 the Provisional Council, acting under new powers conferred on it by the Ratepayers in April 1941, passed a Byelaw aimed to control profiteering and hoarding. A Municipal Byelaw is enforceable against nationals of all countries, and overcomes the difficulty of differences in national laws.

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435 members of the Chinese community, purchased broken rice and
262 sold it through rice shops to the needy through eight periods of
633 several weeks each. A total of 223,200 bags was distributed, the organisation making a contribution of more than two million dollars, the difference between the cost of the rice and the returns through sales at lower prices. In a similar effort to supply food to the poor, from February 1940 onward, the larger Chinese flour mills made available several thousand bags of flour daily at considerably less than the market price, to be sold in small quantities, also through shops regularly selling flour. More than two and a half million bags of flour were thus provided. Several importing firms also played their part in handing over ten per cent of all incoming flour consignments, totalling 185,000 bags, to reliable dealers for sale to actual consumers. Important as these efforts were they could not ease to any great extent the difficult situation.

741 The very substantial arrivals of rice and wheat from the Amer-
262 ican Red Cross for relief purposes also played their part. This
146 grain was distributed to organisations caring for numbers of needy people. Many refugee camps, hospitals, and institutions caring for children were the recipients of this food. The form in which the wheat came proved to be particularly suitable. It was "cracked wheat," wheat submitted to the first processes of milling only, consisting of the whole grain merely cracked. In consequence the precious germ of the wheat was still present, containing within it the important vitamin B complex which is significant in nutrition and in the prevention of such recognised dietary deficiency diseases as beriberi. The nutritional results for those fortunate enough to receive it were dramatic. Instead of gross signs of deficiency and the less dangerous but serious malnutrition which were everywhere prevalent, by comparison a glowing health appeared in institutions using the cracked wheat, though it could not provide all the needed protective foods.

435 In August 1941, the Chinese Government ruled that foreign
633 exchange would be obtainable only through its Stabilisation Board.
439 It then appeared that an instrument might become available which
262 would give the Council actual power to control prices of imported staple products other than rice which was already controlled through the agreement with the Hongkong authorities. The Board was sympathetic to the view that exchange for essential commodities

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should be granted only through the Council; and the Council in turn would allot it only to those merchants who would sell to retailers at a price fixed from time to time by the Council. As a means to control the final sale to the people, the Council sought and obtained from the Consular Body approval of a Byelaw empowering it to control prices at retail. On November 9, 1941, a Proclamation fixed the retail price of all imported rice at $130 per *shih*. The registration of all stocks of rice and flour was called for, and all movement of these commodities without a permit was forbidden as a means to keep them under control.

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THIS WAS THE FOOD situation when Pacific hostilities supervened on December 8, 1941. It was fortunate that controls over essential commodities had begun, for there was thus in being the nucleus of what was, within six months, to become an extensive organisation controlling the issue and price of rice, flour, and other commodities. The Council had even, before December 8, examined in some detail what would be involved in rationing.

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Soon after the opening of 1942, the Council issued a notification requiring holders of stocks of imported rice and of flour to deliver them against delivery orders issued by the Council, thus requisitioning at a fixed and fair price the stocks which the city held. It proved fortunate that in the early months of 1941 the hope of gain had induced many merchants to import large stocks of rice, for these proved sufficient to meet the needs of the Settlement and Concession at the reduced consumption rate required by the Japanese authorities during the first five months of the year. Indeed, in this outcome lay some justification for the lack of earlier rigid price controls which might have acted as a deterrent to importers. Stocks of native rice were not taken into consideration since, as has been shown above, the Japanese military had controlled the collection of native rice for the previous two years, using it for their own purposes and allowing virtually none to reach Shanghai.

The methods used in the spring of 1942 for the husbanding of precious stocks of imported rice were: reduction in the number of shops licensed to sell rice, fixing the number of days on which rice could be bought at three each week, limiting the selling hours on these days and reducing the amount of each sale to one *shun* (1.72 pounds) to any one person. There were in consequence long rice

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633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the
439 efforts of the police to control the lines. Because of this situation,
434 "rice rustlers" stood in the queues, securing the amount permitted
722 to be bought, which they then sold at more than the official price. It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures
511 undertaken to secure essential commodities. Before Pacific hostili-
722 ties developed, through an Association of Importers and Manufacturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

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a matter of regret that control of vegetable oils, so important in the cooking of a Chinese family, could not be exercised by the Council. The Japanese regarded these commodities as materials of war. But stocks found their way uncontrolled into the market. In the case of sugar also, the Council was not permitted by the Japanese authorities to exercise controls. 435 633 262 511 722

The cost of living continued to rise despite the efforts of the Council to control the prices of the most significant items as indicated in the preceding paragraphs. The rise was particularly evident when, toward the end of May, Chinese National Currency depreciated day by day till two national currency notes were equal to one Central Reserve Bank note issued by the Nanking Chinese authorities. Prices then naturally rose in terms of Chinese National Currency. When, in June, it was announced by the financial authorities that Central Reserve Bank notes would henceforward be the only legal currency, most shopkeepers merely altered the enhanced National Currency prices unchanged into prices expressed in Central Reserve Bank notes, automatically doubling them. The Council attempted to halt this process by issuing a notification that prices should not exceed those of the last week in May, but with little success. Shopkeepers claimed that replacement costs would exceed the prices of the end of May.

It became apparent therefore that extensive machinery to examine the fair selling prices of a wide range of commodities must be set up. Prices for many food items, including milk, were carefully examined: the selling prices for woollen, silk and cotton cloth of standard grades, and of shoes, were studied: and many other items and services came under close scrutiny. 435 434 633

To enforce selling at official prices, the selling of permitted quantities, to penalise those who refused to sell, who did not display price tags, who moved goods without a permit or without a valid permit, or who did not comply with other emergency regulations, some enforcement machinery had to be set up. For a time after December 8, 1940, the Court, formerly staffed by Chungking-appointed judges, did not function. Later it was taken over by Nanking authorities. But enforcement of emergency requirements could not await the re-opening of the Court, nor, it was felt, could the already overworked Court handle the many cases of infraction of new regulations. Accordingly an enforcement machinery was

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435 established within the Council's administration. Those found in-
434 fringing the regulations were given opportunity to show cause why
633 they should not be penalised and thereafter, if found guilty, were given an option of having their licences withdrawn, their premises closed, or making a money payment. Most chose the last-named course.

The machinery worked well and justly, but was an instrument of enforcement only. If initial policies were not well based, failure to control could not be laid at the door of the enforcement office. The weakness of the whole of the Council's efforts at price control was that in practice the Council could attempt the enforcement of prices at retail only. It had actually obtained an alteration to Bye-law 51 to permit it to control wholesale prices, but in fact control of prices of all commodities in wholesale quantities was in the hands of the Japanese authorities, chiefly the Asia Development Board, the economic organ of the army. Without ability to control wholesale prices, control at retail was ineffective to influence sufficiently the cost of the people's living.

434 When rationing was instituted, the average ration of rice was
633 1½ *shun* per person per week. For workers in municipal and pub-
252 lic utility enterprises a total ration of 4½ *shun* per week was allowed, and for those in other industrial enterprises, 1½ *shun* per worker in addition to the ordinary civilian ration. The normal civilian consumption of rice was thus cut by about three-fifths, according to figures of consumption obtained in standard of living studies. As a compensation a flour ration considerably larger than the usual flour consumption was given. The people did not, however, take up this large flour ration. Flour is a product which requires the possession of cooking facilities to deal with it. Few simple Chinese households have anything more to cook with than a stove some eight inches in diameter, of earthenware usually, in which an open coal briquette fire can be built. Rice can be boiled on this, but flour cannot easily be cooked on it. Noodles, a flour product bought as such can be boiled on it, but free flour takes a basin and board, and other cooking facilities, before the flour can be used. The Division was able to urge with some success that the rice ration should more nearly comply with the known standards of consumption.

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theoretical information for the intelligent handling of his tools. 874
His manual skill comes gradually with practice during his adolescent years; his theoretical understanding increases concurrently. When he emerges from his apprenticeship, he not only can use machines but knows why they work as they do. Chinese mechanics, on the other hand, while possessing skill in handling machinery, have little understanding of the science of mechanics. It is to such men, keen, alert, and with practical experience, that a theoretical knowledge has to be brought. No teacher of elementary theory ever had pupils more developed in practice.

THE INDUSTRIAL AND Social Division recognised the necessity 874
of instructing workers of various types. From 1937 onwards short- 633
term classes were organised. These were experimental in many respects and were designed to discover what range of ideas could be absorbed, what methods of teaching would have to be employed, on what exact degree of preliminary education the instruction would have to be based, and what steadiness in attendance at night classes could be relied upon. By the end of 1940 the answers to most of these questions were known.

Four distinct groups of men had been enrolled in short-term classes during the four-year experimental period. Ten classes were held for boiler firemen, involving 528 men in all. These men operated boilers in industrial enterprises, apartment houses, and office buildings. Almost all of them were illiterate and poorly paid. They worked an extremely long day, almost invariably at least twelve hours, often longer. Their work was always tiring and, in the humid summer weather, often exhausting. Few had any conception of the immense pressure in the boilers they tended with so little concern. Some were known to believe that when the pressure gauge showed 70 pounds, this represented the total pressure in the vessel. The concept of pounds per square inch was unknown to them. Coal, once easily obtainable and cheap, rose to very high prices during the period when classes were arranged. No longer able to ignore waste in the operation of steam plants, the more alert factory managers recognised the need to plan for the use of expensive coal to the greatest advantage. Yet, so far as could be learned, little was done by the majority of enterprises to see that a better-educated man took charge of the firing of boilers. The

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Division did what it could under the circumstances. It took existing firemen and, in courses each of six weeks' duration and a total of twenty-four hours' instruction, gave them a rudimentary knowledge of the proper operation of boilers. The lecturers were boiler surveyors approved by the Council and regularly engaged in the inspection of steam plant installations. Visual methods of education had to be developed: slides were used at every lecture. To the sceptic who said, "but these men are illiterate, they cannot be taught anything," the obvious reply was, "but they mind boilers." Until factory management was prepared to pay for competent operators of steam plants, the Division instructed those who actually tended boilers. Several employers who needed new firemen sought those who had attended the training course.

A second group for whom two series of lectures were planned were those known as *lao kwei*—literally "old devils".[1] *Lao kwei*, relics of a simpler industrial scene in Shanghai, were still in many factories in charge of machine apparatus, including the steam plant. They often were not qualified engineers, for they belonged to a period when Shanghai had just embarked on machine-manufacturing processes and trained engineers were scarce. With the aid of mechanics skilled enough in practice but, as we have seen, without knowledge of such elementary matters as how accurately to calculate the size of a pulley and belt to obtain a given speed, *lao kwei* have installed complete plant machinery. The fact that during operation plants frequently have been shockingly mistreated and that there has been enormous waste has concerned neither the *lao kwei* nor their employers. There have been loss and waste in operation, and heavy replacements and repair charges, the elimination of which would in many instances have permitted occupation in more suitable premises and the payment of better wages. Some one hundred *lao kwei* and their assistants received instruction in courses lasting seventeen weeks.

A third group gathered into classes proved the most responsive of all, and indicated the direction of later policy. This group comprised the younger mechanics, machinists and fitters in machine shops, operating machine tools. There had been a distinct increase

[1] Use of this slang workshop term is widespread. The charge hand is called the "old devil," the next in charge is the "second devil," a foreigner a "foreign devil," a young worker a "small devil," and a spiral drill a "twisted fried-roll devil."

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in the variety and improvement in quality of locally manufactured machinery. Among units being manufactured in Chinese-owned plants were machine tools, power presses, air compressors, steam engines, screw- and nail-making machines, printing machinery, paper-making machinery, machinery for use in textile cigarette chemical, rubber and seasoning powder plants, in flour mills and steam silk filatures. Of the thousands of machinists and operating mechanics involved, few were found to have had any instruction in basic mechanical principles. Up to the end of 1940 experimental short-term classes of seventeen weeks, sixty-eight hours in all, had been held for two hundred of these men.

A fourth group consisted of the owners and foremen of plants using power presses in manufacturing. The range of hardware being produced in Shanghai was increasing as was also the manufacture of containers like tin cans and thermos flasks. Power presses were thus used extensively. There was, however, little knowledge of diemaking, of the heat treatment of steel, or of the measures which should be taken to reduce accidents on power presses. Some one hundred and fifty men engaged in the operation of power presses had six-week courses with twenty-four hours of teaching.

Commencing in the autumn of 1940, a first class of 52 men was admitted from among those mechanics and fitters who had already attended experimental classes and could pass entrance tests. They proved to be the advance guard of the regular three-year course which later developed. In the autumn of 1941, two evening technical schools for adult workers were opened, one in the eastern, one in the western industrial district, with 250 first-year students admitted. Despite the unemployment which descended on industry in December 1941, and in succeeding months, unemployment which early affected machine shops from which the majority of the students came and most of which were deprived of their sources of raw material, the schools withstood the shock, and 85 first- and second-year students completed the year's work in June 1942. The autumn of 1942 was to see also the beginning of classes for electricians, for in this field also complicated installations were operated by workmen without fundamental knowledge of the principles on which their work rests. It was hoped, year by year, to add some course of training, until the schools might merit the name of technical schools. A Shanghai which had constructed

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24-storey buildings should surely have courses of instruction in the building trades. These were next on the list to be provided.

To enter the Technical Schools, students must have completed their three years' apprenticeship in a machine shop in the case of mechanics, or in a factory manufacturing electrical equipment or with an electrical installation contractor in the case of electricians. They must then have passed an entrance examination which is approximately at a standard of completion of primary school.

The schools were financed from grants-in-aid funds of the Education Department of the Council. In addition to the primary and secondary schools which the Council provided for Chinese and foreign children, the Council each year distributed substantial sums as grants-in-aid, a mechanism used to induce in the schools which applied for them better standards of building and equipment and of teaching. The Grants-in-Aid Committee considered that the Division's schools warranted an expenditure of five per cent of all grants. The sum involved for 1942-43 was CRB $31,000.

The Educational Department of the Council, which had operated night primary schools for several years, modified the rules governing these schools so that they might become feeders for technical schools in the future. Older apprentices from machine shops were recruited to attend these night primary schools which thus became pre-technical schools.

Nowhere in the world is it a simple matter to operate night classes and to obtain completely regular attendance. When the ordinary crises in human affairs such as sickness and family difficulties do not intervene, overtime work often does. And in Shanghai in 1941 overtime work meant money which the family badly needed in days of high living costs. If men succumbed to the temptation to earn a little more, and were thus absent from classes, they could hardly be censured. If Shanghai is to build up an informed stratum of qualified mechanics, workers' earnings must reach a standard sufficient for family needs. The group for which technical education in western countries is usually designed is adolescent; it is generally free from the heavier responsibilities of family life. In Shanghai, however, classes for mechanics and fitters were for adult workers who had families to support.

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THERE WAS IN THE larger foreign enterprises a group of young workers who correspond more to the apprentices in western countries. They were generally known as trade apprentices (*i t'u*) and were found in such enterprises as public utilities and dockyards. Their apprenticeship was of fixed length, and regular teaching was available for them during this period. In an attempt to raise the standard of trade apprenticeship generally, the Engineering Society of China in 1940 recommended to the Shanghai Municipal Council the adoption of regulations governing the registration of such apprentices by the authorities. By the early part of 1941 one hundred applications from public utility enterprises had been received. For registration purposes, apprentices must have completed a junior middle school course prior to employment. It was hoped that the issue of a certificate by the Council at the close of the apprenticeship period would induce other enterprises to bring their regulations for apprenticeship into line with the new standards, thus making a contribution to better technical training. By 1942 it was apparent that the certificate was already becoming a desired credential.

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The curriculum in the Technical Schools took account of the fact that students had a considerable practical experience. There was no need to set up laboratory experiments to demonstrate a principle which could well be illustrated by referring to the actual work in the workshop. Lecturers were Chinese engineers who in most cases had had university training, but who also had moved among workers so that they could speak their tongue. It was essential that they be taught in the workshop colloquial as well as the dialect form they understood.

The first-year courses included physics, mathematics,—termed "workshop calculations",—and some technical terminology, through which some engineering principles were enunciated and machine parts taught. The colloquial Chinese workshop term was taught in relation to the correct Chinese engineering term and its English equivalent. In subsequent years, courses in machine shop practice, in strength of materials, in machinery installation and that of power plants were given.

Thus, by the paths indicated—by the path of the primary school, apprenticeship and evening technical schools leading to a graduation certificate, and by junior middle school with appren-

CHAPTER X

CHILD PROTECTION

ANY ADEQUATE PROGRAMME for the protection of children by the authorities in Shanghai seemed in the past to present almost insuperable problems. The evolution of policy in the general field of child welfare involved difficulties of finance and other obstacles sufficient to deter the stoutest heart. The high birth rate and the size of the population even in normal times meant that the city had a child population as large as that of some small countries. Housing congestion and unhygienic living quarters, together with inadequate nutrition, traceable in part to the low earnings of workers, caused literally thousands of children to live under conditions that contributed to a high death rate. If they survived they suffered in many cases chronic ill-health. If conditions were hard for the children of wage earners, they were harder still for those in families where there was unemployment, and for those who had no one to care for them.

The type of child welfare programme familiar abroad, where governments are aware of the necessity of caring for the citizens of the future and ready to appropriate large funds for that purpose, was not in the past considered possible in the International Settlement of Shanghai. The sources of the Council's income, ultimately dependent on the capacity of the people to pay, were strictly limited. The Council took the general view that "poor relief" was not feasible, since it had no control over entrance to the Settlement.[1] In practice, however, certain forms of relief were undertaken from Council funds. The Council for years made limited contributions as grants-in-aid to institutions which cared for children coming into the hands of the police—children who were lost, abandoned, abducted, exploited, ill-treated or otherwise victims of circumstance. Indeed, for long the police in Shanghai were the social workers of the Settlement. Police stations saw many a human drama in which children were concerned. Police rescued

[1] See Chapter XI.

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633 those who were ill-treated, took in the lost or abandoned, settled
736 many family matters involving children.

From the early part of 1937 the Council embarked on a somewhat more concrete plan of child protection. For the programme which developed, the wider term of child welfare cannot be used, for it did not concern itself with instruction to mothers in the care of children, or provision of monetary assistance to families with children, development of kindergarten schools, or nurseries, or playgrounds—any of the "welfare" features so well understood elsewhere. Because of the special problems of Shanghai, emphasis was placed first on the field of "protection."

633 THE ORIGIN OF THE Council's recent concern with child protec-
736 tion is traceable to requests of the Slavery Committee of the
597 League of Nations that it give attention to the problem of *mui*
567 *tsai* or *pei nu*, so-called girl slaves. Through past centuries and
357 down to the present, the prevailing poverty of China caused poor families in certain areas of the country to give their daughters to richer families better able to support them. During childhood and adolescence they are employed in domestic service, and then are married to husbands who have been found for them by their employers. It is obvious that this system provides possibilities of exploitation. Separated from their own relatives and in the control of others, these *mui tsai* can be worked very hard, even mistreated. In the view of the League of Nations Committee, there were elements in the situation suggestive of slavery. On the other hand, many instances were known of girls being well cared for in the homes to which they went. The League Committee, examining as it did many customs in different parts of the world where lack of freedom and of control over their own destinies characterised the lives of various groups, had urged on the governments in control of the regions in question the adoption of measures to alleviate the lot of the groups concerned. In the Far East, the League's views regarding *mui tsai* had been impressed on the governments of China, Hongkong and Malaya.

Accordingly, early in 1937 the Shanghai Municipal Council placed some responsibility on the Industrial and Social Division. The Chief of the Division was named "Protector of *mui tsai*." The Division believed, however, that the task had been too narrowly

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conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them." 633 736 597 567

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow: 357

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor. 633 736 597 567

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen. 548

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

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633 view was expressed in the 1937 Report on *pei nu* forwarded by the
736 Council to the League of Nations Slavery Committee and was found by
597 the Slavery Committee to coincide with a similar conception expressed to it from other sources.

567 "The Chinese Government delegate to the Sixth Committee of the
548 League of Nations Assembly in 1937 (who is Chief of the Chinese Government delegation and its representative on the Advisory Committee on Social Questions) stated that the problem of *pei nu* can best be considered as part of the larger problem of child protection. The United Kingdom Government in its official communication to the Slavery Committee also indicated that work of the protection of women and children is intermingled with the problems arising out of the *mui tsai* or *pei nu* system. The Malayan Government has accepted in principle the minority report of the Commission on *mui tsai* in Hongkong and Malaya published in 1937. This recommended repeal of existing *mui tsai* legislation, the abolition of the legal status of *mui tsai* and the introduction of entirely new legislation for child protection."

736 Even as the Shanghai study was being made and the report pre-
597 sented, it was obvious that the 1937 war had left stranded an army of young people whose parents had been killed, or who were
633 separated from their families during head-long flight from danger.
567 Some of these children were in refugee camps; others were on the streets, begging, stealing, those still surviving managing to live in some manner. By contrast, *mui tsai*, young girls in domestic employment had at least a roof over their heads, and presumably food to eat. While in no way condoning the system, Council officials believed that the first concern of a Child Protection Service should be the homeless. No special registration of *mui tsai* was recommended. The programme which was developed and details of which follow was designed to care for these children in so far as an administrative procedure may do so.

Child protection work was begun with the young people who came into the hands of the police and were in need of help. Before 1939 it was the custom for police to take to court for disposition all lost, abandoned, abducted, ill-treated and otherwise exploited children for disposition by the judge of the court. To deal constructively with the needs of these young people something more than a purely legal process appeared to be desirable. In theory the disposition of the person of any citizen, child or otherwise, should be by the legal process. But in the situation ruling in Shanghai, where the need was essentially a social one, it was felt

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that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary-General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

The Chinese court held that the natural parents of a child in every case have a right to the child, whether exploited or otherwise. Instances occurred where a judge handed back to the care of parents girls who had been sold. The court view is based upon the relevant portion of the Civil Code. There is room for a reconsideration either of the law or of its interpretation by the court.

For the majority of those who either had no immediate relatives or were being exploited by relatives other than their parents, placement in an institution frequently represented the only possible adjustment. Every effort was made at once to find relatives or friends of a young person coming into the hands of the Service. If time was allowed to elapse, the chances of finding that link which would perhaps save the child from being alone and adrift forever might be lost. By newspapers, and by using local Chinese methods of advertising near the place where a child had strayed, the vital link was frequently established.

In 1940, for the first time, a complete picture was obtained of the extent of lawbreaking by young people under 18 years of age. In all, 981 appeared in court on criminal charges—899 boys, 82 girls. Of this number 70 per cent were unemployed; 87 per cent were involved in some form of thieving. Twenty-one per cent had previous convictions. 633 738 674

There was no special procedure in the First Special District Court governing the treatment of juvenile offenders. Regulations for a special procedure of the Ministry of Judicial Administration of the Chinese Government exist, but were not in use in Shanghai, or elsewhere in China, so far as is known.[2] In response to the 633 738 736

[2] In Instruction No. 2237, dated May 9, 1936, the Ministry of Judicial Administration of the Chinese Government instructed the courts to temper justice with mercy and understanding in dealing with juvenile delinquents. The articles of instruction [696]

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633 suggestion, twice brought forward by the Division, that a special
738 procedure should be instituted, the Court expressed its readiness
to co-operate, but the police stated they were unable to undertake
736 the necessary segregation of juvenile offenders. The Division believed that in the meantime the increasing knowledge of juvenile delinquency in Shanghai, which its specialists in child protection work had gained, would be of value whenever they would be called on to play a larger part in the disposition of such cases if a special procedure could later be developed.

In 1940 a qualified social worker with special training in the psychological handling of difficult children began to make frequent visits to the municipal reformatory where she interviewed all young delinquents twice, first after their arrival in the reformatory and again just before their release. Of the 334 persons (293 boys and 41 girls) whom she interviewed in 1940, 91 per cent had been convicted of thieving in some form, and 52 per cent were orphans or had only one parent.

Boys who before or after release from the reformatory had no plans were invited to call on the social worker. Of the 201 boys seen in 1940 before their release, 53 sought help. Twenty-three—for the most part younger boys—were placed in institutions. Sixteen were sent to a vocational training school. But many older boys refused to enter institutions. Since it proved unwise to employ these boys in factories immediately upon their release from the reformatory without any rehabilitation period intervening, they were given some little financial assistance with which to start a simple business like peddling or shoemaking. If these boys showed persistence and good will, they were introduced to regular employment.

THE REMOVAL OF YOUNG PEOPLE from institutions[3] and their placement in employment served two purposes. It relieved institu-

[696] in this memorandum show a sympathetic understanding of the necessity for rehabilitation rather than punishment in the treatment of young offenders.

Article 14 reads in part as follows: "When assigning judges to try juvenile cases, the Presidents of the various Courts may not follow the rules regarding the distribution of duties for a Judicial Year, but they may assign a judge to try them from among the judges or procurators of the respective courts who has sufficient experience and mild temper as well as a profound study of the sciences of criminology, psychology, sociology and education."

[3] Standards of work in children's agencies depend on the calibre of their staffs.

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tions of the expense of caring for them, and it provided the youths with an opportunity to become useful members of society. Unfortunately there were difficulties both in discovering suitable jobs and in keeping the young people at their jobs once these had been found. Containing, as the Division did, both an Industrial Section which sought to improve standards of employment for young people, and a Child Protection Service which tried to place them, the Division would place only where conditions of employment were satisfactory. Most factories where higher types of skills could be learned were beginning to require that apprentices have the equivalent of a primary school standard. Few children from institutions reached this goal. Where employers agreed to take them, their records were not wholly successful. Out of 206 placed in employment to the end of 1940, 110 made good. Boys asked why they should work long hours in factories—"eat the bitterness," as the saying is—when they could return to an institution where they need not work. Yet 50 per cent of them persisted and showed increasing signs of stability. On the whole, therefore, the results of the experiment were till the outbreak of Pacific hostilities encouraging, and it was hoped that the Division's other efforts to extend opportunities to underprivileged boys would have even more satisfactory results.[4] A general unemployment after December 1941 cut off this means of assistance to young people.

A POSITIVE APPROACH to the problem of *mui tsai* was begun through the development of a procedure for the adoption of young people. This was felt to be important even though no express power lay with the Settlement authorities to institute a procedure. The initial report on *mui tsai* pointed out that so-called adoption is often claimed to be the basis under which a young person may be in the control of others who are not near relatives: "In Chinese life it is almost impossible to differentiate between cases of *mui tsai*, adoption, quasi-adoption, prospective daughters-in-law and

In an effort to stimulate better understanding, an initial conference was held in 1941 when such basic subjects as nutrition, recreation, and techniques in handling children were discussed. Short lecture courses in child personality and similar subjects were also given.

[4] In 1940 the Division launched an experiment in conditioning boys in a welfare camp before finding them employment. A vocational and academic programme for 80 boys over 15 years of age was put in charge of a special teacher, with the purpose of preparing these youths for permanent employment.

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other gradations." Very certainly in the majority of cases the adoption has not been carried out in accordance with the provisions of the Fifth Book of the Civil Code of the Government of China.[8]

These provisions do not require that adoption shall be carried out with the consent of the courts or of administrative authorities. In any event, in the absence of express powers in the hands of the Council, it was realised that any procedure which might be worked out administratively by the Child Protection Service could only be on a voluntary basis.

From the beginning of 1940 an arrangement was made with one institution which from time to time placed children in adoptive homes, that such cases would be referred to the Child Protection Service for a final approval. Follow-up visits were paid to the homes in which children had already been placed, and the results showed that in only some forty per cent of the cases were the adoptions satisfactory. It became apparent that more extensive periodical visiting was necessary, and a special social worker in the Service commenced regular visits. In the year April 1941 to March 1942, 116 homes were regularly visited. In these the situations of more than 90 children could be called thoroughly satisfactory.

Study of the satisfactory cases showed that children placed in good homes, even though often of very limited means, where they were cared for in a family atmosphere, were much better off than those remaining in institutions. No public funds for promotion

[8] Under these provisions:

The adopter must be at least twenty years older than the person to be adopted. (Art. 1075)

The relation between an adopted child and his adoptive parents is the same as that between a legitimate child and his parents, unless it is otherwise provided for by law. (Art. 1077)

An adopted child assumes the surname of the adopter. (Art. 1078)

Adoption must be effected in writing, unless the person to be adopted has been brought up as a child of the adopter since infancy. (Art. 1079)

The relation between an adopted child and his adoptive parents may be terminated by mutual agreement of the parties . . . in writing. (Art. 1080)

Where either the adoptive parent or the adopted child is found in one of the following conditions, the Court may, at the instance of the other party, terminate their adoptive relationship: (1) Where one party has ill-treated or grossly insulted the other; (2) Where one party has deserted the other in bad faith; (3) Where the adopted child has been sentenced to not less than two years' imprisonment; (4) Where the adopted child has spent money wastefully; (5) Where it has been uncertain for three years whether the adopted child is alive or dead; (6) Where other grave reasons exist. (Art. 1081)

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of a foster home programme were available. In this situation it was felt that a stimulation of the practice of adoption would be beneficial, and this policy was embarked upon. 633 736 597

In every case of adoption arranged or recommended by the Child Protection Service, documents of approval were given to the adoptive parents. These papers were granted only after all preliminary steps (including a medical examination and a subsequent six-month trial period) had been observed. The purpose of this procedure was to formalise adoptive relationships by official approval. It was hoped thereby eventually to create the conception that adoption in accordance with Chinese law should be encouraged.

There are other phases of the care of children which, it was felt, might rightly be termed the concern of the administration even in the peculiar situation in which the Settlement found itself. What is well known as family case work, the effort to assist a family to make adjustments and to solve its problems, was scarcely known in Shanghai, at least in any formal way. Many cases were known where children were delinquent, or begging, the root cause of which lay in the economic situation of the family. Often a child might well have been saved from a future life of crime if the family situation could have been solved. In general, the view was taken that, with the numbers of homeless children as great as they are, children with homes should not be cared for in institutions. Only the children in institutions had the attention of the authorities. The attention of certain social agencies, notably the Pullers' Mutual Aid Association, and some socially minded Chinese leaders, was turned in the direction of family case work as a means of serving the city's needy children.

THERE WAS AN ALMOST complete lack of recreational facilities for even the children of well-to-do parents, a consequence of the congestion in the city. There were some children's parks where younger children went, usually in care of *amahs* as nurses, and to which some more privileged older children also resorted. It was hoped that some beginning might be made with the provision in these of organised play under trained recreation leaders. A revival of a plan formerly instituted by the Joint Committee of Shanghai Women's Organisations could have obtained the use of open spaces 529 [857] 741

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529 for playgrounds whenever through building demolition or some
741 other chance an area might be temporarily cleared.

The financing of children's institutions in a time of rapidly
262 rising costs proved difficult. Some were stimulated at times to
741 make efforts to improve the diet. "An egg a child a week," "some oil each day" have been aims which in some instances have been met, only to find that the cost of eggs has doubled, and that of oil trebled, so that the former ration again became the rule. There was felt to be a need for the organisation in Shanghai of a Children's Community Chest, when the citizens would be challenged to give largely and generously to its children, and all organisations caring for children might benefit. Leadership in the community to better the situation of its children was not lacking, as the extensive services for homeless children show.

736 THE WORSENING OF the economic situation in the city following
633 the outbreak of Pacific hostilities was followed, inevitably, by the abandonment of many children on the streets by those unable to
735 care for them. Institutions which down through the years had
748 been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

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to find employment as a means of assisting the family, but a friend or relative could frequently be found who, if challenged to do so by a skilled social worker, was ready to help out. There were no public funds to draw upon as is normal family casework in western countries; but there was being developed family case work on the China pattern, an attempt to use the close family bonds between relatives to induce help of the unfortunate. This kind of friendly help of course goes on day after day without stimulus from without; the difference was that the Division tried to harness it for the help of children in the emergency. The second phase of home finding sought to apply more widely the experimental beginnings in adoption approved by the authorities, the plan referred to earlier in this chapter. With more social workers on the task and with a gradually growing sense of responsibility on the part of the community for its children, as many as fourteen applications by adoptive parents were made on one day in June 1942 to adopt children.

This much more extensive programme than formerly attempted —a programme induced only by the emergency which in eight months left hundreds of children for whom adjustment had to be found in the hands of police—proved the value of early experimental beginnings. It cannot of course be claimed that even this enlarged staff would be able to handle the situation. Hundreds of children would continue to be destitute and begging, hundreds dying on the streets.

THE REMARKABLE WORK which has been done by the Chinese Government and voluntary organisations in caring for the thousands of children deprived of parental care during large-scale hostilities in China from 1937 to the present time has certainly within it the germ of an adequate child care programme in the future. It is work which has been carried on through immense difficulties of finance in a period of inflation. In Free China, as in Shanghai, there is growing a recognition of the necessity for adequately trained social workers in child care. Many students prevented from returning to China by world hostilities and for the time being remaining in the United States and elsewhere are using the time to prepare themselves as specialists in this field. In West China a special course in training for child care work has been organised

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735 constructively with the problem by establishing a special camp for
747 beggars. The police removed from the streets those found begging, men, women and children, and handed them over to the Salvation Army for care. Huts were erected on land made available by the Council, and the scheme was inaugurated in January 1941. To defray expenses of building the camp, the Council allocated funds from the voluntary entertainment levy which had been collected during the post-hostility period and handed over in part to the Shanghai Refugee Relief Association for disbursement among organisations caring for refugees.

735 IN GENERAL, as mentioned before, the Council took the view that
747 it was not able to provide "poor relief." Its revenues from taxation
633 were limited because its powers of taxation were restricted. No poor law rate could be levied. It was argued that in a city to which
166 (because of the comparatively safe areas and the lure of possible employment) thousands had drifted in past decades from nearby densely populated provinces, to have embarked on poor relief would have been to encourage the arrival of many more destitute persons. In general, relief was left to private charitable organisations, both Chinese and foreign.

Nevertheless, the Council contributed to relief by presenting grants-in-aid to hospitals and institutions caring for the destitute. In particular, as we have seen, it made contributions to child welfare institutions to care for the young people whom police removed from the streets and otherwise found in need, and who very often were without relatives or friends.

766 Much is made in certain studies of Shanghai of the "exposed corpse" situation. Figures of unwanted corpses picked up on the streets did not, however, represent necessarily deaths from starvation and exposure only.[2] There were indeed many such cases, but there were also many others where the family of the deceased lacked funds for a coffin and other funeral expenses. Then it was to a Chinese benevolent burial society that the family looked. In such cases the corpse was placed where it would be collected and

[2] Barnett, *op. cit.*, p. 46, reports that in the International Settlement alone over 100,000 exposed corpses were disposed of in 1938. In 1939 the figure was 72,000. The numbers in 1942 must have been very high. There were certain places in the city where those dying of disease and starvation dragged themselves, to die with their fellows.

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roots social and economic conditions, can easily be changed. 466
China has had a long civilisation. The leisure to enjoy it, and its expression in manners, literature and the arts have been bought for the more fortunate in China, as elsewhere, by the work of others. Low economic standards of the masses have compelled them to serve others, often in return for a meagre reward. Hence it is not surprising that, with the coming of urban industry, the leisured owner of capital has had few compunctions about working employees indefinitely long hours with very few holidays, for a remuneration often inadequate to meet their families' needs, and under completely unsatisfactory physical conditions. Non-Chinese manufacturers, introducing into this country the factory system and machine industry, did not always bring with them the best standards of the west, and it is not surprising therefore that Chinese industrialists who followed them proceeded on unsatisfactory lines. Japanese industrialists also erected modern plants and installed the most modern machinery, but Chinese workers were to them a means of profit. Under these basic circumstances it is not strange that progress was slow.

Yet the picture was not entirely black. Far from being conservative and without adventure, more and more modern Chinese industrialists welcomed new social ideas as well as mechanical concepts. They often desired, once their interest was aroused, to be in the forefront in accepting new principles and in putting them into operation. Possessing the excellent qualities of their race, heirs of the philosophical content of their country's history, they were essentially governed by reason, and in particular frequently showed sympathetic understanding of the modern concepts of employment conditions and relations.

As had been laboured sufficiently in the foregoing chapters, 466
however, the fact was that the normal functions of an administration interested in improving working conditions were beyond 633
reach. Clearly expressed laws and regulations, to which all enterprises must adhere or else be haled into court, are the usual instruments of administration. Until political conditions give the authorities power to exercise control in this way, the most that could be done was to lay foundations for the future, meanwhile achieving whatever improvement might be. The prerequisite for the efficient execution of any administrative programme is a trained staff. This

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466 633 was built up. Competent officers were in charge of Sections. A foreign engineer in the Industrial Section, with foreign and Chinese inspection staff, added daily to their knowledge of industrial processes and did what could be done to improve working conditions. Chinese mediation officers in the Industrial Relations Section built up a technique and relationships with both workers and employers. A Chinese statistician, with a staff of assistants, calculated the cost of living indices month by month, and forged instruments to gauge the relative economic position of workers from time to time. And a Chinese woman welfare officer developed, with trained Chinese social workers, programmes in industrial and social welfare including child protection.

Many fundamental issues were not faced by the authorities. Largely this was perhaps because the Council was unduly obsessed by a sense of its lack of constitutional powers. But in imagination it lagged behind the Division—its administrative arm—in making resort to procedures of education and persuasion where force was lacking. Perhaps it was thought politic to leave to the pragmatism of departmental practice—by trial and error—what seemed precluded from enunciation in terms of policy. There was never a Council decision, for example, as to what should be the length of the working day, or how many rest days workers should have each month. No Council committee debated what minimum standards should be recommended to industrial enterprises. Latterly, because of the great rise in living costs, the Council paid close attention to the basis of the people's livelihood; but it did not consider whether any other influence than the publication of facts about the cost of living should be exerted to obtain more adequate wages for workers.

If low standards of employment were in part the result of insufficient capital, this fact should have been recognised. It was not beyond the capacity of Shanghai to supply capital for co-operative enterprise with better conditions of work. A procedure for mediating in disputes existed but its functions were not discussed by the authorities. The attitude of the Council toward labour organisation was not defined, although labour's group activity and power were extensive, even if inchoate. Much more remained to be done in Shanghai.

722 AT THE TIME OF writing almost complete silence rules as to the situation in Shanghai as in other parts of Japanese-occupied China

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and East Asia. What the social situation is, is unknown. In Free China, which has been deprived of its contact with the outside world by the usual transport means and is dependent only on an air service over a difficult route from India, there is great social distress. A serious inflation has gravely reduced the former modest standard of living, and the time of deliverance seems far in the future. Yet throughout, the Chinese Government has referred to the war against Japan as the dual one of "resistance and reconstruction." There can be little doubt that when the period of resistance ends, the plan of reconstruction holds within it the aim of restoration to the people of that standard of living and its improvement as the years go on. 722

The renunciation of special rights in China by the United States and Great Britain has meant for these powers that they have given up the share they possessed in the administration in Shanghai. Other powers may be expected to follow suit, and for those that do not the issue will not be one within their power to influence. Thus when the invader shall have been driven out, the Shanghai of the future will be in the hands of the Government of China. None will rejoice in this development more than those who have in the past had part in the administration of the Settlement and who have looked forward to the time when the work being done would gear into the plans of the government of the country. If the ten-year experiment which is herein described has within it any germ of a social programme for the city of the future, those who took part in it will have been fully repaid. They have already had their rewards in the comradeship of the joint endeavour, the working together with able Chinese colleagues and the close co-operation which was achieved with both Chinese employers and workers. 648 633

In sum and in retrospect, despite the large task still unfinished, cut short by the necessity to dissociate from a Council which had become Japanese-controlled following December 1941, certain fundamentals have emerged from the decade of work. The opportunity to pursue an administrative social programme, despite the lack of specific power, for so long a continuous period as ten years, is something which has importance in itself. The Chinese Government which in the decade 1927-37 laid its foundations and had, particularly in the last five years of this time, made such real progress, was unable to remain at its peace-time task and had to 633 722

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633 embark on a desperate war of resistance, involving withdrawal to the interior. The steps which it has taken to organise its resistance
722 are, it is true, parts of its total future plan in many respects, but events have not permitted its Ministry of Social Affairs to give continuous and uninterrupted attention to administrative steps designed to achieve social betterment.

000 WHAT ARE THE FUNDAMENTALS which have emerged from the Shanghai experience? Are there any results which are important for the future? Is the organisational pattern which was evolved year by year a useful one from an administrative point of view? What should be modified? What services should be added? In the last resort, on what does successful social effort on the part of the authorities rest? What should be the relation between workers' organisations and the administration? How can the administration assist in the bringing in of suitable employment patterns which will assist in the development of free workers? What is the responsibility of the administration in aiming at more adequate housing? in securing better nutrition? in providing medical care? in caring for its children?

The answers to these questions, to the extent that answers may be ventured based on a decade of experience, have, it is hoped, been indicated in the preceding chapters. They can perhaps be summarised here.

The organisational pattern which was worked out was useful for a city administration of the time and circumstances of the Shanghai of the decade 1933-42. But a Department of Social Affairs in a City Government in the future will, of course, have a direct relation to the relevant Ministry in the National Government. Its policies and programmes must be those of the National Government, enforcing the laws and regulations of the Government, existing and to come. Though complete information is not available of the plans of the Ministry of Social Affairs for the future, some knowledge of its wartime policies and programmes indicates some of the directions which a future city government must travel. There is a considerable body of labour law waiting to be enforced. A Labour Bureau will need to be established which should have sections dealing with factory inspection and industrial welfare; with industrial relations—contact with employers' and

369 villages. Town and citydwellers -- perhaps 20% of China's population -- kept their ties with their native villages. returned there whenever possible and many saw commercial activity in the town only as means to the acquisition of sufficient wealth to buy farming land and return [162] to the village.[11] The town population, then. was mostly made up of artisans and peasants plus a small number of landlords retired officials county functionaries and established merchant [634] families. The county seats (hsien capitals) were the centers for tax collection and administration of the surrounding farm-villages and also served as market towns where the peasant might sell his crop and purchase the manufactured goods he could not produce.

369 Town life for the average artisan was as meager as that of his relatives in the village. 511 Long hours hard work low pay. few holidays were the lot of most and living conditions were generally poorer and more crowded than those [466] in the villages. Proprietors of many shops required their employees to live on the premises so that they seldom visited their families. The [262] diet of the town dweller was as poor as that of the poor farmer -- mostly cereals vegetables, and some condiments and meat and fruit on 369 holidays only. Brief holidays were allowed at the New Year the Ch'ing-ming festival. the 527 mid-Autumn festival, and the Dragon Boat festival. On these occasions, townspeople usually tried to return to their villages; if this was impossible they enjoyed such delicacies as they could afford and strolled the streets, perhaps

11. Cf. Cressey. Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.216]

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634 Each county can also be divided into distric to which agents are sent with the approval of the provincial People's council. The same procedure can be applied to a municipality, which has need of agents to look after the administration of each street.

The nature and function of local government from the municipality down to the county and hsian level, has changed radically since the beginning of the Communist regime. Popular organizations mak it possible to keep the individual under closer surveillance than was possible in the past.

Under the early Republic and Kuomintang, a county was run by a single person called the magistrate, at times assisted by a few department heads of his own choosing. Now, the county People council, according to the Communist Constitution, consists of a head, a deputy-head, and from twenty one to thirty-one members and ten heads of administrative departments, namely, (1) civil affairs, (2) public security, (3) finance (4) grain, (5) taxes (6) industry and commerce, (7) agriculture and forestry, (8) transportation, (9) culture and education, and (10) health; with others to be added when necessary.

632 634 A hsiang council can have a head, a deputy head, three to thirteen members and also four to five department heads.

The People's congress on a county or a hsian level exercises the same functions as the provincia congress, which is covered by Article 58 of the Constitution: (1) to insure the observance and execution of laws and decrees; (2) to draw up plans for local economic and cultural development and for

632 public works; (3) to examine and approve local
634 budgets and financial reports; (4) to protect public property; (5) to maintain public order; (6) to safeguard the rights of citizens and the equal rights of national minorities.

Article 59 of the Communist Constitution stipulates that the congress elects and is empowered to recall the members of the government on the corresponding level.

The difference between the number of departments in a county and that in a municipality, which is directly under the central government and divided into districts, lies in the fact that the latter can have three more departments -- one for judicial administration, a second for control, and a third for planning; whereas a county and a municipality under provincial control and divided into districts, can have four more departments -- one for producers' co-operatives, one for control of industry and commerce, one for reconstruction, and one for labor.

Besides, the above-mentioned administrative departments there are voluntary organizations, such as the CPC, the peasants' associations, the militia, the New Democratic Youth Corps, the All-China Federation of Democratic Women, an association for the representatives sent to the congresses the inhabitants' association, and many others -- a tota of forty organizations. The number of people who work as staff members in these organizations can, in some places, reach an aggregate of 500.

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III. GOVERNMENT STRUCTURE AFTER PROMULGATION OF THE COMMUNIST CONSTITUTION

635 After the promulgation of the new Constitution, which was preceded by the abolition of the system of the Greater Area, the provincial government was put on a new basis. On one hand, it can be said that each province, according to the new constitution, regains the traditional status of an administrative district which stands under the supervision of the Central People's Government; on the other hand, there is a point of departure from the traditional status; that is, the members of the provincial government are elective and a provincial People's congress has a share of the deliberative functions. The avoidance of the term legislative in the section of the Constitution on provincial government suggests that the People's congress is limited to the function of deliberation and is not entitled to make the counterpart, the executive organ, responsible by changing it. Each province, according to the Communist Constitution, Article 53, is a kind of administrative district modified to such an extent that the power of passing a budget, enforcing laws, and safeguarding the rights of the citizens constitutes its only share in the powers of the executive organ. Although the provincial government is elective and a provincial People's congress sits next to it, it has no more status than an administrative district, because it is neither like the state of New York under the American Constitution nor like a British borough which operates under a special grant of powers. Furthermore, it is stipulated that the provincial government is to be subordinate to the Central Government, and that the

635 provincial People's congress can pass resolutions
642 only within the frame of the law which governs it. This means that the provincial People's congress has neither power by itself nor by special grant.

Under the Chinese Communist Constitution the status of a province is that of one of the various administrative districts which comprise provinces, autonomous regions, and municipalities directly under the central authority. Even a county and a hsiang is an administrative district, although they are not considered as being directly under the authority of the Central Government.

The executive, deliberative, and judicial branches of the provincial government are constituted as follows:

The provincial executive units consists of one governor, a number of deputy-governors, and twenty-five to fifty-five members of the provincial People's council. The governor, the deputy-governors, and the members of the provincial council are elected by the provincial People's congress, while those who are commissioners of the departments of Civil Affairs, Public Security, Finance, Agriculture and Forestry, and the other twelve departments are appointed by the Central People's Government. The fact that the commissioners are appointed confirms the view that the provincial administration is not a kind of self-government, but stands under the centralized control of the Peking government.

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642 The provincial People's congress according to the Constitution, has the following powers:

1. To insure observance and execution of the laws, decrees, and resolutions of the People's congress of the higher level.

2. To adopt and promulgate resolutions within the limits of their functions and powers.

3. To plan economic construction, cultural construction, public works, pensions, and relief work.

4. To consider and approve budgets and financial statements.

5. To elect members of the People's council of the corresponding level.

6. To elect presidents of the provincial People's courts.

7. To elect deputies to the People's congresses of the next higher level.

8. To hear and examine the work reports of the People's Council and the People's courts of the corresponding level.

9. To revise or annul inappropriate decisions of the People's congresses of the next lower level and the inappropriate decisions and orders of the People's councils of the next lower level.

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10. To protect public property, maintain public order, and safeguard civil rights.

11. To insure the equal rights of minority nationals.

12. To recall the members of the provincial People's council and the president.

From this list it may appear that the powers of the provincial People's congress are clearly defined. However, since the stipulations of Point 9 provide that the decisions of a provincial People's congress can be annulled or revised, the National People's Congress or the Central People's Government is certain to have a share in the annulment or revision. This reconfirms the fact that the provincial People's congress has no power of its own independent of the central organizations.

The formation of the provincial People's congress is based on a method of indirect rather than direct election. It is governed by two principales -- the population of the province and the number of the counties which lies within the territory of each province.

These two principles are stipulated in the Electoral Law for congresses of all levels. The first principle states that a province with a population not exceeding 20,000,000 shall elect from 100 to 400 deputies; a province with a population exceeding 20,000,000 shall elect from 400 to 500 deputies. In a province where the population and the number of counties are exceptionally small, the number of deputies may be less than 100 but

not less than 50; in a province where the population and the number of counties are exceptionally large the number of deputies may exceed 500 but shall not exceed 600.

Because the members of the provincial People's congress are elected, not directly by the people of the province, but indirectly by the counties, the provincial municipalities, towns, and others, the number of the membership of the provincial congress is governed by a second principle, which may be stated as follows: a county with a population not exceeding 200,000 shall elect one to three deputies; a county with a population not exceeding 200,000--600,000 shall elect two to four deputies; and a county with a population not exceeding 600,000 shall elect three to five deputies. From the municipalities and towns and the important industrial mining districts within the provinces, one deputy shall be elected by every 20,000 inhabitants. Based on the above-mentioned principles, the number of the members of the provincial congress of these five provinces can be shown in the following tabulation.

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	SHANTUNG	KIANGSU	ANHWEI	CHEKIANG	FUKIEN
Population	48,876,192	41,252,192	30,343,637	22,865,747	19,142,721
Number of Delegates	557	449	414	451	283
Municipalities	4	6	6	7	4
Administrative Districts	11	8	7	6	8
Counties	126	69	68	77	67
Mining Districts	1	-	-	-	-

Source: Enlightenment Daily, Peking, November 1, 1954, p. 1; Jen-min Shou-ts'e 1955 [People's Handbook 1955], Tientsin, Ta-kung pao, 1955, pp. 234-35.

As an example of these five provincial assemblies, the membership of the Fukien Provincial People's Congress has been analyzed by the New China News

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•635 Agency. The information which follows is drawn
642 from that source.

Present at the meeting were deputies of the various provinces, the various strata and classes and the various professions, as well as the deputies of the returned overseas Chinese and minority nationalities, a total of 283. Among the deputies elected, 46.3 per cent were workers, revolutionary employees, and revolutionary servicemen; 24.7 per cent were peasants and fishermen; 14.1 per cent were professional men; and 14.9 per cent were industrialists, merchants, and members of the community who called themselves non-Communist. There were forty-five women acting as deputies and five deputies representing the national minorities. There were also well-known industrial and agricultural "labor models" among the deputies. Also attending the meeting, among the deputies, were five Chinese returned from overseas.[2]

From the study of the percentages of representatives from the various groups in the Fukien Provincial Congress, it can be seen that the Communist Party has the absolute majority. Not only the so-called revolutionary employees and servicemen are members of the Communist Party, but also the representatives of the peasants' and workers' groups. Only a few of the representatives belong to the self-termed democratic groups, and their number is so small that they cannot have any influence in provincial politics.

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2. Jen-min Jih-pao [People's Daily], Peking, August 15, 1954.

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635 642 The work done by the Fukien Provincial Congr can be seen in its schedule dated from August 2 to August 11, 1954, which records (1) the examination and approval of the report of the work of the Fukien People's Government during the past five years; (2) resolution on the future tasks of the province; (3) approval of the statement of the financial accounts for the fiscal year 1953 and the budget for the fiscal year 1954; discussion of the Draft Constitution of the People's Republic of China, and the passing of a resolution for its suppprt; and (5) finally, national election of the People's deputies from Fukien Province to the First National People's Congress.[3]

From reading the reports about the Provincial Congress in the Communist newspapers, one can learn only that reports on the work of the provincial government were approved and that the budget was passed It is hard to find a reference to any debate or any counter-proposal, and it is still harder to find any evidence of opposition or mention of critical remarks. The provincial congress like the National Congress is an organization for expressing popular support of Communist policies, rather than for debate on government policies.

It is stipulated in Article 59 of the Communist Constitution that, "The People's congress, at county level and above elect and have power to recall the presidents of People's courts at corresponding level which is nothing else but another version of the articles of the Constitution of the USSR, numbers 105 through 109. Furthermore, an assessor system which is provided for in Article 75 of the Communist Constitution, has been adopted for the first time in Chinese history.

3. Ibid.

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642 Another institution which follows the Soviet pattern is the procuratorate. The provincial procurator is not elected, but appointed for four years by the procurator-general in Peking. Each county has a similar official, appointed by the provincial procurator with approval of the procurator-general. The fact that the president of a law court, according to the Communist Constitution, is to be elected, shows that he is less a jurist appointed for life than a person who looks after the interests of the Communist Party.

Workers or peasants who are Communists or fellow-travelers may sit in court and participate in the proceedings. According to the Chinese Communist view, the judiciary is a component part of politics and must promote the interests of the working class. Many favorable reports have appeared in Mainland newspapers but since the judiciary, and the provincial or county congress were established only a year ago, a judgment upon their merits must be postponed.

A list of the governors, deputy-governors, and the chief procurator who have been recently elected in these five provinces, is as follows:

1. Shantung

a) Governor Chao Chien-min
b) Deputy-Governors
Chao Che-fu
Wang Cho-ju
Liu Min-sheng
Li Ch'eng-chih
c) Provincial High People's Court
President-Yang Hsüan-wu

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2. Kiangsu

a) Governor-Hui Yü-yü

b) Deputy-Governors
Liu Shun-yüan
Kuan Wen-wei
Leng Yü
Chi Fang

c) Provincial High People's Court
President-Liu Shao-t'ang

3. Anhwei

a) Governor-Huang Yai

b) Deputy-Governors
Li Shih-nung
Chang K'ai-fan
Kuei Lin-hsi

c) Provincial High People's Court
President-Ch'en Yüan-liang

4. Fukien

a) Governor-Yeh Fei

b) Deputy-Governors
Ch'en Shao-k'uan
Chiang I-chen
Ting Ch'ao-wu
Chia Chiu-min

c) Provincial High People's Court
President-Lan Yung-yü

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5. Chekiang

a) Governor-Sha Wen-han

b) Deputy-governors
Huo Shih-lien
Li Feng-nien
Pao Ta-san
Yang Ssu-i

c) Provincial High People's Court
President - Wu Chung-lien

The most recent work of the provincial governments of East China is described in a summary of the report made at the time of the convention of the provincial congresses.

When the Kiangsu Provincial People's Congress was convened from August 5-11, 1954, the following record appeared: " ..all the delegates of the congress expressed their approval of the report on the work done during the past year and one-half and also on the immediate tasks of Kiangsu Province In the session of the delegates a resolution was passed which ratified the government report. It also passed resolutions that the people of the provinc should be united for raising the industrial production level, for the work of socialist transformation, for prevention of natural calamities in the rural areas, for insuring the fulfillment of the agricultural production plan, and for consolidating and developing the co-operatives and the mutual-aid organizations. They also sent letters of appreciation

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635 to the heroes who worked for prevention of floods
642 and to the Liberation Army which were stationed in Kiangsu. They then discussed the Draft Constitution and elected sixty-seven members as representatives to the National People's Congress."[4]

When the Chekiang Provincial Congress was convened, it discussed the draft Constitution and passed a resolution for its support. The next thing on the agenda was to examine the report on government work during the past year and a half and to approve the plan for future tasks of the government. It also passed the financial statement of 1953 and the gudget for 1954. The delegates also gave consideration to a report on military construction work in Chekiang made by Liu Wen-hsueh, director of the Department of Political Affairs of the military district of the Chekiang Liberation Army. Liu said that in the past year and a half the People's Liberation Army in Chekiang had defended the coastline very well and "had given blows" to Chiang K'ai-shek's army. They liberated the Great and Small Deer islets and also the Sheep islets. A total of 2,276 men of Chiang K'ai-shek's army were killed. There were seventeen enemy planes brought down and fifteen damaged. A great number of fishing boats escorted to sea returned with a catch totaling 5,300,000 piculs (292,030 tons) of fish. Many delegates expressed the wish of the mass of the people that Formosa and the offshore island be liberated.[5]

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4. People's Daily, August 13, 1954.

5. People's Daily, August 21, 1954.

665 and the party membership. To both men, the revolution had been completed with the establishment of the national capital at Nanking in 1928. They believed China's need in subsequent years was for organization and discipline, and the brothers helped to think out and promote the return to the conservative Confucian principles advocated by Chiang Kai-shek.[41]

M. Nanking and the Japanese Occupation

642 Almost as soon as the Nationalist armies were forced from the East China Region, the victorious Japanese established a puppet government at Nanking. Inaugurated in March 1938, it was known as the Reformed Government of the Republic of China. For two years the Reformed Government at Nanking existed side by side with the Provisional Government of the Republic of China, another puppet regime set up by the Japanese at Peking in December 1937. The difficulties and embarrassments attendant upon the supposed national character of the two governments were resolved in March 1940 when both were dissolved and a Reorganized National Government headed by the old Kuomintang revolutionary

41. See Linebarger, op. cit., pp. 84, 134, 142; White and Jacoby, op. cit., pp. 107-15 and passim; and Mary C. Wright, loc. cit.

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•642 Wang Ching-wei was established with its capital at Nanking as the political authority for all China. In reality, the new government like the old ones it displaced had no real power, attracted no important Chinese leaders to its standard other than Wang, and derived no real support or recognition from the Chinese people.[42]

IV. THE RISE AND VICTORY OF COMMUNISM

A. Birth of the Party in Shanghai

668 The East China Region and particularly Shanghai played an important part in the rise of Communism in China. Approximately midway between two other centers of intellectual ferment and radical thought in the early republican period -- Peking and Canton -- Shanghai was the natural meeting place of 665 representatives of the new ideas. In September 1920, a meeting of some eight intellectuals discussed the formation of a Communist Party in China, and at a larger gathering the next year in the same city, the Chinese

42. Linebarger, op. cit., pp. 183-210; and George E. Taylor, The Struggle for North China, New York, Institute of Pacific Relations, 1940, pp. 159-62, 176-77.

Annex "A," Subparagraph 1j,
Sociological Background

EDUCATION

I. BACKGROUND

642 871 In order to understand the changes brought about by the Communists in the educational system of China, it is necessary to review the background of educational development under the Nationalist regime.

Chapter II, Article 11 of the Nationalist Constitution promulgated in 1946 states that the 'people have freedom of speech, [freedom for the] pursuit of knowledge and [freedom of] publication." Article 21 of the same chapter further spells out the principle of education by stating that the "people have the right as well as the duty to receive basic education." Interpretations of these broad principles are found in Chapter XIII, which specifies, among other things that the purpose of education includes the development of the spirit of nationalism, and that both public and private educational institutions are subject to government supervision according to law.[1]

871 656 Nationalist officials singled out two of the most controversial points for further elaboration.

1. Chung-kuo Chiao-yü Nien-chien 1948 [Educational Yearbook of China 1948], Shanghai, Commercial Press, 1948, pp. 23-24.

II. MAJOR CHANGES BROUGHT ABOUT BY THE COMMUNISTS

A. Basic Policy

871/642 Mao Tse-tung stated in On New Democracy that, "A specific culture is the ideological reflection of the political and economic activities of a specific society."[5] In molding a culture for the "new China," Mao believed that education would be successful if it contained "scientific substance, oriented toward the masses and adapted to suit China's nationalism."[6] This principle of education was incorporated into the Common Program of 1949 which constituted the basis of the Communist Constitution promulgated in 1954. Article 41 of the Common Program states that the purpose of education is "to elevate the level of the people's culture, to prepare personnel for national reconstruction, to eradicate the thoughts of feudalism, compradorism,[7] and Fascism, and to develop the spirit of service to the people." To apply this basic policy to education, Article 47 of the same document further specifies that : "education must be systematically popularized; secondary and advanced education must be strengthened; technical education must be emphasized; spare-time education for laborers and cadres must be stressed; and revolutionary political education must be given to both young and old intellectuals.[8]

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5. Mao Tse-tung, Mao Tse-tung Hsüan-chi [Selected Works of Mao Tse-tung], Vol. II, Peking, Jen-min ch'u-pan-she, p. 666.

6. Hsia Feng, Hsiao-hsüeh Chiao-shih Shou-tse [Handbook for Primary School Teachers], Shanghai, Wen-hua ch'u-pan-she, 1953 p. 8.

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These pronouncements became the guiding light for the Communists in their effort to revamp the educational system of China until the promulgation of the Constitution in 1954. In reality, the new Constitution has nothing to add to or substract from the principles already in practice. Article 94 of the Constitution says that "Citizens of the People's Republic of China have the right to education. To guarantee enjoyment of this right, the state establishes and gradually extends the various types of educational institutions. The state pays special attention to the physical and mental development of young people." The next article in the Constitution "safeguards the freedom of citizens to engage in scientific research, literary and artistic creation and other cultural activity." These are innocuous statements of commonly accepted principles. Reiteration of these principles in the Constitution, however, provides the Communists once more with the opportunity to clarify their educational aims which are "to develop a socialist China."

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7. Comprador - a native agent employed by a foreign establishment (commercial houses, etc.) in China, to have charge of its native employees.

8. Jen-min Shou-ts'e, 1950 [People's Handbook, 1950] Shanghai, Ta-kung pao, 1950 Section B, p. 9.

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III. GOVERNMENT STRUCTURE AFTER PROMULGATION OF THE COMMUNIST CONSTITUTION

635 After the promulgation of the new Constitution, which was preceded by the abolition of the system of the Greater Area, the provincial government was put on a new basis. On one hand, it can be said that each province, according to the new constitution, regains the traditional status of an administrative district which stands under the supervision of the Central People's Government; on the other hand, there is a point of departure from the traditional status; that is, the members of the provincial government are elective and a provincial People's congress has a share of the deliberative functions. The avoidance of the term legislative in the section of the Constitution on provincial government suggests that the People's congress is limited to the function of deliberation and is not entitled to make the counterpart, the executive organ, responsible by changing it. Each province, according to the Communist Constitution, Article 53, is a kind of administrative district modified to such an extent that the power of passing a budget enforcing laws, and safeguarding the rights of the citizens constitutes its only share in the powers of the executive organ. Although the provincial government is elective and a provincial People's congress sits next to it, it has no more status than an administrative district, because it is neither like the state of New York under the American Constitution nor like a British borough which operates under a special grant of powers. Furthermore, it is stipulated that the provincial government is to be subordinate to the Central Government, and that the

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The executive, deliberative, and judicial branches of the provincial government are constituted as follows:

The provincial executive units consists of one governor, a number of deputy-governors, and twenty-five to fifty-five members of the provincial People's council. The governor, the deputy-governors, and the members of the provincial council are elected by the provincial People's congress, while those who are commissioners of the departments of Civil Affairs, Public Security, Finance, Agriculture and Forestry, and the other twelve departments are appointed by the Central People's Government. The fact that the commissioners are appointed confirms the view that the provincial administration is not a kind of self-government, but stands under the centralized control of the Peking government.

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1. To insure observance and execution of the laws, decrees, and resolutions of the People's congress of the higher level.

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3. To plan economic construction, cultural construction, public works, pensions, and relief work.

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5. To elect members of the People's council of the corresponding level.

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Because the members of the provincial People's congress are elected, not directly by the people of the province, but indirectly by the counties, the provincial municipalities, towns, and others, the number of the membership of the provincial congress is governed by a second principle, which may be stated as follows: a county with a population not exceeding 200,000 shall elect one to three deputies; a county with a population not exceeding 200,000--600,000 shall elect two to four deputies; and a county with a population not exceeding 600,000 shall elect three to five deputies. From the municipalities and towns and the important industrial mining districts within the provinces, one deputy shall be elected by every 20,000 inhabitants. Based on the above-mentioned principles, the number of the members of the provincial congress of these five provinces can be shown in the following tabulation.

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642 The work done by the Fukien Provincial Congr can be seen in its schedule dated from August 2 to August 11, 1954, which records (1) the examination and approval of the report of the work of the Fukien People's Government during the past five years; (2) resolution on the future tasks of the province; (3) approval of the statement of the financial accounts for the fiscal year 1953 and the budget for the fiscal year 1954; discussion of the Draft Constitution of the People's Republic of China, and the passing of a resolution for its suppprt; and (5) finally, national election of the People's deputies from Fukien Province to the First National People's Congress.[3]

From reading the reports about the Provincial Congress in the Communist newspapers, one can learn only that reports on the work of the provincial government were approved and that the budget was passed It is hard to find a reference to any debate or any counter-proposal, and it is still harder to find any evidence of opposition or mention of critical remarks. The provincial congress like the National Congress is an organization for expressing popular support of Communist policies, rather than for debate on government policies.

It is stipulated in Article 59 of the Communist Constitution that, "The People's congress, at county level and above elect and have power to recall the presidents of People's courts at corresponding level which is nothing else but another version of the articles of the Constitution of the USSR, numbers 105 through 109. Furthermore, an assessor system, which is provided for in Article 75 of the Communist Constitution, has been adopted for the first time in Chinese history.

3. Ibid.

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642 Another institution which follows the Soviet pattern is the procuratorate. The provincial procurator is not elected, but appointed for four years by the procurator-general in Peking. Each county has a similar official, appointed by the provincial procurator with approval of the procurator-general. The fact that the president of a law court, according to the Communist Constitution, is to be elected, shows that he is less a jurist appointed for life than a person who looks after the interests of the Communist Party.

Workers or peasants who are Communists or fellow-travelers may sit in court and participate in the proceedings. According to the Chinese Communist view, the judiciary is a component part of politics and must promote the interests of the working class. Many favorable reports have appeared in Mainland newspapers but since the judiciary, and the provincial or county congress were established only a year ago, a judgment upon their merits must be postponed.

A list of the governors, deputy-governors, and the chief procurator who have been recently elected in these five provinces, is as follows:

1. Shantung

a) Governor Chao Chien-min
b) Deputy-Governors
Chao Che-fu
Wang Cho-ju
Liu Min-sheng
Li Ch'eng-chih
c) Provincial High People's Court
President-Yang Hsüan-wu

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2. Kiangsu

a) Governor-Hui Yü-yü

b) Deputy-Governors
Liu Shun-yüan
Kuan Wen-wei
Leng Yü
Chi Fang

c) Provincial High People's Court
President-Liu Shao-t'ang

3. Anhwei

a) Governor-Huang Yai

b) Deputy-Governors
Li Shih-nung
Chang K'ai-fan
Kuei Lin-hsi

c) Provincial High People's Court
President-Ch'en Yüan-liang

4. Fukien

a) Governor-Yeh Fei

b) Deputy-Governors
Ch'en Shao-k'uan
Chiang I-chen
Ting Ch'ao-wu
Chia Chiu-min

c) Provincial High People's Court
President-Lan Yung-yü

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5. Chekiang

a) Governor-Sha Wen-han

b) Deputy-governors
Huo Shih-lien
Li Feng-nien
Pao Ta-san
Yang Ssu-i

c) Provincial High People's Court
President - Wu Chung-lien

The most recent work of the provincial governments of East China is described in a summary of the report made at the time of the convention of the provincial congresses.

When the Kiangsu Provincial People's Congress was convened from August 5-11, 1954, the following record appeared: " ..all the delegates of the congress expressed their approval of the report on the work done during the past year and one-half and also on the immediate tasks of Kiangsu Province In the session of the delegates a resolution was passed which ratified the government report. It also passed resolutions that the people of the provinc should be united for raising the industrial production level, for the work of socialist transformation, for prevention of natural calamities in the rural areas, for insuring the fulfillment of the agricultural production plan, and for consolidating and developing the co-operatives and the mutual-aid organizations. They also sent letters of appreciation

635 to the heroes who worked for prevention of floods
642 and to the Liberation Army which were stationed in Kiangsu. They then discussed the Draft Constitution and elected sixty-seven members as representatives to the National People's Congress."[4]

When the Chekiang Provincial Congress was convened, it discussed the draft Constitution and passed a resolution for its support. The next thing on the agenda was to examine the report on government work during the past year and a half and to approve the plan for future tasks of the government. It also passed the financial statement of 1953 and the gudget for 1954. The delegates also gave consideration to a report on military construction work in Chekiang made by Liu Wen-hsueh, director of the Department of Political Affairs of the military district of the Chekiang Liberation Army. Liu said that in the past year and a half the People's Liberation Army in Chekiang had defended the coastline very well and "had given blows" to Chiang K'ai-shek's army. They liberated the Great and Small Deer islets and also the Sheep islets. A total of 2,276 men of Chiang K'ai-shek's army were killed. There were seventeen enemy planes brought down and fifteen damaged. A great number of fishing boats escorted to sea returned with a catch totaling 5,300,000 piculs (292,030 tons) of fish. Many delegates expressed the wish of the mass of the people that Formosa and the offshore island be liberated.[5]

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4. People's Daily, August 13, 1954.

5. People's Daily, August 21, 1954.

632 of associations and watching their activities, provides instruments of regimentation which see into every corner and oversee all details.

642 In conclusion, it may be said, that, although the Chinese Communists are intent upon carrying out the work of "democratic reconstruction," they are also making use of constitutional machinery, democratic institutions, and other voluntary associations in order to gain popular support for the purpose of building a broad foundation for the complete monopolization of power. It should be noticed that, before the promulgation of the Constitution, two or three years were spent in the political education of the people in order to increase their interest in polling and registration and parliamentary procedure; only then was the Chinese Communist Constitution put into effect. Regardless of the real motive of the Chinese Communists, it must be admitted that they have created a new era in the history of Chinese constitutional government.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 tion. Foreign voters were not willing to force a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition. Following the failure to secure the proposed byelaw, the Council decided that, until the Chinese authorities themselves moved to regulate conditions of industrial employment, it would make no further attempt to concern itself with these issues. Larger forces, however, were at work. While the Settlement authorities were
665 attempting to limit the work of children, the Kuomintang, the National People's Party of China, met in Canton and adopted a much more extensive platform of social measures. In the late summer of 1926 the Kuomintang army began its march northward from Kwangtung Province and, by March 1927, had entered Nanking, which was to be the capital of the National Government for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

69 head of the Department of Public Security of the Shanghai municipal government.[19]

People's procuratorates have co-ordinated their main task with the key drives of the country. The discovery of nationwide corruption and inefficiency together with the urge for renewed suppression of counterrevolutionary activities in 1955 have decided the responsiblities of the People's Procuratorates.

II. PUBLIC SECURITY AGENCIES AND POLICE

A. Public Security Agencies

647 625 As the chief instrument of the Communist regime in its effort to maintain close vigilance over the entire populace and to assume the responsibility for the execution of arrests and punishment, the public security agency is perhaps the Communists' most powerful instrument of violence. In addition to its wide establishment in the rural and urban districts, the public security agency maintains organizations of all types in all government and industrial organizations. These public security agencies are further aided by public security networks organized among the masses, and by the judicious use of informers. Security forces, allegedly a branch of the armed forces, in collaboration with other secret agencies of the Communist Party, are the instruments of violence placed at the disposal of the public security agencies at all levels.

1. Organization Under the direction of the Ministry of Public Security of the Central People's

19. Liberation Daily, Jan. 25, 1951, p. 2.

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647 625 Government, similar departments and bureaus are organized at all levels, extending down to the public security commissions in the hsiang. The public security system is one of extreme centralization and is operated entirely by the Communist Party.

In the East China Region prior to 1954, a Department of Public Security under the East China Military and Political Committee was maintained. Because of the need for secrecy, and perhaps because of the sinister role it played, information on its organization and activity is not available. However, a report from the Nationalist Government on Formosa indicated[20] that the organization was composed of eight sections: political security, police, border security, armed security, "Reform-through-labor" (forced labor), intelligence, and personnel. Security cadre schools, security regiments, and other security commands were reported to be under the direct jurisdiction of this department. At the provincial level, the department maintained an elaborate organization, comprised of an administrative office and offices devoted to political security, security administration, police, general service, and Reform-through-labor. Other units such as the security cadre schools, coastal public security bureaus, and forced labor battalions were included.

701 In addition to the public security agencies in the East China Region, military authorities also shared a considerable responsibility in the maintenance of "public order and safety." The Military Control Committee in the major cities had been

20. Organizational Chart, Communist Military, Public Security and Intelligence Organization, Taipei, 1953.

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Annex "A," Subparagraph 2h,
Political Background

BIOGRAPHICAL SKETCHES OF KEY PERSONALITIES

I

•647 In studying the distribution of power among key personalities in East China, we are concerned with 61 men who occupy a total of 150 positions. Through an analysis of the distribution of the administrative positions which these men hold, we can add to our knowledge of Chinese Communist techniques for channeling authority from Peking throughout the provincial administrations. To begin with, we find an overlapping of personnel in regional and national positions, and a concentration of key jobs in the hands of a relatively small group of senior leaders.

Beyond this, the concurrent political functions of the various administrators tell us much about the extent of Communist Party control at key points throughout the provincial units. The men who represent the central government in the provincial administration also carry out the theoretically distinct functions of directing Party instruments of control on local levels, and of directing non-Party organizations which are, in fact, fronts, or devices for mass control and for presenting

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• 47 an appearance of wide democratic participation in the affairs of the nation.

I. JOB CLASSIFICATIONS

The positions which the 61 incumbents hold can be divided into three general classifications: national posts, administrative jobs on provincial levels, and functions in political parties or in organizations which are instruments for political control.

On the national level we find 42 positions held by men from this group. These positions, at the time of writing, include delegate to the First National People's Congress (NPC), member of the Standing Committee of the First NPC, member of the Standing Committee and the Second National Committee of the Chinese People's Political Consultative Conference (Chinese People's P.C.C.), member of the National Defence Council, Deputy-Premier of the State Council, Chief of Staff of the People's Liberation Army, Minister of Commerce, Ambassador to the USSR, and Procurator-General of the People's Republic of China.

Sixty-four regional, provincial and municipal jobs are held by these 61 men. Their jobs include commander of military districts, director of the Department of Political Affairs, and political commissar of military districts; member, deputy-governor, and governor of

647 provincial People's governments; deputy-mayor and mayor of Shanghai; member of Provincial Committees of the Chinese P.C.C.; president of People's higher courts; and Army commanders of various echelons.

At the same time, these 61 incumbents hold 44 positions of a political nature. Included in these are membership in the Communist Party, membership in other political groups such as the Democratic League and the Kuomintang Revolutionary Committee, high ranking positions in mass organizations such as the New Democratic Youth Corps (NDYC) and the Sino-Soviet Friendship Association, and the presidency of institutions of higher learning.

After examining the distribution pattern of administrative positions, we shall appraise the significance of the concurrent political functions and note the background of the men who hold these positions. Finally we shall look at the characteristics of the incumbents -- as a group -- in each post.

II. INCUMBENTS HOLDING ONE POSITION

Twenty-two of the 61 men studied hold only one administrative position. In every case the position is a provincial one: one governor, eleven deputy-governors, three deputy-mayors of Shanghai, five presidents

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647 of People's higher courts, one chairman of a provincial committee of the Chinese People's P.C.C., and one commander of a provincial military district. We have very little information about the careers of most of these incumbents. In the recent past, nine held lesser administrative posts (member and vice-chairman of provincial People's governments, director of departments of public safety, and member of the East China Military and Political Committee and of the East China Administrative Committee). The only knowledge we have of seven is their present position.

The remaining four incubents are exceptions to this general picture. Chao Chien-min, the governor of the Shantung Provincial People's Government, has, according to our data, no other official function. We know that he is a former deputy-minister of Railways of the Central People's Government and a former member of the Southwest China Military and Political Committee, but other than this we have no information about him.

The other three men with only one position are distinguished from the rest by their membership in the Communist Party. Wang Cho-ju, deputy-governor of Shantung, is a former member of the Central Committee of the CPC. During World War II he was director of the Po-hai Area People's Government and secretary of the Hopei-Shantung Border

•47 District Committee of the Shantung Sub-bureau of the Central Committee of the CPC; his present Party position is now known, but it is safe to assume that Wang probably has more prestige than other deputy-governors who hold only one position.

Li Shih-nung, deputy-governor of the Anhwei Provincial People's Government, is a former member of the North Anhwei Regional Committee of the CPC and a former director of the Department of Organization of the same committee. Hsu Chien-kuo, deputy-mayor of Shanghai, was director of the Department of Social Affairs of the Shansi-Chahar-Hopei Sub-bureau of the North China Bureau of the Central Committee of the CPC and also, from 1948 to 1954, director of the Department of Public Safety of Tientsin, the East China M.P.C., and Shanghai. As in the case of Wang Cho-ju, we do not know the exact present Party status of either Li Shih-nung or Hsü Chien-kuo, but we may assume that in terms of real authority it gives them more weight than their counterparts in the provincial administration.

A summary of this data, then, reveals that among the men who hold only one administrative position, four incumbents -- 18 per cent of this category -- have rank either in the administrative hierarchy or in the Party,

• 647 a circumstance which indicates the probability of greater prestige than among the other incumbents in this single-job group.

III. INCUMBENTS HOLDING TWO POSITIONS

Twenty-three of the 61 men who constitute the official leadership of East China hold two administrative posts. Twelve of these fall into the same general patterns as the group with only one position. We know very little about their backgrounds, and their positons are lesser ones in the hierarchy of both provincial and national administration. The regional posts include commander of military districts, commander of Army corps, Provincial Committee member of the Chinese People's P.C.C., president of People's higher courts, deputy-governor, and deputy-mayor of Shanghai. The only national position held by men in this group is delegate to the First NPC.

Three men who hold national positions on a higher level are former Kuomintang officials. Their positions include membership on the Standing Committee of the First NPC, membership on the Second National Committee of the Chinese People's P.C.C., and membership on the National Defence Council.

• 647 Three other exceptions to the general pattern are the governors of the Kiangsu, Anhwei, and Chekiang provincial People's governments. These three men are also delegates to the First NPC and no other administrative position is attributed to them. Huang Yen, the governor of Anhwei, is probably a ranking member of the CPC; he is a former deputy-secretary of the North Anhwei Regional Committee of the CPC and his Communist career goes back at least as far as 1941, when he was defence director of the area west of the Tientsin-Pukow Railway. Hui Yü-yü, the governor of Kiangsu, is a former director of the North Kiangsu People's Government, and Sha Wen-han, the governor of Chekiang, was formerly president of the Chekiang National University. We have no other data on these two men.

The remaining five men in this group are senior Communist Party members: T'an Cheng-lin, Shu T'ung, Chang Ting-ch'eng, Liu Hsiao, and Tseng Shan. All hold key positions on the national level and all are veteran Communist leaders.

In the group of men with two positions, therefore, we find an almost equal division between two types of incumbents: men with two provincial or relatively less important positions, and men who hold top rank regionally or nationally or both. The latter group includes

•447 Party members, former Kuomintang officials, and governors.

IV. INCUMBENTS HOLDING THREE POSITIONS

Eight men hold three jobs each. Only one of them -- Tseng Hsi-sheng -- is known to be a Party official. He is secretary of the Anhwei Provincial Committee of the CPC, and holds the positions of chairman of the Anhwei Provincial Committee of the Chinese People's P.C.C., political commissar of the Anhwei Provincial Military District, and delegate to the First NPC.

Two non-Party men who supported the Communists from the early 1950s also hold three positions. Sheng P'i-hua, a prominent Shanghai industrialist who took part in the "Anti-Civil War" and "Resist-America" campaigns, is a member of the committee on the budget of the First NPC, a member of the Standing Committee of the Second National Committee of the Chinese People's P.C.C., and deputy-mayor of Shanghai. Ch'en Chia-keng, a famous educator and humanitarian, has held key positions in the Communist administration since 1949 and is now a delegate to the First NPC, a member of the Standing Committee of the First NPC and vice-chairman of the Second National Committee of the Chinese People's P.C.C.

•647 Two former Kuomintang officials each hold three positions: Ma Ying-ch'u, whose KMT affiliation may not have been strong, and Ch'en Shao-k'uan. Both are delegates to the First NPC; Ma is also a member of the Standing Committee of the First NPC and a member of the Second National Committee of the Chinese People's P.C.C., and Ch'en is a member of the Second National Committee of the Chinese People's P.C.C. and deputy-governor of the Fukien Provincial People's Government.

Three men, Li Ch'eng-chih, Yang Shih-i, and Chao Che-fu, hold positions as deputy governors, delegates to the First NPC, and members of a provincial committee of the Chinese People's P.C.C.

To summarize, men with three positions can also be divided into two general classifications. One group includes administrators who would logically be expected to have senior status: one Communist Party official, two prominent leaders with records of Communist sympathies, and two ex-Kuomintang leaders with long experience. The other group is comprised of three officials on whom we have little information beyond their present positions, but who, on the basis of their triple jobs, may well be among those next in line for key positions.

V. YEH FEI, SU YÜ, AND CH'EN I

647 The remaining three administrators -- Yeh Fei, Su Yü, and Ch'en I -- hold four, five and seven jobs respectively. All are veteran Communist military leaders and all hold key positions. Yeh Fei is governor of the Fukien Provincial People's Government, member of the National Defence Council, Commander of the 10th Army Corps of the People's Liberation Army, and commander of the Fukien Provincial Military District. Su Yü is Chief of Staff, member of the National Defence Council, delegate to the First NPC, commander of the 3rd Field Army, and commander of the East China Military District. Ch'en I is Deputy-Premier of the State Council, vice chairman of the National Defence Council, member of the Second National Committee of the Chinese People's P.C.C., delegate to the First NPC, mayor of Shanghai, commander of the 3rd Field Army, and commander of the East China Military District.

This survey of the allocation of administrative positions among the 61 men under study reveals that despite a certain obvious amount of overlapping and concentration of key personnel in top posts, a large number of key jobs are held by non-Party members or by Party members who hold only one or two

•647 positions, and at the same time there are a number of Communist officials who do not hold jobs equal in number or cumulative rank to those held by non-Communists. This can undoubtedly be explained by the shortage of Party men qualified for top positions, by the fact that East China was so thoroughly overwhelmed by Communist forces as to make close spacing of Party men less necessary than in an area like Central-South China, and by the ready availability of highly-trained or prominent non-Party personnel in this region.

Except for the three men in the very top category -- Yeh Fei, Su Yü, and Ch'en I -- we do not find a direct correlation between Party membership and the number of jobs held simultaneously. The largest number of Party members is found in the group of men who holds two jobs, and the next largest number among the men who hold only one job.

On the other hand, except for Chekiang Province, we find a significant distribution of Party members throughout the provincial administrations. Both the governor and one deputy-governor of the Anhwei Provincial People's Government are Communists; the governor and the chairman of the Provincial Committee of the Chinese People's P.C.C. in Fukien Province are also members of the Fukien Provincial Committee of the CPC.

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647 In both Kiangsu and Shantung we find one Communist deputy-governor, and in Shanghai both the mayor and one deputy-mayor are Party members.

VI. OFFICIALS OF MASS ORGANIZATIONS

Of key importance to the Communist system of control is the existence of mass organizations -- the New Democratic Youth Corps, the Sino-Soviet Friendship Association, and so on -- which have been devised for almost every possible social and economic grouping. Under the leadership and direction of the Party, and disciplined through democratic centralism, these organizations serve to regiment a wide variety of activities which in a non-Communist state would be considered non-political. In addition to such organizations, there exist a number of political groups which serve, at least theoretically, to give an appearance of wide non-Party participation in political movements.

It is significant that among the men under investigation we find 23 officials of such organizations: the Sino-Soviet Friendship Association (8); the New Democratic Youth Corps (7); the Democratic League (3); the Kuomintang Revolutionary Committee (2); the China Democratic Construction Association (2); and the China Association for the Promotion of Democracy (1).

•647 Furthermore, three men are university presidents -- a circumstance which assumes significance against the well-known background of Communist reorganization and supervision of schools as instruments for the reshaping of society.

VIII. BACKGROUNDS OF EAST CHINA LEADERS

The backgrounds of the men who constitute the leadership in East China reveal both a variety in political experience and a pattern of long and successful participation in Party and governmental activities, in military service, and in private business and professions.

There are seven veteran Communist leaders whose careers date from the 1920s: Ch'en I, Chang Ting-ch'eng, T'an Cheng-lin, Yeh Fei, Su Jü, and Tseng Shan. The careers of these men include participation in revolutionary uprisings and guerrilla warfare, top rank in the New 4th Army, and membership on the Central Executive Committee of the All-China Congress of Soviets.

Five other men are Party members whose careers can be traced back to the Sino-Japanese War and World War II. Kuan Wen-wei and Tseng Hsi-sheng were division commanders in the New 4th Army, and Wang Cho-ju, Hsü Chien-kuo and Huang Yen were Communist

•647 Party officials in Border Districts during World War II.

Among the non-Party men in the upper echelons of the Communist administration, we find three officials who took part in the revolutionary movement under Sun Yat-sen: Liu Ya-tzu, a famous poet, went on to become a member of the Central Executive Committee of the Kuomintang, from which he was expelled in 1940 because of his criticism of Chiang Kai-shek; Pao Ta-san abandoned active politics in 1927 and pursued a successful business career until 1946, when he participated in the "Shanghai All-Circles' Petition Committee" and consequently was arrested by Kuomintang authorities; Ting Ch'ao-wu, one-time counsellor to Sun Yat-sen, was an active Kuomintang leader until 1949.

Two administrators in addition to Pao Ta-san had successful business careers prior to joining the government. Sheng P'i-hua, a prominent Shanghai industrialist, supported the Communists from the 1930s, and has been deputy-mayor of Shanghai since 1949; Leng Yü, also a Shanghai businessman, was formerly a member of the People's Political Council established by the Kuomintang regime during the Sino-Japanese war, but since 1949 has been active in Communist administration.

•647 Two men were well-known educators. Ma Ying-ch'u taught economics for over twenty years between 1914 and 1928; from 1928 until 1944 he was a member of the Legislative Yuan of the Nationalist Government in Nanking. In 1944 he was put under surveillance for criticism of the financial and economic policies of the Nationalist Government, and in 1949 he joined the Communist administration. Ch'en Chia-keng, leader of the Chinese community in Singapore, founded the Chi-mei School in Amoy and the Amoy University. In 1940 he made an extensive inspection tour of the territories controlled by both the Kuomintang and the Communists, and he subsequently became very critical of the Kuomintang regime. He came out openly in favor of the Communists in 1946.

Two men whose careers are of unusual interest are Chi Fang, who is at present deputy-governor of the Kiangsu Provincial People's Government, delegate to the First NPC and a member of the Central Executive Committee of the Democratic League, and Ch'en Shao-k'uan, now deputy-governor of the Fukien Provincial People's Government, member of the National Defence Council, and member of the Committee on the Budget of the First NPC.

647 Chi Fang began his career as an instructor at the Whampoa Military Academy, and later became an official in the Department of Political Affairs of the headquarters of the Kuomintang's Northern Expeditionary Forces. After the Kuomintang purge of 1927, Chi went to Shanghai to edit leftist magazines and was subsequently co-founder of the Third Party and of the Fukien People's Government (in 1933). When that government fell, he continued anti-Nationalist underground activities in Shanghai, and from the time of the outbreak of the Sino-Japanese War he collaborated openly with the Communists.

Ch'en Shao-k'uan began his career in the Chinese Navy after graduating from the Foochow Naval Academy, and rose to the rank of Commander-in-Chief of the Navy. He was also a member of the Central Executive Committee of the Kuomintang until 1944.

The careers of two other men were cut short by Party purges in 1955. Jao Shu-shih had been a leader of the students' and workers' movements in Shanghai while a student at the Shanghai University in the early 1920s, and he took an active role in the "May 30th Incident" in 1925. After the failure of the Communist uprising in 1927, Jao went abroad and worked as a manual laborer in the United States and in Eastern European countries. On his return

647 to China, he entered the Soviet district in Kiangsi and became a prominent leader in the Land Reform Movement. He assisted in the organization of the New 4th Army, and, from 1941 on, was a member of the Central Committee of the CPC. Prior to being purged, he served as political commissar of the East China People's Liberation Army, the Third Field Army, and the East China Military District.

The second purged Communist is P'an Han-nien, the brother of another prominent Communist, P'an Tzu-nien. He played an active role in the leftist literary movement in Shanghai during the period of the Kuomintang's Northern Expedition, and after the failure of the Communist uprising in 1927 he entered the Soviet district in Kiangsi and joined the CPC. He made an inspection tour of the Soviet Union and European countries for the Party in 1933, and, after his return, participated in the Long March. He engaged in underground activities in Shanghai and Hong Kong during the early years of the Sino-Japanese War and in Chungking and Hong Kong during World War II. Before being purged in 1955, he was a member of the Shanghai Municipal Committee of the CPC and deputy-mayor of Shanghai.

•647 The career patterns of these men reveal, then, both the variety of backgrounds from which the Communists have drawn their leaders in East China and the outstanding careers not only of the Party men in these key positions, but even more particularly, the non-Party office-holders -- the Kuomintang administrators, the military men, the educators and the literary figures, the industrialists and businessmen -- upon whom Peking has depended. Undoubtedly the prestige value of these men has been at least as important to the Communist regime as their administrative services.

VIII. PROVINCIAL POSITIONS

A survey of East China incumbents according to their provincial positions fails to reveal any significant patterns or trends.

Among the five governors, we find two veteran Communists: Yeh Fei of Fukien Province and Huang Yen of Anhwei Province. Sha Wen-han, of Chekiang Province, is first known as a delegate to the Chinese People's P.C.C. in 1949, vice-chairman of the Chekiang Provincial People's Government (1949-1952) and a member of the Committee on Cultural and Educational Affairs of the East China M.P.C. (1949-1952). Nothing else is known of his career. The two other governors --

• 647 Chao Chien-min of Shantung and Hui Yü-yü of Kiangsu -- are known only since 1950: Hui was director of the North Kiangsu People's Government and Chao was an official in the Southwest China M.P.C. and Deputy Minister of Railways of the Central People's Government (1953-1954).

Among the deputy-governors we find three Party officials, three former Kuomintang leaders, ten men with previous administrative experience in the Communist administration, and four about whom nothing is known except their present positions. Their previous administrative experience includes the following: membership on the Government Administration Council (only one deputy-governor, Leng Yü, had this positoon); president of the East China Branch of the People's Supreme Court (Liu Min-sheng, deputy-governor of the Shantung Provincial People's Government held this positinn); director of People's governments (3); vice-chairman of provincial People's governments (11); member of provincial People's governments (5); delegate to the First Chinese P.C.C.(6); director of the Department of Public Safety (1); member of the East China M.P.C. and of the East China A.C. (10).

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647 The five deputy-mayors of Shanghai have all had previous administrative experience. In their backgrounds we find two directors of People's governments, two delegates to the first Chinese People's P.C.C., and one Party official with a career dating back to the Border Region period.

Among the seven members of the Provincial Committees of the Chinese People's P.C.C., we find two known Communist Party members -- one whose career goes back to the Border Region period and one who is known only since 1949. According to our data, only three others have had administrative experience; these are all deputy-governors also, and are men who have held administrative positions on provincial levels since 1949.

We have background information on only two of the remaining incumbents: Wei Ming, president of the Shanghai People's Higher Court, was director of the South Anhwei People's Government from 1949 to 1952 and president of the East China Branch of the People's Supreme Court from 1952 to 1954; Wang Pi-ch'eng, commander of the Chekiang Provincial Military District and of the 7th Army Corps of the People's Liberation Army, was commander of the 2nd Brigade of the 1st Division of the New 4th Army and concurrently commander of the 2nd military sub-district of the Central Kiangsu Military District during World War II.

•647 All nine of the incumbents holding key positions on a national level have had long and outstanding experience -- seven with the Communist Party, one in the Kuomintang, and one as a businessman in Shanghai.

To summarize our data on the other incumbents, we find that 23 have careers dating from the 1940s, the available records on 15 begin with the 1950s, and we have no information on the others beyond their present positions.

One of the more persistent facts emerging from this study of key personalities in East China is the lack of adequate biographical data from which to draw meaningful conclusions. This is particularly true in connection with the incumbents of the lower echelons. It is clear, however, that the structure of controls in East China is essentially what one would expect to find in a Communist state. The high proportion of non-Party senior leaders does not alter the basic pattern of centralized Party control.

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668 Though Lu Hsün never joined the Communist Party, he had become sympathetic with it in the last years of his life. The anniversary of his death is celebrated and publicized by the Communist regime; he and his works are lauded in the Communist press; and his home in Shao-hsing, Chekiang, and his grave in Shanghai have become national shrines.[37]

648 H. Shantung and the Boxer Rebellion

From the end of the nineteenth century until 1929, Shantung was repeatedly the object of foreign aggression. Initially and for the most part, the aptest pupil of the West, Japan, was the aggressor. But the inroads of Western powers themselves were the first to rouse Chinese hatred and reaction.

The Shantung peninsula was bombarded and occupied by Japanese forces during the Sino-Japanese War (1894-1895). They had not been withdrawn when Germany seized the pretext of the murder of two German missionaries in Shantung to sieze Tsingtao as a naval base in November 1897. Railway and mining concessions in the province were also wrung from the Chinese government. When the Japanese forces in Wei-hai-wei (Weihaiwei) were withdrawn in May 1898, the British moved in

37. See, for example, the translation of an article from the Communist press by Feng Hsüeh-feng, "Lu Hsün: His Life and Thought," Current Background, 217.

648 to take over rights wrested from the Chinese in negotiations. After France had been simillarly compensated by the lease of Kwangchow Bay in Kwangtung, Italy unsuccessfully demanded a like cession in Chekiang.

669 These national humiliations coupled with a disastrous flood raised a wave of anti-Manchu and anti-foreign sentiment among the people of the East China Region in 1899. The membership of secret societies swelled, and bandit gangs became rife throughout the five provinces. These two kinds of groups, often indistinguishable one from the other, were the traditional outlets for grievances against the government and frequently became the nuclei around which ambitious persons organized movements intent on seizing the throne.

Anti-foreign hatred and violence in Shantung finally coalesced in the I-ho-t'uan (The Righteous Harmony Corps), also called the I-ho-ch'üan (Fists of Righteous Harmony). Known to the West as "the Boxers," the membership of this society had originally been organized against the ruling dynasty, but were persuaded to turn their resentment against the foreigner. Beginning with rice riots and raids on Christian missions, the sect soon turned to violence against native Christians, German prospectors and railroad workers, and foreigners generally. The secret society not only had gentry leadership, but was also encouraged by the Manchu

669 governor of Shantung, Yü-hsien. When under foreign pressure Peking replaced him with Yüan Shih-k'ai in January 1900, the activities of "the Boxers" declined rapidly in Shantung. The sect's scene of operation then shifted northeast to Hopei and was particularly active around Peking, where the sect won open support from the imperial family.

I. Shantung and Japan

648 The eyes of China were again on Shantung from 1915 through 1929. In the former year, Japan entered World War I on the side of the Allies and proceeded to drive the Germans out of Shantung despite the protests of China, then a neutral. Having replaced Germany in the province, Japan forced on China the "Twenty-one Demands." One demand stipulated Chinese recognition of Japan's right to take over Germany's position in Shantung.

China entered the war in 1917, but not with the intent of gaining a hearing for her rights at the peace table. Rather, the declaration of war was forced through over parliament's objections by the warlord Tuan Ch'i-jui with the aim of enriching himself and his cohorts through war loans from Japan. These loans and Japanese agreement with the other Allied Powers recognizaing her "special rights" in China strengthened Japan's position in Shantung by the end of the war. At the

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648 Versailles Treaty negotiations, Japan skillfully maneuvered the other Allied representatives into officially confirming her special position in Shantung. When news of the Versailles Treaty provision validating Japanese control of Shantung reached China in 1919, the students instituted a protest demonstration that constituted a turning point in modern
668 Chinese history. Known as the May Fourth Movement, the demonstration grew into a national protest and anti-Japanese boycott joined by bankers, merchants, and other articulate sections of the country. It forced the resignation of the warlord government of Tuan Ch'i-jui, moved the Chinese delegation at Versailles to refuse to sign the treaty, instigated a rising tide of nationalism at home, and turned China away from trust and hope in the Western powers and toward a search for salvation through the aid of the Soviet Union and the use of Communist organization and methods. From the May Fourth Movement can also be traced the injection of strength and substance into the Kuomintang and the birth of the Communist Party. The current Communist regime recognizes its debt to the May Fourth Movement, and views it as the watershed of the revolutionary stream which

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668 carried the Communists to victory.[38]

648 Though China won back control of Shantung through negotiations initiated at the Washington Conference (1921-22), Japan maintained her economic interests in the province. On the basis that these and her citizens were threatened, Japan moved troops into Shantung in 1927 and thwarted the Nationalist army's drive through the province toward Peking in 1927 and 1928. Only after a full-scale battle at Tsinan in 1928 did the Japanese give way and permit part of the Nationalist forces to move north and seize the old capital of China. Japan withdrew her troops on May 20, 1929, but the widespread Chinese boycott on Japanese goods which had been instigated by the Tsinan incident continued through the summer of that year.

Shantung was once more subject to Japanese military assault and occupation in 1937. Before Chinese troops were driven out of the province the following year, they won one of China's few World War II victories, at T'ai-erh-chuang.

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38. The student role in the May Fourth Movement and subsequent events are described in Kiang (Chiang) Wen-han, The Chinese Student Movement, New York, Kings Crown Press, 1948. On the reorientation of the Kuomintang, the rise of the Chinese Communist Party, and Russia's role in both, see references, footnote 35.

369 Shanghai in 1906 and began a crusade especially against American
548 brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese
369 city also after 1911, and into the 1940's). Kidnapping[1] was another
683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

625 Law enforcement was severely handicapped by the complex but
692 ambiguous legal and administrative situation. Chinese police could not pursue suspects into the foreign settlements, and foreign police
● 648 were similarly excluded from the Chinese areas. Foreigners in
369 Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1] [in Shanghai -- Analyst]

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ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

TWO

Politics and Population

The Political Status of the City

648 In its physical aspect and in its economic organization, Shanghai was, and remains, largely Western. Foreigners governed most of the city. Yet the soil remained Chinese, and the legal or treaty powers of the foreigners were limited.[1]

The terms of the Treaty of Nanking in 1842 (between China and Great Britain at the close of the Anglo-Chinese war of 1840–1842*), which opened Shanghai, Ningpo, Foochow, Amoy and Canton to foreign trade, did not deal with the conditions of administration at the ports, and these were left to be negotiated separately. At Shanghai, negotiations in 1843 with the local Chinese officials established the right of foreigners to lease land within a small area set apart for the purpose outside the walls of the existing Chinese city. China remained sovereign at least in theory over the whole of Shanghai, and in effect delegated certain rights and powers to foreigners. The area of the foreign leaseholds was expanded by successive agreements with the local Chinese officials until it covered the greater part of the conurbation which developed at Shanghai, exclusive of the original walled city, but the administrative powers of the foreign government of this area remained tenuous.

633 The Shanghai Municipal Council, the chief organ of the foreign government at Shanghai, had the responsibility, granted by agreement with the Chinese officials, of maintaining order within the International Settlement, and this was taken to include policing and the maintenance of public works such as roads, drains, lighting, and later water, gas and electric services as these were developed. Powers of taxation, however, remained an unsolved issue until as late as

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* Similar treaties were quickly negotiated by the other European powers and by the United States. See below, Chapter Five.

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633 1899, when it was finally agreed (largely as a result of diplomatic
651 pressure) that no Chinese taxes could be collected within the foreign settlements except maritime customs dues (administered by an organ of the Chinese Government staffed by foreigners and Chinese) and the land tax (since the land remained Chinese property), while the Shanghai Municipal Council was free to tax both foreign and Chinese residents of the Settlement.

648 Neither the Shanghai Municipal Council nor the foreign consuls
701 at Shanghai were ever legally empowered to hinder the passage of Chinese troops through the foreign settlements, although Chinese troops were successfully excluded by *force majeure* and diplomatic bluff from the time of the first threat to the foreign settlements at the so-called Battle of Muddy Flat in 1853.* However, all of the Western powers having treaty relations with China claimed the right to land their own troops in the Settlements for the protection of the property and lives of their citizens. While this right was never formally enunciated in any treaty or agreement, it was practised on numerous occasions when troops landed from foreign warships in the harbor joined the Shanghai Volunteer Corps in defending the Settlement. The foreign settlements were never invaded by a hostile force (although bombs and shells landed there in 1932 and 1937), nor occupied by Chinese troops, from 1853, when the Volunteer Corps was formed, until Japan's assault on China engulfed all of the city after Pearl Harbor in 1941.

648 The most important right of the foreigners at Shanghai was
692 extraterritoriality, which placed citizens of all powers having most-favoured-nation agreements with China under the jurisdiction of their own national laws wherever they went within China. This principle was first enunciated in the Treaty of Wang Hsia between China and the United States in 1843, and the law was in practice administered to foreigners by their own consular courts. Extraterritoriality gave the foreigners advantages in business and in security of person and property; at Shanghai it was the only solid legal basis

* An incident in the Taiping Rebellion (1850–1864), when Shanghai was for long periods surrounded by rebel or imperial forces. On this occasion, the foreign residents of the city, aided by crews from their ships in the harbor, cleared out a large encampment of imperial troops which had been established within the Settlement boundaries. See F. L. Pott, *A Short History of Shanghai* (1928).

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of real significance for the existence of the city as a foreign enclave. 648
(All special rights of foreigners in China, including extraterritoriality, were renounced by the treaty powers in 1944. Shanghai is now governed as a single unit by the Communist administration.) 692

The practice at many other treaty ports in China differed. At 648
some, outright territorial concessions were made to each important 651
foreign trading power; at others, the Chinese authorities established 439
"international settlements" where foreigners might purchase land; at others, as at Shanghai, certain areas were reserved for foreign leasing (and later foreign purchase), with title deeds issued by the Chinese Government. Altogether, more than forty such treaty ports were established in China (some of them in fact inland centers far removed from navigable waterways), and administrative practice differed widely among them. The one common feature of all the treaty ports was that goods entering the "port" were exempted from all further taxation on their domestic movement by the payment of one inclusive tax. This provision was intended primarily to expedite the foreign trade of the treaty ports, but it also acted to encourage the movement of domestic trade through these cities with the streamlined tax system as compared with the multiplicity of local taxes which otherwise interrupted the movement of goods within China.

At Shanghai, there were three independent political units (map 633
3). First, the original Chinese city, to which were added, as the city grew after its opening to foreign trade, areas of predominantly Chinese occupancy outside the limits of the foreign settlements. This Chinese area was governed by the local Chinese county authorities until 1928, when the Nationalist Government established the Municipality of Greater Shanghai (map 5), a new administrative unit covering all of Shanghai outside the foreign settlements, responsible directly to Nanking and independent of local authorities. (It totalled 320 square miles, most of which remained open rural country outside the conurbation.) Second, the so-called International Settlement, which had originally been British and which was opened to all foreigners in 1854. This was the largest and most populous single political unit within the conurbation, and it included the city's commercial core, most of its manufacturing, and most of its shipping frontage. Third, the French Settlement, usually miscalled the "French

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162 foreign community. It was only after 1900, when the Japanese became one of the leading groups in the foreign community, that the proportion of foreign women reached even a third.

288 The Japanese are Shanghai's nearest foreign neighbors, and with
648 their industrial experience and their drive for economic expansion overseas, they made Shanghai one of their most important industrial centers, especially for the manufacture of cotton textiles, taking advantage of relatively cheap Chinese labor, locally grown cotton, and cheap power to produce for the China market inside the low tariff wall. The Treaty of Shiminoseki in 1895, which ended the war of 1894–5 between China and Japan over Korea, first granted to foreigners the right to establish factories in the treaty ports of China, and this originally Japanese privilege was then taken advantage of by all the other powers having most-favored-nation treaty agreements with China.

288 Despite foreign investments, however, Shanghai remained a
648 Chinese city, still politically dominated by the handful of foreigners,
471 but economically more and more maintained by the Chinese, as native industrial and commercial capital and management were increasingly added to native labor in the growing industry of the city during the twentieth century.*

Shanghai and China

648 Throughout the period 1843–1937, the foreigners at Shanghai pressed the Chinese authorities for an extension of their own administrative powers and of the area of the two foreign settlements. In this endeavour they found lukewarm support or outright opposition from the foreign diplomatic representatives at Peking and from the foreign offices in the home countries, who shied away from the implications of full sovereignty over Chinese territory and who continually reminded the overzealous foreigners in Shanghai of their precarious and equivocal legal position in asserting "rights" of taxation, defense, and administrative independence. The complex political and economic structure of modern Shanghai was erected primarily on the precedents resulting from bluff, maneuver, and *force majeure* of the assertive foreign residents of the city.

* A majority of the city's industrial enterprises were Chinese-owned by at least 1920.

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In this progress they were aided by the decline of the imperial government of China, the Ch'ing, or Manchu, dynasty. The military and economic impact of the West during the nineteenth century accelerated the decay of the Ch'ing, which had ruled China since 1644. The imperial government's attitude toward the foreigners at the time the first treaty ports were established was still, despite the Anglo-Chinese war of 1841–42 and its humiliating defeat for China, that these Western barbarians must be kept on the margins of the empire and that they must not be treated as equals by receiving them at Peking. Negotiations at each treaty port for the establishment of foreign settlements or concessions were accordingly left in the hands of local officials, but by the time it became apparent that the foreigners could not be contained by such methods, the Ch'ing government was too weak to prevent their further encroachment. It was the hesitancy of the foreign offices at home rather than the lack of opportunity in China which stopped the process short of colonialism.[4]

With the downfall of the imperial system and the rise of republican China under the leadership of the Nationalist party, Chinese nationalism became increasingly jealous of Shanghai as a foreign creation which was an excrescence on the Chinese body politic. While the Chinese were wrong in assuming that twentieth-century Shanghai was primarily a foreign creation, they were right in fixing on the city as the outstanding symbol of the economic exploitation of China by Western commercialism, and as the principal reminder of China's unequal-treaty status with the Western powers. This reaction against Shanghai and against what it stood for was one of the few points on which Nationalists and Communists have consistently agreed. Despite the fact that he and prominent members of his party earned considerable wealth out of the Shanghai economy, and despite the profitable existence in Shanghai of a major segment of China's manufacturing and trading firms as well as its leading banks, Generalissimo Chiang Kai-shek (Chairman of the Nationalist party) had this to say about the treaty-ports in 1943:

> year after year our country's life was increasingly concentrated in these areas. . . Within the concessions the only ones that prospered were the compradores (Chinese agents for foreign firms) . . . and no productive enterprises developed in these ports because they could not absorb people

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from the agricultural villages . . . Economic reconstruction must have 186
its foundation in the national economy. . . This abnormal development
of the national economy could not be adapted to the defense needs of the 648
state. . . The main communication routes were based on these easily blockaded cities . . . the imperialists could have strangled the country's economic life. . . The state could not protect itself and the people could barely exist. . .[5]

The Communist condemnation is even more specific:

Shanghai must break off its dependence on the imperialist economy and must be changed from a city where imperialism, compradores, and bureaucrats oppress and exploit the people to one which produces for the domestic market and serves the people. . . Shanghai is the concentrated, typical expression of the colonial or semi-colonial nature of old China's economy. Its so-called prosperity in the past was not founded on an independent, sound economic basis, but on bureaucratic capitalism and on imperialism and its compradores. Shanghai's production was mainly for the selfish interests of a handful of foreign exploiters and domestic compradores and bureaucrats. Most of Shanghai's key enterprises were in the hands of foreigners or Chinese bureaucratic capitalists. The raw materials and power of many industries had to depend on foreign supplies. Such colonial or semi-colonial economic status must be discarded before Shanghai can become a truly prosperous new peoples' city. . .[6]

The Communist armies took Shanghai on May 27, 1949, and in 166
the following months plans were discussed for the relocation of some 648
of Shanghai's manufacturing and population to inland centers where 656
they would be less exposed to outside attack and where their economic activity would redound more generally to the welfare of the country as a whole. These plans were given additional impetus by the Nationalist blockade of the coast and by the United Nations embargo which has followed it, which at present writing appear to have curtailed industrial production in the city to a considerable extent. Writing in late August of 1949, the then mayor of Shanghai, General Chen Yi, stated that the official Communist program for Shanghai was to "change (its) industrial policy from that of dependence on imperialism to that of serving the Chinese people." In order to accomplish this end, and to minimize the effects of the blockade, "we must evacuate the population of the city systemati-

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166 cally and transfer factories to the interior wherever possible."[7] While
● 648 no details have been published on Communist plans for the reloca-
656 tion of Shanghai factories, this has been a recurrent theme in general policy statements. How much will be done about it remains to be seen, and may depend in large measure on how long the current trade restrictions remain effective. While such relocation might be dictated by non-economic considerations, it is the writer's opinion that it would economically be unwise, at least at the present stage of the Chinese economy as a whole.

But the foreign Shanghai which Nationalists and Communists alike have castigated is now a thing of the past. As much a Chinese as a foreign creation by at least the time of the first world war, the city has now become politically and economically an integral part of China. The course of Chinese nationalism and of the Westernization of the Chinese economy, both developments begun in and stimulated by the growth of Shanghai, have reclaimed the city.

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133 361 (a common practice in the delta), or to maintain proper ground levels for the flooding of rice paddies. It is therefore unlikely that foreign settlement was fixed in any respect by the protection or by the higher and drier ground which natural levees would have afforded.

648 A frontage on the navigable Whangpoo, completing the water defenses around the British Settlement, was an additional source of security for the foreigners, since it permitted British naval vessels to command the entire site with their guns. George Balfour, the first British consul at Shanghai, in expressing his approval of Pottinger's choice of a site, stressed the importance of the Whangpoo on this point: "By our ships our power can be seen, and if necessary, felt."[9] This consideration may have been a factor in the decision to retain the prohibition against building on the river side of the Bund, a problem which is discussed in more detail below. Certainly foreign naval vessels have been prominently anchored off the Bund at every period of Shanghai's history from 1843 until the Communist take-over in 1949.

503 Along the Whangpoo and Soochow Creek, the muddy tidal foreshore was not usable for buildings or wharves until embankments had been constructed. This process, known in all the China treaty ports by the Anglo-Indian term "bunding," was a continuing job requiring large sums of money. In the case of the famous Bund along the Whangpoo frontage of the International Settlement from Soochow Creek to the Yang Ching Pang, the terms of the original grant of lease rights by the Chinese government to British subjects prohibited building within thirty feet of the high-water mark, which space was to be reserved as a tow path for the use of Chinese trackers pulling boats upstream.

503 367 When the rights of the Chinese trackers lapsed by the mid-1850's in the face of the growing foreign stake in Shanghai and the demands of steam navigation, the Shanghai Municipal Council inherited this waterfront strip by default and successfully defended it against the designs of foreign traders who wished to make commercial use of the area for warehouses and offices which would be convenient to the river.[10] The Council undertook the bunding of this strip in 1862, and in the process extended it beyond the high-water mark to

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The port of Hong Kong however owes its ascendancy as much to its political status as to its physical advantages. Acquired by the Treaty of Nanking in 1842 at the close of the first Anglo-Chinese war as a British rival to the Chinese-controlled trade at Canton, it has since its founding served as an entrepôt for the entire China coast. Since at least 1865 it has transshipped annually between 20 and 25 per cent of China's total foreign trade by value, aided by its treaty status as a free port.* Hong Kong has nevertheless yielded first place as a port to the greatly inferior harbor of Shanghai, located on the mainland and more closely oriented to China's productive areas and transport routes. 504 648 439

The coastline becomes emergent at about the mouth of the Chientang River in Hangchow Bay. There is only one natural harbor on the coast north of Hangchow used regularly by a large volume of ocean shipping: Tsingtao, on the rocky promontory of Shantung. Chefoo, also on this promontory, has a good, though somewhat shallow, natural harbor, but it has been relatively little used or improved. Weihaiwei, near the tip of Shantung and thus one of the most seaward ports in China, is a largely artificial harbor constructed by the British at the turn of the century for their naval vessels (following a decade of "concessions" by the crumbling Ch'ing government to the European powers), but its large protected roadstead has attracted little commercial shipping. 504

It is an unfortunate circumstance that these few adequate harbors are in effect isolated from the body of north China by the crystalline mountains of Shantung and by their out-of-the-way location. This situation is responsible for the small importance of Chefoo and Weihaiwei as ports, as well as for the fact that they still have no railway connections. Shantung, originally an island in the Yellow Sea, has been land-linked by silt deposition from the Huang, yet its harbors are economically cut off from the mainland. In a more highly industrialized economy, these harbors would probably be more important, but the almost complete lack of water transport links between them and the north China hinterland decrees for them under present conditions a relatively minor role.

Tientsin, the leading port of north China, forty miles from the sea on the Pei River, fight a losing battle against silt. Two rivers flow- 503

* Hong Kong is not included in the customs figures for China.

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FIVE

The Opening of the City to Foreign Trade and its Early Development

Canton and the Treaty Ports

The treaty ports * were an answer to the expansionist foreign pressure for trade with seclusionist China. The Ch'ing government (1644–1911) hoped that by granting trade privileges only in these cities it could confine the scope of the Westerners and protect the body of China from their disturbing activities. But when the Canton system was broken by the Anglo-Chinese war of 1841–42, the foreigners envisaged a continually expanding trade with the potentially immense China market. Sir Henry Pottinger, chief of the British delegation at the Treaty of Nanking, stated that the treaty had opened to trade "a market so vast that all the mills of Lancashire could not make stocking stuff enough for one of China's provinces."[1] Western economic enterprise, once given a foothold and an opportunity under its own laws to buy and sell with the Chinese, was a dynamic growth which could not be checked by treaty provisions.

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The Canton system of the eighteenth century, under which the British East India Company and later private American firms were permitted to establish trading factories in a limited area of the city set aside for them, was an increasing annoyance to foreign merchants. Several diplomatic missions to Peking, including that of Viscount Macartney in 1793 and of Lord Amherst (who was not even received by the court) in 1816, all failed to obtain a relaxation of

* Canton, Amoy, Foochow, Ningpo, and Shanghai were opened to foreign trade by the Treaty of Nanking in 1842, and eleven further ports, including Hankow, Kiukiang, Chinkiang, Nanking, and Tientsin were added by the Treaty of Tientsin in 1858, although the actual opening of Nanking was deferred until 1899, a reflection of its poor location compared with Shanghai (see map 1).

439 restrictions on the trade at Canton or the opening of further ports
648 to foreign trade. These changes finally came about only as a result of
175 the Anglo-Chinese war of 1841–42. Under the old system at Canton, foreign traders were virtually confined to their trading factories, were forbidden to bring in women or arms, and were allowed in Canton at all only during the trading season, which largely as a result of monsoon winds essential to overseas trade movements by sailing vessels, and particularly favorable to shipping in and out of Canton, lasted from September to April. However, the foreigners thus avoided the uncomfortably tropical summer in Canton. They spent the hot months for the most part in Macao, a remnant of the once extensive Portuguese empire in the East, at a distance of some 75 miles southeast of Canton and on the tip of a hilly and narrow peninsula jutting into the sea, where the breeze seldom failed.

439 Most cramping of the restrictions was that requiring all foreigners
648 to trade only through the Canton merchants' guild, or Cohong, es-
175 tablished with official support in 1720 as the principal instrument for controlling the foreigners, armed with full governmental powers of
441 enforcement of the factory regulations, as well as the monopoly of trade with the foreigners under conditions which yielded them enormous profits. Disputes between Chinese and foreigners arising out of the trade were settled by the Cohong, and protests against abuses could be made by foreigners to the Chinese government only through the Cohong.[2]

439 One of several attempts to break out from this system independently of the Government at Peking was made in 1832, when the British East India Company (shortly before its monopoly of the British trade with China was removed by Parliament in 1834) sent the ship *Lord Amherst* with a commercial mission under Hugh Lindsay (with the Rev. Karl Gutzlaff as interpreter) to request trade privileges from the local officials at other ports on the China coast. Lindsay was refused entry at Amoy, Foochow, and Ningpo, but he obtained an interview with the taotai (Intendant of Circuit, or chief local official) at Shanghai. The taotai informed Lindsay that Canton would remain the only port where foreigners could trade, but Lindsay was enthusiastic about the possibilities of Shang-

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439 dinary advantages which this place possesses for foreign trade it is wonderful that it has not attracted more observation."[7]

721 175 The lack of attention to Shanghai of which Lindsay complained had been beyond the powers of the foreigners to remedy, as Lindsay discovered for himself when his request for trade privileges there was refused. The tension at Canton finally resulted in open hostilities nine years later. Early in the course of the war of 1841–42 the British occupied the Chusan Islands at the mouth of Hangchow Bay, and interest was revived in making that well-protected site the principal base for British trade, as earlier surveyors, including Lindsay, had suggested.* However the further progress of the war required British occupation of the mainland ports, and a fleet under Sir William Parker, after taking Amoy, Foochow, and Ningpo, arrived off Woosung June 13, 1842, and captured the forts commanding the mouth of the Whangpoo. The British planned to invade the Yangtze valley and by appearing in force on the river and capturing Chinkiang block the movement of rice via the Grand Canal to Peking.

728 ●648 175 Shanghai was taken, and then evacuated by the troops on June 23, in order to concentrate on the advance to Chinkiang and Nanking. The treaty, signed at Nanking on August 29, created the treaty ports already named, where British merchants and their wives could reside permanently, with their own consuls, and importing goods into China under a fixed and nominal tariff (it averaged about 5 per cent *ad valorem*) without any requirement to trade through a Cohong or under official supervision. Article II of the treaty contained the provision that "British subjects shall be allowed to reside, for the purposes of carrying on their mercantile pursuits, without molestation or restraint, in the cities of Canton, Amoy, Foochow, Ningpo, and Shanghai . . . Her Majesty, the Queen of Great Britain (etc.) will appoint superintendents or consular officers to reside at each of the above mentioned cities to be the medium of communication between the Chinese authorities and the said merchants . . ."[8]

No other mention was made in the treaty about foreign rights of

* This plan was not abandoned in favor of Hong Kong until the very end of the war.

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settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries."[9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected.

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively.

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889.

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their

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ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures. 427

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10] 361 648

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners. 437

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could 471

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since only they could make such large investments, and could 505
spread the risk of loss over many distribution centers in the interior. 442
Only the largest firms could also keep prices reasonably uniform throughout the year by balancing seasonal and regional losses against seasonal and regional gains.

These operations could not be conducted by foreign firms from 505
a non-Chinese port (such as Hong Kong, or such as was at one time envisaged on Chusan Island), where customs dues and handling charges would be added costs, and because much of the Yangtze trade can best be conducted by junks which are usable over most of the basin's waterways but are not suitable for coastal navigation. Junks drawing between five and eight feet can navigate both the upper and lower Yangtze (i.e., above and below Hankow) as well as most of the major tributaries and the larger waterways of the delta. Their shallow draft and unseaworthiness eliminate them from coastal navigation; a dual-purpose junk would be an overly expensive carrier. Cargo packed at the Shanghai headquarters of foreign firms for shipment to inland centers can be packaged more cheaply for river transport than would be possible for non-Chinese entrepôts dependent on coastal shipping for their connection with the transport routes of the mainland.*

All of these factors, in particular the advantages accruing to the largest firms from the seasonal variations in water transport facilities, redounded to the benefit of Shanghai, since the great majority of the largest foreign and Chinese firms engaged in the import and export trade had their headquarters there. Hankow was handicapped in its direct foreign trade by the low-water period of winter, during which most ocean ships could not reach the city. Shippers preferred to operate out of Shanghai as the only year-round ocean port for the Yangtze basin.

The advantages of unfettered access to this trade artery were 648
apparent to the early foreign traders at Shanghai before the Yangtze 439
was opened to foreign steam navigation by the commercial section

* A statement from a "businessman of wide experience in China," cited in R. C. Feetham, *Report to the Shanghai Municipal Council* (1931), I, 289–90, makes many of these points. What is discussed here is of course the "break-in-bulk" theory. The statement goes on to say that "fully 80 per cent of cargo delivered to ultimate consumers in China moves via waterways."

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648 of the Treaty of Tientsin in 1860. (Large-scale foreign trading on
439 the river was in effect delayed until after 1862 by Chinese recalcitrance resulting in a second British campaign in 1860, this time to Peking itself, and by the progress of the Taiping Rebellion in the Yangtze basin.) Rutherford Alcock, British consul at Shanghai in the early 1850's, was of the opinion that "it is vain to look for improvement in British imports while these great trunk lines of inland commerce [i.e., the Yangtze system] are closed to the transit of our goods."[8] The British campaign of 1858 against the Ch'ing Government, and its sequel in 1860, had as one of its chief objectives the opening of the Yangtze to British trade and the addition of Chinkiang, Kiukiang, and Hankow to the list of treaty ports. All three were opened by 1861, and with free navigation on the Yangtze, Shanghai was at last able to implement its location to the full.

439 Graph 3 suggests the effect of these changes on the foreign and domestic trade of Shanghai. Both total trade and re-exports of foreign goods increased only slightly between 1859 and 1862 owing to the problems referred to in the preceding paragraph, but by 1865 there was a ten-fold increase over the figure for 1859 in the value of foreign goods re-exported to Chinese centers. The total value of trade rose in the same period by nearly 34 per cent. The trade report of the British consul at Shanghai for 1864, commenting on this growth, attributed it entirely to "the large and increasing trade from ports opened on the Yangtze."[9]

The same report pointed out that from a total of 34 million Haikuan taels' worth of foreign imports to Shanghai in 1864, 26 million was re-exported to Chinese centers, by virtue of the city's newly-opened water connections with the interior. Consular trade reports in the early and middle 1860's from the newly-opened treaty ports on the Yangtze indicate that these ports shipped the bulk of their exports to Shanghai for re-export, and received from Shanghai the bulk of their imports of foreign goods, principally opium.[10] Hankow, the largest trade center among the Yangtze treaty ports after Shanghai, despite its channel to the sea for ocean-going ships, carried on its exchange transactions with Shanghai rather than with London, and all of the foreign and most of the

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Chinese commercial houses in Hankow were branches of Shanghai 439
houses.*

The foreign merchants at Shanghai, aware that their trade was 484
increasingly based on the commercial exploitation of the entire 505
Yangtze basin now made possible by the new treaty, combined in 438
1868 to finance an expedition under the leadership of Alexander Michie and Robert Francis to explore the trade of the upper Yangtze. The leading American firm in Shanghai, Russell and Company, paid the travel expenses of the expedition by steamship as far as Hankow, and the remainder of the expenses were met by the Shanghai Chamber of Commerce, from which body the members of the expedition had been selected.

The report of these delegates, published in 1869, stressed the 505
importance of water transport in the trade of major commercial 438
centers along the Yangtze, and in the overall movement of domestic trade to and from Shanghai. They noted the extensive tea shipments moving via the Kan River and its tributaries and Poyang Lake to Kiukiang and Hukow and thence via the Yangtze to Shanghai. They commented on the widespread water connections of Hankow, via the Han River system, which brought tea, hides, hemp, timber, and vegetable oils for transshipment to Shanghai, and via the Hsiang River system, which brought mainly tea and cotton. Szechuan sent hemp, hides, bristles, tea, vegetable oils, and opium via the Yangtze to be transshipped at Hankow for Shanghai, these goods having originally been assembled at Chungking via the Chialing, Yangtze, and Min Rivers.[11]

British dominance of the trade of the newly-established treaty 648
ports was secure, but the organic connection between the growth 439
of their primary stronghold at Shanghai and a similar dominance of the Yangtze hinterland which fed it was perhaps the most compelling reason for the early development of Britain's traditional sphere of influence in central China and throughout the Yangtze basin. In north China they could better afford to give ground later in the nineteenth century to Russia and Germany, and in the south to

* The British consul at Hankow notes this pattern in his trade report for 1865, which further emphasizes the conditions of Yangtze trade favoring a monopoly by the large Shanghai firms.

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648 share hegemony to a degree with France, but along the Yangtze
439 British preponderance was the logical accompaniment of Britain's trade investment in Shanghai. Without the Yangtze, Shanghai was merely an indifferent harbor.

487 Two major changes in trade movements resulted from the
439 opening of the river and its tributaries to foreign navigation, aside from the overall increase in foreign trade moving to and from Shanghai. First, the diversion of the export trade of central China (including the Yangtze basin) from Canton to Shanghai, as indicated above in Chapter Four. Under the artificial Canton system, goods for export from central China were obliged to move across the grain of the country in order to reach the only port where foreigners were permitted to trade. The opening of the Yangtze allowed this trade to drain by its natural channels. Two major routes had led from central China to Canton: one from Hankow to the headwaters of the Hsiang River and over the 1400-foot Cheling Pass with a land portage of 26 miles into the headwaters of the Pei River, and one from the lower Yangtze basin via the Kan River to its headwaters near the Meiling Pass at 1000 feet, with a land portage of 24 miles to the headwaters of a tributary of the Pei (map 4). Canton had drawn its trade goods of silk and tea from central China for export via these two routes, but the opening of the Yangtze short-circuited the bulk of this trade to the much closer port of Shanghai.

Goods from central China began in fact, after the effective opening of the Yangtze in 1862, to move to Canton via Shanghai by coastal shipping instead of by the former overland routes. Chungking in Szechuan, which before 1862 had drawn all of its foreign textiles via Canton, was by 1869 entirely dependent on Shanghai for this supply. The delegates of the Shanghai Chamber of Commerce were sufficiently impressed by this indication of the greatly expanded markets which the opening of the Yangtze created for Shanghai that they succumbed to the old dream of British traders of finding buyers for British woolens. Szechuan, they reasoned, had a climate colder than any of the areas where British trade had theretofore reached, and a boom in the woolens trade there could con-

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CHAPTER I

THE BACKGROUND

648 On October 10, 1942, the governments of Great Britain and the United States announced the relinquishment of their extra-territorial rights in China. The announcement was fittingly made on the "Double Ten Day," the tenth day of the tenth month, anniversary of the founding of the Chinese Republic in 1911. It brought to an end a century of special privileges for citizens of the two countries concerned, and heralded the passing of concessions and settlements. Among these was the International Settlement in Shanghai, where, indeed, at the moment of the announcement, Japanese military exercised actual control. The intention was nevertheless clear that, when the invader had been expelled, the actual government and not only the theoretical sovereignty of the International Settlement in Shanghai would pass into the hands of the Chinese Government.

648 633 The complex administrative composition of the Shanghai which existed in the decade 1933-1942 to which the efforts described in this monograph refer, was well known to students of Far Eastern problems. From 1927 onwards three distinct political administrations exercised jurisdiction over three well-defined areas. The Shanghai Municipal Council, dating from 1845, ruled over the International Settlement, an area of some 8.94 square miles, slightly more than half of which lay north of Soochow Creek and the remainder to the south of it. The French Municipal Council functioned in the French Concession, an area of 3.95 square miles to the south of the International Settlement. Two districts, one west and one north of the Settlement, were known as the Extra-Settlement Roads areas, where the Shanghai Municipal Council owned the roads by right of purchase under treaty provisions, and permitted enfranchised public utilities to use them for transportation and other services, but where the enclaves between the roads 648 were Chinese-administered. Some changes occurred after the out- 633 break of Sino-Japanese hostilities in 1937 when Japanese military 722

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648 633 722 exercised certain controls in the area of the Settlement north of the Soochow Creek. The Western Extra-Settlement Roads area passed in 1942 completely into the control of the Chinese City Government.

648 633 The governing body of the International Settlement was the Shanghai Municipal Council, of international membership. From 1930, soon after Chinese members first took seats on the Council, until 1941, it consisted of 14 members. Nine foreign members were elected by foreign ratepayers, and the general convention of its composition—five British, two American and two Japanese members—was observed. Five Chinese members were chosen by representative Chinese organisations. The allocation of seats in no way satisfied Japanese aspirations, and on several occasions they sought to increase their representation. In April 1941 a change was made which gave three seats each to British, American and Japanese members, and widened the basis of representation to include one German, one Dutch and one Swiss member. Four seats were allocated to Chinese members. The newly constituted Council proved a success. It pursued vigorous policies and faced many issues, the solution of which political impotence had previously made impossible. Functions formerly exercised by a ratepayers' meeting passed into the hands of the Council.

The administration of the French Concession was under a French Municipal Council appointed by the Consul-General for France. The Chinese City Government was presided over by a Mayor, appointed by the Chinese Government. The Chinese-administered area in Shanghai was a "special municipality," under direct control of the National Government of China, not of the province of Kiangsu in which it was situated.

648 633 692 722 Chinese citizens resident in the two foreign-administered areas were subject to Chinese Courts presided over by officials appointed by the Chinese Government. After the withdrawal of the Chinese Government to Chungking in 1938, the judges of the First Special District Court (in the International Settlement) and of the Second Special District Court (in the French Concession) remained unchanged for a time. In 1940 the Japanese-influenced Nanking Chinese Government obtained control over the Second Special District Court. Chungking-appointed judges were replaced in the First Special District Court when Japanese military occupied the

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International Settlement after the outbreak of Pacific hostilities in December 1941. Under the extra-territorial system foreign residents were subject to the laws of their own country and tried in consular courts. Russia relinquished her rights in 1924; Germany and Austria lost theirs in the war 1914-18.

On December 8, 1941 when Japan attacked Great Britain and the United States, the Shanghai Municipal Council agreed to carry on its functions in the interest of the civilian population. At the close of the year, however, the resignations of American, British and Dutch members of the Council were requested. The British chairman was replaced by a Japanese chairman. In the eyes of the Japanese authorities the agreement reached earlier in the year as to the composition of the Council remained in force, but was considered suspended. The places of resigning members were not filled. The Council carried on with four Chinese, three Japanese, one German and one Swiss member. The international character of the Council was technically preserved.

The free exercise of authority by the Council was, however, restricted. During the first eight months of Japanese occupation more than 80 senior British police were replaced by Japanese, and Japanese came to occupy also the ranking posts in the Secretariat, in the Public Health Department and in the Industrial and Social Division. No major question could be decided by the Council without reference to the Japanese authorities, and, further, the Council was given instructions by the Japanese which it had to carry out. In short, while pursuing its normal municipal functions unhampered, it began to be an instrument of Japanese occupying forces.

It is clear that in a city whose administrative controls have been so divided there would be complications in the carrying out of the most elementary administrative tasks. For many years the dominant feature of Shanghai was its administrative disunity. The absence of plenary powers on the part of the Settlement at any rate created peculiar difficulties in dealing with problems inherent in large cities.

The authority of the Shanghai Municipal Council derived from the Land Regulations drawn up in 1854 and from Byelaws attached thereto. Later alterations did something to widen initial provisions,

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648 but until the occupation of the Settlement by Japanese forces in
633 1941, this document, the Settlement's constitution as it were, remained practically unchanged. Any change in Byelaws required the consent of a special meeting of ratepayers with a stipulated quorum of the Consular Body in Shanghai, of the Diplomatic Body. Changes in the Land Regulations required approval of the Chinese Government. A Chinese Government which resented the existence of areas alienated from its control refused to contribute to the perpetuation of foreign administration by agreeing to changes in Land Regulations. Thus for several decades prior to 1941 the Council had to proceed under an archaic set of constitutional powers. It possessed no specific power to deal with labour and social issues. After the occupation of the Settlement by Japanese
722 forces and the consequent coming under Japanese direction of the
633 whole Council administration, pseudo-changes in the Land Regula-
648 tions were considered. No final information is available on this matter, but presumably the form would be gone through of submitting them to a Council which was under Japanese influence, to a compliant Consular and Diplomatic Body consisting of Axis and neutral representatives, and to the Japanese-sponsored Chinese Government in Nanking, whose consent to changes could, it is assumed, be obtained. By this procedure a semblance of legality would be sought. Whether legally obtained or not, the Nanking-stafed First Special District Court in Shanghai would apply byelaws derived from newly assumed basic powers in the Land Regulations.

The Organic Law Governing Municipalities promulgated by the Chinese Government in 1930 by comparison granted wide powers to municipalities created by that Government. In particular, Sub-section 5, Article 8 of this Law gave to municipalities the power to administer and bureaucratically to enforce provisions relating to labour.

633 Possibly because of the lack of enabling byelaws, but possibly
364 also because concern with industrial and social issues came late in
744 China itself, the Council's consideration of certain types of social
[625] problems was late also. It was natural that the first municipal emphases historically were logically on the maintenance of public order through police services; on the provision of public health services in a country where modern ideas of sanitation have lagged

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633 tion. Foreign voters were not willing to force a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition. Following the failure to secure the proposed byelaw, the Council decided that, until the Chinese authorities themselves moved to regulate conditions of industrial employment, it would make no further attempt to concern itself with these issues. Larger forces, however, were at work. While the Settlement authorities were
665 attempting to limit the work of children, the Kuomintang, the National People's Party of China, met in Canton and adopted a much more extensive platform of social measures. In the late summer of 1926 the Kuomintang army began its march northward from Kwangtung Province and, by March 1927, had entered Nanking, which was to be the capital of the National Government for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

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claimed the right to "inspect factories in the Settlement," aiming, however, at eventual control of all questions relating to labour in Settlement enterprises. The Council, on the other hand, held the view that, because of fundamental differences in systems of administration of law, the operation of officers of the Chinese Government in the International Settlement was not acceptable.[2] The fear was also entertained that, should regulation of industrial conditions be introduced into, and thoroughly enforced in, the Settlement, unequal competition would result with enterprises outside the Settlement where, it was felt, enforcement would be less complete. On August 1, 1931, when the formal statement of the Chinese Government declaring the Factory Act in force was published, there appeared also a statement by the Shanghai Municipal Council endorsing the principles of industrial regulation and indicating its intention of working toward safe and healthful working conditions. The outbreak of Sino-Japanese hostilities in January 1932 postponed the consideration of means to implement this general statement of principle until 1933, when it was decided to employ the Council's licensing powers to gain the desired ends.

In 1933, a special meeting of ratepayers was again convened, this time to change the general licensing byelaw (Byelaw 34)[3] to include industrial undertakings among the enterprises which the Council might license and hence regulate and inspect. This time the approval of the ratepayers, and subsequently of the Consular Body in Shanghai and of the Diplomatic Body in Peking, was secured by the Council. It then felt it had a constitutional right to license factories and, by this means, to enforce certain conditions. The Chinese view was still that such a byelaw was beyond the Council's powers under the Land Regulations.

The Chinese authorities in the metropolitan areas outside the two foreign-administered areas, having strengthened their position in the five years since the establishment of their municipal government, by now known as the Shanghai City Government, registered their protest at the passage of the amendment to the byelaw. In the eyes of the City Government the International Settlement was the "First Special District" and the French Concession the "Second

[2] "Regulation of Industrial Conditions," *Annual Report*, Shanghai Municipal Council, 1933.

[3] *Land Regulations of the Foreign Settlement of Shanghai*, Shanghai Municipal Council.

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471 Special District," areas temporarily beyond, but ultimately to be
648 restored to, its own jurisdiction. The claim was made that only the
633 City Government could regulate Settlement industrial conditions,
466 by enforcing the Factory Law of the Chinese National Government.

An event of importance to the whole problem of law enforce-
648 ment was the Court Rendition Agreement of 1930[4] between the
633 Council and the local Chinese authorities, which provided for the
692 return to complete Chinese control of the Provisional Court exer-
471 cising jurisdiction over Chinese citizens of the Settlement and over those residents belonging to nations without extra-territorial rights. From the 1911 Revolution until 1927 there had been a Mixed Court under foreign influence, expressed in part by the sitting of foreign assessors with the Chinese judges in the hearing of cases. Between 1927 and 1930 a Provisional Court functioned, giving place in 1930 to the Shanghai First Special District Court, completely under the direction of the Ministry of Judicial Administration of the Chinese Government. The new agreement provided that the Court should exercise jurisdiction over cases brought in by the Municipal Police of the International Settlement and arising out of infractions of all duly enacted laws of the Chinese Government, together with cases arising from breaches of municipal bye-laws. In limiting the laws which the Court would apply to those duly enacted by the Chinese Government, the agreement excluded the application of regulations promulgated by the various Chinese ministries.

648 Since the labour laws referred to above in each case state that
633 the competent authority is the municipal government in munici-
692 palities and the *hsien* (or county) government in *hsiens*, and since
466 the enforcing municipal authority in Shanghai recognised by the Chinese Government was the Chinese municipal authority, it was logical for the Court owing allegiance to the Chinese authorities to refuse to try a case brought in by a Shanghai Municipal Council organ under any of the labour laws.[5] In the eyes of the Court the

[4] *Municipal Gazette of the Foreign Settlement of Shanghai*, 1930 volume.

[5] All possible means of using the Court as an instrument of enforcement under laws other than labour laws were explored. In 1939 seven workers were burned to death when an apprentice spilled inflammable thinner over a charcoal stove which the owner of the factory had been specifically instructed by Council officials to remove from the workroom. The Municipal Advocate advised that no case would lie under Article 276 of the Chinese Criminal Code which prescribes a five-year

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Council was not a competent authority within the meaning of the Chinese Government acts. 648 633

The matter was still further complicated by the fact that many owners of industrial enterprises in the Settlement enjoyed extra-territorial rights. While Chinese legalists argued that extra-territorial rights were of the person and not of the undertaking, in practice Chinese law could not be applied against foreign enterprises owned by those with these rights. At the same time the authorities of the countries with extra-territorial rights held in general that the labour codes of their respective countries did not apply in their Shanghai courts.[6] 692 466 471

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sentence or heavy fines for negligence causing the death of others by neglecting the degree of care required in an occupation. The proximate agent only is held liable by the Chinese Courts, and in this case he, in the person of the apprentice, was dead. A case was, however, instituted under Article 33 of the Law Governing Penalties for Police Offences, which prescribes detention or fine for one who "undertakes any work or business contrary to mandate or regulations." Judgment was obtained against the factory owner. When, however, later cases were instituted against other factory owners failing to carry out instructions, the cases were dismissed.

[6] Two cases were heard in the United States Court for China in which application of American law was involved. In the first, in 1936, the widow of a linesman brought an action for damages against an American company for alleged negligence on the part of the company which resulted in death by electrocution of her husband. The case was dismissed. In his judgment the Judge stated that cases similar to the one in question were now rare in the United States because of the almost universal adoption of Workmen's Compensation Acts. Counsel for the plaintiff suggested the novel possibility of the Compensation Act of the District of Columbia being applicable. This, the Judge stated, required study. But he expressed the view that "it may not be impossible, even in this difficult jurisdiction, through reasonable construction and elimination of unsuitable portions to preserve the substance of the law in some fair and workable system which would be welcomed by both employers and employees."

A second case arose later in the same year. A non-American employee of an American corporation slipped on the floor of the employer's premises sustaining an injury for which damages were sought in a common law action based on the theory of negligence. The plaintiff contended that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in this action from maintaining the defences of contributory negligence and assumption of risk. The defendant contended that the District of Columbia Workmen's Compensation Act was not applicable in the Shanghai jurisdiction on the grounds of inherent unsuitability.

The Court ruled that the literal compliance with the District of Columbia Compensation Act would be impossible in the Shanghai jurisdiction, but expressed its belief that the principle of the law of the United States should not be ignored. The judgment referred to the "congressional will manifest in the passage of the District of Columbia Compensation Act" and believed that the "Court might award remedies to injured employees consistent with the spirit and objectives of federal legislation."

Judgment was entered for the plaintiff in the sum of US $1,200.

The Court later temporarily withdrew its Opinion pending further study. It was later restored, and the amount of the award to the plaintiff increased to US $2,200.

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How was such a complicated situation to be dealt with? How could a way be found to improve industrial conditions through administrative action? Fortunately the personal relations between the officers of the Chinese City Government and those of the Shanghai Municipal Council were cordial, despite official differences in viewpoint. The Council welcomed the suggestion of the Shanghai City Government that negotiations should be undertaken to discover if a solution could be found to the impasse. Communications on the subject actually began prior to the special meeting of the ratepayers in 1933, and discussions were continued actively immediately after the alteration to the licensing byelaw which had been approved by the Shanghai Consular Body, and before it had received the approval of the Diplomatic Body in Peking. The licensing power, though it had been obtained, was not immediately invoked. It was felt that its use at the time would probably have brought to a head resistance on the part of Chinese industrialists and others. Moreover, if by negotiation a method might be found by which the requirements of the Chinese Government's Factory Act could gradually be applied in the Chinese Courts against citizens of nations amenable to these Courts, and through some other procedure to those of other countries, the status of the national law would be upheld: it would not be replaced by local regulations. A more comprehensive instrument than license was felt to be desirable.

Conversations extended over four months in 1933, but no agreement was reached. In 1934 the Director of the Shanghai Branch Office of the International Labour Office attempted to use his good offices to find a way out of the deadlock, laying useful foundations. Chinese Government delegates to the International Labour Conference in Geneva in 1934 and 1935 raised the question of a solution to the jurisdictional difficulty in Shanghai. Subsequently, the Director of the International Labour Office in Geneva met with government representatives of Great Britain, the United States, Japan, France and Italy, who agreed to discuss the problem with their governments.

Between 1935 and the outbreak of the Sino-Japanese hostilities in 1937, negotiations between the Shanghai Municipal Council and the Shanghai City Government continued. At one point it appeared that a *modus operandi* had been reached, whereby the Council,

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under authority delegated by the Chinese authorities, agreed to apply in the Settlement those portions of the Factory Act which were enforced in Chinese territory. The Consular Body, however, fearing that such an agreement would imply the partial abrogation of extra-territorial privileges, stated that it could be made applicable only to industrial interests within the Settlement which were subject to Chinese jurisdiction—i.e. to foreign residents without extra-territorial rights, and to Chinese. In that case, the Consular Body held, there would be no objection to a clause stating that the Council would, with the consent of the authorities concerned, apply a similar inspection procedure to all other factories by means of the powers vested in the Council by the Land Regulations.[7] No real progress had been made in the negotiations by the autumn of 1937 when, as a result of Sino-Japanese hostilities, the City Government ceased to function and its personnel withdrew from Shanghai.

WHILE THE FRONT STAGE had been given over to negotiations, the Bureau of Social Affairs of the City Government and the Industrial Section, the organ of the Council which had been created to deal with the regulation of industrial conditions, had not been idle. The Bureau had exercised a considerable influence within the Settlement even prior to the 1933 licensing byelaw amendment, and it continued to do so. Its officials did not inspect industrial premises, but they were active in mediating industrial disputes which were frequent and often bitter. Even foreign owners of industrial enterprises, who were most vocal in insisting that inspection of factories should remain in the hands of the Shanghai Municipal Council, in the absence of facilities provided by the Council to assist them in the settlement of industrial disputes yielded to the force of organised labour and in some cases gladly accepted the offer of mediation by officials of the Bureau of Social Affairs. Furthermore, the Bureau established a Statistical Section, which began to collect basic information concerning wages and hours of work, and instituted an intensive study of the cost and standard of living of Chinese workers inside and outside the Settlement. This programme finally produced cost of living index figures which were to play an important part in the adjustment of workers'

[7] *Municipal Gazette of the Foreign Settlement of Shanghai*, August 1936.

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earnings in the period of inflation following the 1937 hostilities. The Council's Industrial Section worked steadily at improving health and safety in the Settlement's industrial enterprises. In its desire that nothing should interfere with a possible agreement with the Chinese authorities, it did not, prior to 1937, compete in the mediation of disputes but remained in the less controversial field of hygiene and safety promotion. The concentration of factories and workshops within an area of some nine square miles placed them within easy reach of inspection and made transport a much less difficult problem than was the case for the Chinese authorities, in whose extensive territory factories were widely scattered. While the frequent use of dwelling houses as factories and workshops in the Settlement limited the improvements which could be made, there was a general rise in standards between 1933 and 1937.[8] Trade by trade, a steady drive improved machine safety, safety in the use of pressure vessels, provisions for industrial hygiene, and general working conditions. Relying only on the general authority of the Council and on reason and good will, the Industrial Section used educational means to induce employers to take steps toward factory improvement. The Court could not be invoked, but considerable success was nonetheless achieved.

WITH THE OUTBREAK of Sino-Japanese hostilities in 1937, all industrial enterprises in the Settlement closed. In the western district Chinese and non-Japanese foreign-owned undertakings re-opened shortly after. Those in the eastern district, which was held by the Japanese Naval Landing Party, were in the area of heaviest fighting where blocks of Chinese-owned undertakings were destroyed. Five months after the hostilities had commenced, foreign-owned plants were found to be "islands in a sea of destroyed Chinese enterprise." Comparatively few foreign factories suffered much injury, but they remained closed until the spring of 1938. By the end of 1938 all foreign-owned and many smaller Chinese-owned plants in the eastern district had been re-occupied. Larger Chinese-owned plants were operated by Japanese occupiers. Although Japanese offers of restitution to legal owners with the object of co-operation in their management were made, there was little response by Chinese.

[8] See Chapter III.

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A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China; however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

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and Industrial Division to secure improved industrial conditions. Two contrary tendencies were observed. Owners of destroyed enterprises, previously operating either in the eastern district of the Settlement or in provincial cities, in many cases showed a disposition to take advantage of new construction to erect better and more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

[9] See Chapter III.
[10] See Chapter IX.

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection.

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

When pacific hostilities developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to

[11] In subsequent pages frequently referred to simply as the "Division."

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to secure a better arrangement. Indeed, many employees of foreign firms taken over by the Japanese had to accept, under threat, allowances considerably short of this scale. 471 722 [466]

Thus very soon after the commencement of the Pacific hostilities, the former bustling industrial Shanghai died. The air, once polluted with the smoke of countless chimneys, cleared miraculously. Streets formerly grimed with coal dust became strangely clean. But these were improvements which boded ill for the people's livelihood. To the streets instead came to die many who could not find food or shelter.

Little detailed information is available as to conditions in Shanghai after August 1942. But the social problems of the city are substantially the same whether there is Japanese direction of the former administration or not. The Division will probably be forced during the period of isolation from the outside world, and through the proposed pseudo-changes in the Land Regulations referred to above, to use the Japanese-instructed Nanking Government Courts in enforcement. This may have one useful effect, that of removing those dangers of inequity and lack of evenhanded justice which exist when every factory engaged in the same trade is not subject to the same official scrutiny on the basis of clear regulations. The work of the Division in the last decade has shown that specific formal authority is not essential for useful achievement. The power of accurate facts has been very great. The appeal to reason has not been without result. While industrial conditions at the close of the decade were in many cases still thoroughly bad, within the limits of authority and capacity a not inconsiderable progress had been made prior to December 1941, laying the foundations of improvement in the lives and livelihood of workers in Shanghai. 633 648

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CHAPTER II

SIGNIFICANCE OF THE BACKGROUND FACTORS

633 648 THE GENERAL ATTITUDE of the Chinese residents towards the international but foreign administration in the Settlement was a basic factor which had to be taken into consideration in the efforts to create a municipal instrument designed to achieve social progress. No patriotic Chinese citizen could approve a situation in which part of his country was alienated from the direction of the Chinese government, notwithstanding its prosperity and progressiveness in peaceful times, and however useful the existence of such areas had proved to the Chinese people in times of distress and civil disturbance. Until 1926 the membership of the Shanghai Municipal Council had been entirely non-Chinese: in that year Chinese councillors were chosen, taking their seats in 1928. In 1930 the number was increased to five. For those accepting seats to agree to associate themselves with the foreign administration, and for Chinese civic organizations to elect such members, meant a compromise with their national feelings, though this was perhaps tempered by satisfaction that the ranks had been opened to them. Though they had chosen to reside in the International Settlement in Shanghai it could be said of no large number of Chinese that they had any warm attachment to the administration which controlled it.

633 648 664 208 Relationships between the people and an administration are not a matter of remote and academic attitudes. They are the everyday contacts between the people and the employees of the administration at the level where the people live. They are the relations between the people and the individual members of the police force, with the health inspectors, with the building inspectors and so on. The majority of Shanghai municipal posts carrying responsibility were filled by foreign members of staff, chiefly of British nationality though with a sprinkling of Continental European, American and Japanese staff. In 1930, after one of the periodical staff surveys, it was accepted in principle that qualified Chinese would be ap-

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pointed in greater numbers to senior positions. This decision was 633
somewhat slowly implemented. When the Japanese occupation of 648
the Settlement took place in December 1941 there were in the gen- 664
eral Council service still comparatively few Chinese of specialist 208
training. The total Chinese staff was nevertheless much larger than the foreign, comprising many in clerical grades and in lower police ranks. The majority of the Council's staff were men of high professional achievement and sterling character. This did not preclude the currency in the community of criticisms against municipal employees. It could be said also that there were residents who were ready to escape compliance with the requirements if they could.

Such attitudes toward the administration and its staff did not make easy the beginnings of a Division which found it essential to obtain the confidence of the people. Moreover, as the preceding chapter shows, the actual issue as to whether the Shanghai Municipal Council should exercise any controls over industrial enterprises and so over labour in the Settlement, was a political one over which feelings ran high. To the more or less passive resistance on the part of sections of the Chinese community to the foreign administration was added a specific resistance in the concern of the Council with Chinese labour matters, a reaction which was national and emotional in origin and was kept up by propaganda means.

The Chinese population in the International Settlement enjoyed complete freedom of expression. This freedom was exercised particularly in criticism of the Settlement administration. Through powerful newspapers and through a Chinese Ratepayers' Association a constant pressure was maintained on the administration, and this was by no means unaffected by it. It has therefore to be realised that a potent influence was exercised by the Chinese population thus vocal and free.

Important, too, when the creation of a Division with social aims 633
was under way, was the attitude of the Chinese residents toward 648
the social situation, as well as that of the Council. There was a general acceptance on the part of both of prevailing poverty. The Council's acquiescence sprang from the traditional interpretation of its responsibilities imposed in the charter of administration, the Land Regulations. It was argued, not without logic though perhaps at the expense of imagination, that the limited revenues available

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633 under the prescribed tax sources provided only for the furnishing
648 of the bare elements of civic amenities such as peace, order and liberty and that there were insufficient funds to indulge in social welfare schemes and in the field of economic and social relief. The Council tended to balk at the idea of a small economic and social Utopia while surrounding areas remained immersed in poverty. But Chinese civic associations equally ignored the fundamental social situation. They were more concerned at the time with achieving political victories than with making social progress. Reluctance to venture into the field of China's economic ills was characteristic of Chinese Councillors as well as American, British and Japanese. Chinese Councillors were frequently men prominent in charitable work, some devoting virtually their whole time to organisations and institutions for relief. Yet few gave evidence of recognition of the possibility of attempting through municipal agency to make fundamental approaches, to do anything about the load of debt which burdened almost every family, or to ask themselves whether the wages paid by industry of whatever national ownership were high enough.

633 WHEN THE COUNCIL, urged to do so by the political nature of the
466 issue of the regulation of industrial conditions in the Settlement, decided to make a first appointment to its staff, it did not appear to be clearly seized of the exact nature or scope of the responsibilities on which it had embarked. It was generally accepted as the simplest course that the first emphasis should be on improving conditions of hygiene and safety in factories. No machinery in the shape of a special committee of the Council was set up to be the means of obtaining deliberation of the scope of the work, or to define the particular social problems which should be faced. This omission was later in practice found to have been useful. To attempt to have discussion of questions and arrive at a policy and programme, a method which would be considered to be most natural and useful in most circumstances, was found under the circumstances not the most suitable approach. Instead, those to whom the opportunity came to develop the work realised, after some initial mistakes in technique, that it would be necessary to work as quietly and unobtrusively as possible, taking advantage of this situation

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and East Asia. What the social situation is, is unknown. In Free China, which has been deprived of its contact with the outside world by the usual transport means and is dependent only on an air service over a difficult route from India, there is great social distress. A serious inflation has gravely reduced the former modest standard of living, and the time of deliverance seems far in the future. Yet throughout, the Chinese Government has referred to the war against Japan as the dual one of "resistance and reconstruction." There can be little doubt that when the period of resistance ends, the plan of reconstruction holds within it the aim of restoration to the people of that standard of living and its improvement as the years go on. 722

The renunciation of special rights in China by the United States and Great Britain has meant for these powers that they have given up the share they possessed in the administration in Shanghai. Other powers may be expected to follow suit, and for those that do not the issue will not be one within their power to influence. Thus when the invader shall have been driven out, the Shanghai of the future will be in the hands of the Government of China. None will rejoice in this development more than those who have in the past had part in the administration of the Settlement and who have looked forward to the time when the work being done would gear into the plans of the government of the country. If the ten-year experiment which is herein described has within it any germ of a social programme for the city of the future, those who took part in it will have been fully repaid. They have already had their rewards in the comradeship of the joint endeavour, the working together with able Chinese colleagues and the close co-operation which was achieved with both Chinese employers and workers. 648 633

In sum and in retrospect, despite the large task still unfinished, cut short by the necessity to dissociate from a Council which had become Japanese-controlled following December 1941, certain fundamentals have emerged from the decade of work. The opportunity to pursue an administrative social programme, despite the lack of specific power, for so long a continuous period as ten years, is something which has importance in itself. The Chinese Government which in the decade 1927-37 laid its foundations and had, particularly in the last five years of this time, made such real progress, was unable to remain at its peace-time task and had to 633 722

221 planting; the rest are planted in winter wheat. Fertilizer from the household pit is spread on the fallow fields. The wheat is brought to maturity by careful hoeing and by hand irrigation using well water -- a back-breaking operation in which the farmer is helped by his whole family.

In April or May comes the time to plant his remaining fields in millet, kaoliang, or cotton; often he must irrigate to assure the germination of the seeds. It is then time to harvest the wheat, and once again the farmer calls on his whole family and often on his neighbors for harvesting, threshing, and winnowing, all done by hand with the greatest care to preserve every grain and the stalks and straw as well. Then the winter wheat land is planted in soybeans and corn. The farmer and his family may then slacken their pace, but not for long, for autumn brings the harvest of the summer crops, the fall plowing, and then the planting of winter wheat.

221 651 Autumn, too, is the traditional time for the tax collector to appear with his demands for taxes in money or in kind. And before the Communist abolition of tenancy, it was the time when the landlord was given a portion of his share of the crop.[3] If the weather had been favorable and the tax gatherer was not unduly rapacious, the farmer might retain enough grain to see his family through to the next harvest. If things had gone badly, a grim winter season lay ahead. Winter

3. For landlord-tenant relations in Anhwei, cf. Morton Fried The Fabric of Chinese Society, New York, 1953, pp. 186-200. The typical rent in 1947-48 was 40% of yield.

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was in any case the time for repairing farm implements, weaving thatch, repairing buildings, spinning and weaving rough cloth, and other household chores. With the approach of the New Year the farmer might look forward to some festivity, perhaps to slaughtering the family pig; if debts loomed large, the pig might have to be sold to help.[4]

The farmer's life in the Yangtze valley and below is similarly dominated by the need for the most intense toil throughout the year if his tiny plot of land is to support him and his family. Rice sets the rhythm and dominates the economy. Much of the rice culture of this area is on level plains, but in recent years the terraced fields have been pushed higher and higher up denuded mountains and hillsides. In the early spring, after the New Year, the farmer brings up his rice plants in nursery beds near the farmhouse. Then he prepares his fields by plowing and removing in some areas, his winter crop stubble. Fertilizer is carefully spread over the ground, and then the water is admitted; when the water reaches a certain depth the ground is carefully harrowed. The ground is now ready for the transplanting of the young rice from the nursery beds, and this back-breaking job, done while crouching in the water, completes the Spring work. Save for repeated cultivating and trampling of weeds, the farmer has an easier life during the ripening of the grain. As the grain ripens, the fields dry, and at last it is harvest time. The harvesting and threshing are again

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4. J. L. Buck's study of 16,786 farms showed that 39 per cent of these were in debt in the period of 1929-32. Cited in Lang, Chinese Family and Society, New Haven 1946 p. 69.

1: Stanford U. S-4,5 1956 AF15 East China AF15

221 651 the work of all available hands and are done with primitive implements. The harvest in, the farmer must deal with the tax collector and then ready his fields for the winter crops; in some parts of the East China Region, this may be winter wheat and rape; in others, two rice crops are produced in a single agricultural year. The rice farmer like the wheat farmer in the north, uses the winter to work on tools, handicrafts, and repairs, and the women of his family may carry forward their raising of silkworms and the spinning and weaving of silk. In other areas tea is an important supplement to rice agriculture, [5] and fishing is a full or part-time activity of about a quarter of a million people in Chekiang and Fukien. [6]

527 769 The farm year, toilsome in north and south alike, is punctuated by other activities and festivals which relieve some of the monotony of the long seasons of work. The first of the annual festivals after the New Year is that of Ch'ing-ming which corresponds in time to the Western Easter. Also like the Western Easter, it was once a Spring fertility festival. On this occasion the ties of the living and dead members of the family and clan are celebrated. Families often take picnics to the family or clan graveyard, make food offerings to the dead, sweep the graveyards, and then enjoy their feast. All relatives make special efforts to join in this annual celebration of family solidarity, and the outing is a pleasant relief from winter and indoor work. [7]

5. On agricultural year-cycle, see excellent description in Gerald Winfield, China, The Land and the People, New York 1948, pp. 34-61.

6. Cf. Geo. B. Cressey, Land of the 500 Million, New York, 1955, p. 127.

7. Wolfram Eberhard, Chinese Festivals, New York, 1942, pp. 113-127.

517 workers are required to participate in
656 organizational and cultural activities and to
668 attend technical and cultural classes. Since most workers hold membership in a number of Communist organizations, no time is left for private affairs.

668 2. High Taxation and Public Obligation.
656 High taxation and business restrictions are
[651] other unpopular Communist policies. In the rural districts, the Communist San Ting policy, formulated at the end of 1953, fixes a quota for farm production and for purchasing and marketing. Other measures which regulate the sale of farm surplus products -- mainly rice and cotton -- only to the centralized market, meet resistance. Businessmen are required to pay high taxes, pubchase bonds, and make "voluntary contributions." Other measures taken by the Communists to eliminate private business doubtlessly create great dissatisfaction among the people.

Public obligations imposed upon the people are also a cause for discontent. The peasant, for example, is called upon whenever his services are needed. For major irrigation projects, peasants are enlisted for work in distant areas. The service of the militia is necessary on many occasions, and so the young peasant is required to accept military training in his spare time. When he becomes a member of the militia, he must patrol the

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Annex "A," Subparagraph 3c,
Economic Background

TAXATION AND BUDGET

I. THE NATIONAL FISCAL SYSTEM

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Since Communist China is a unitary state, its fiscal policy is national in scope and has relatively few regional variations. Accordingly, unless otherwise indicated, what is said here of one region is often equally true in the other regions.

From the data shown in the tabulation below, certain facts are obvious.

1. During 1950-54, the revenue derived from the profit of government enterprises rose steadily from 12.76 per cent of the total government receipt in 1950 to 36.47 per cent in 1954. Moreover, profit is not the only contribution that government enterprises made to the government treasury. In the course of these years, they also contributed an increasingly large share of taxes which the Central People's Government (the Communist government) imposed upon industries and trade. This tendency is clearly shown in the following statistics.

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SOURCES OF GOVERNMENT RECEIPTS */

Year	Government-owned Enterprises	Government-participating Enterprises	Co-operatives	Farmers	Private Industries and Trade
		(combined)			
1950	-	-	34.08	-	29.63	32.93
1951	-	-	49.35	-	18.17	28.66
1952	-	-	56.33	-	17.08	22.36
1953	-	-	59.79	-	14.56	17.02
1954	65.24	3.65		1.66	14.23	13.34
1955	69.47	3.65		1.98	11.76	10.70

*/ (In percentage of the total annual receipt of the current year.)
Ching-chi Chou-pao [Economic Weekly], Feb. 26, 1953, p. 17; People's Daily, June 18, 1954, and July 10, 1955. The figures for 1955 are budgetary estimates.

651 Unlike the usual practice in Western countries, the profits of government-owned concerns and enterprises in which the government participates, as listed in fiscal reports of the Communist government, include allowances for depreciation of assets, which according to the Western practice should not be included in net profit. At the same time, all the outlays of government enterprises for improvement and replacement are listed as government expenditures for economic construction. The procedure used by the Chinese Communists means therefore a substantial increase in both government receipts from its enterprises and outlays for economic construction.

2. During the five-year period ending 1954, the relative importance of the agricultural tax has been substantially reduced. In 1950, it accounted for 28.01 per cent of the total government expenditure. In 1954, the percentage declined to 13.33 per cent. The decrease was due to the rapid expansion of receipts from other sources (particularly profits from government enterprises and urban taxes) rather than to the reduction in the agricultural tax itself. This development therefore should be interpreted to mean that the tax on rural economy has not been reduced; it reflects merely that the increase of the agricultural tax has not been as rapid as the increase of other government receipts.

3. Similarly, the fact that the ratio of the taxes on industry and trade to the total government expenditure remained almost constant

651 during these years should not be interpreted to mean a constant tax burden imposed on these sectors of the Chinese economy. In absolute terms, their contributions have continually increased in order to meet the ever-expanding expenditure of the government.

On the whole, the fiscal policy of the Communist government has been more unfavorable to industry and trade than to agriculture. During the five-year period under consideration, private enterprise in industry and trade not only has had to bear a great burden of the increasing expenditure of the government, but also has been forced to accept stiff competition from government enterprises, which, according to the Communist policy, will ultimately monopolize all the important trade and industries in the country.

652 On the expenditure side, military outlay
659 constituted 41.5 per cent of total government expenditure in 1950 and 1951, respectively. After 1952, becuase of the truce in Korea, the relative importance of the military outlay has been substantially reduced. In 1954, it was only 21.1 per cent of the year's total expenditure. The outlay for economic construction has become the leading item on the debit side of the government account.

In making these comparisons, several qualifications should be noted. First, the military expenditures as listed in the records of the Communist government do not include salaries and maintenance of military personnel, which are classified as government administrative expenses. Military outlays listed in the

652 In the following sections, we shall examine at length certain phases of Communist China's fiscal policy during the first five years of occupation of Mainland China. They include the agricultural tax, the taxes on commerce and industry, and government bonds. As will be seen, the revenues discussed are all recurrent in nature. No attempt is made to study such non-recurrent levies as those imposed during the Five-Anti movement. Because of the extraordinary nature of these impositions, it is not likely that these measures can be successfully used again in the near future.

II. URBAN TAXATION

651 In Communist China, the core of urban taxation has consisted of the business tax, the tax on business income, and commodity taxes.

None of the trio is new in China. Under the Nationalist Government, the business tax was collected as a local tax, the tax on business income was a part of the income tax system, and the commodity tax constituted one of the main revenues of the Nationalist Government.

Under the Communist government, all these taxes were drastically reorganized, apparently under the influence of the Russian tax system, but there has been relatively little regional variation. From 1949 to date, the system of urban taxation has already undergone several important changes. Its history which may be divided into two stages, the first of which covers the period from January 1950 to Dec.1952.

651 During the first period, the industrial and commercial tax constituted the greater part of urban taxation. The tax was a composite levy consisting of an impost based on gross turnover and another on net taxable income. The "business tax" was collected on the basis of a proportional rate schedule. While the tax rates remained constant regardless of how the amount of the tax base changed, they varied according to the nature of the business or industry. The rates on manufacturing industries, for instance, were in general higher than those on undertakings which consisted only of sales of services (such as public utilities, professional services, hotel services, insurance banking, etc.). For undertakings deriving their income in the form of commission (such as trade agents, etc.), the rates of business tax were much higher than any of the other types of businesses mentioned heretofore.

In addition, the tax rates varied according to the nature of the commodity produced or handled by taxpayer. Those who deal in such commodities as are essential to the national economy are liable to a highter tax than those who are associated with the production of non-essential commodities. The business tax rate on the production of cigarettes, for instance, was much higher than the rate applicable to the iron and steel industry.

The characteristics of the income tax system, which was used early in the Communist

65/ regime and is still in effect, may be summarized as follows.

A. The income tax system in Communist China consists of a series of income taxes applicable to different types of income. Besides the agricultural tax, which may be considered as an income tax on agricultural income, there are income taxes on business profit derived from the earnings of business enterprises and on interest derived from bank deposits. Because of the disappearance of landlords under the Communist system, the tax on rent income is non-existent in the tax system of Communist China.

B. Like the Soviet system, and the traditional Chinese system as well, there is more differentiation in the Chinese Communist income tax than in the system commonly used in the West. There is, for instance, the differentiation in favor of military or industrial "heroes," and of earnings from industries against earning from commercial undertakings (particularly those derived from services, such as commissions, etc.).

C. Progressive rates used in the Chinese income tax are applied on the entire taxable income rather than progressively by income brackets.

D. Inventory valuation for income-tax purposes is computed on the basis of the

651 historical cost. This apparently means an unduly heavy tax burden on taxpayers at the time of rising prices by inflating net income.

E. Depreciation charges are computed on the basis of either the straight-line method or the method of constant percentage. In either case, the income tax will mean, under the condition of rising prices, a tax to be paid out of capital as well as current income rather than a genuine tax on income.

The second period in the history of Communist taxation of business and commerce began after December 31, 1952, when the "tax on commodity circulation," or the turnover tax, was introduced. This new tax is a composite levy consisting of parts of former commodity and business taxes. In many respects, it is also reminiscent of the turnover tax of the USSR. The introduction of the turnover tax brought the following changes in the system of urban taxation in Communist China. In the place of former commodity and business taxes, the turnover tax is applicable to the following 22 commodities: rolled tobacco, tobacco leaf, wine, wheat flour, furs and hides, cotton yarn, matches, phonograph records, acid, salt, chemical fertilizers, paper, newsprint, rubber tires, cork, cement, glass plates, metal and metal products, pig iron, coke and its products, and mineral oils and their products. After paying the turnover tax, producers and dealers in those commodities will be subject to no other commodity or business taxes so long as they circulate within the national boundaries

651 of China. The exemption, however, does not apply to the custom duties if they are to be exported or to the income taxes to which such producers or dealers are liable. Nor would the payment of a commodity tax on raw materials exempt a product manufactured of such material from commodity tax, if the product were itself a taxable commodity.

Instead of the payment of tax as a product leaves its factory or additional taxation as each business transaction occurred, as was the case of the old commodity tax, the collection procedure of the turnover tax varies according to the nature of the commodity subject to tax. In the case where the sales are to be handled by government agent, the turnover tax is payable when the commodity is sold or transferred from its producers to such sales agent. In the case where the sales are done by the manufacturer's own agent, the tax is payable at the first sale of the commodity at the wholesale level, or its transfer from producer to the sales agent. In the case where the sale of product is handled by neither a government agent nor that of its producer, but by the producer himself, the tax is payable at the time when the product leaves the hand of its producer. In the case where the taxable product is not for sale, but for further processing or use in some other departments of the producing factory, the turnover tax is payable when the commodity leaves the producing department. In the case of forestry products, the tax is paid by the purchasers at the time when the products are being shipped from their point of origin. In the case of an imported commodity,

65/the turnover tax is collectible by the customs together with customs duties at the point of importation. In the case of an export commodity, the tax is collectible at the time of export.

Which of the above-mentioned procedures of collection is to be applicable to a given commodity is to be decided by the government and not by the taxpayer himself.

Since the turnover tax is to displace both the commodity and business taxes, its rates are higher than those of either of these old taxes. The turnover tax rate on wheat flour has been raised to 10 per cent as against a rate of 3 per cent according to the old commodity tax. The new rate applicable to cotton yan is 22 per cent as compared to 12 per cent charged in the old commodity tax. With the exception of the turnover tax on beer, which is a specific levy, the levy on all other commodities is collectible on an ad valorem basis.

Many changes other than those mentioned above were made in the business taxation following the institution of the turnover tax. Among such changes, the following changes are probably the most important.

Under the new regulations, all the commodities produced within the country and not subject to commodity orto turnover tax as previously explained are liable to three business taxes -- one at the level of production, one at the wholesale level, and another at the retail level. All those subject to commodity or turn-

65/ over tax are liable to two business taxes at the wholesale and retail levels. These regulations will be applied regardless of whether a commodity transaction is an inter-firm sale or merely an intra-firm transfer. As a result of these modifications, all the advantages of vertical combination, which were ample under the old system, are eliminated.

Before the tax reform in 1952, all the business taxes at manufacturing wholesale and retail levels were payable after the completion of the business transaction. After 1952, the business tax became applicable only to transactions in those commodities to which the new turnover tax did not apply. But, instead of collecting the tax after the completion of transactions, producers of such commodities are required, in addition to their own tax liabilities, to advance the tax payable by wholesale dealers to whom the products are sold. Such advances are later to be repaid by the wholesale dealers to the producers. Thus, under the new law the business tax on the wholesale dealer becomes collectible before rather than after the relevant business transactions are effected.[1]

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1. Cheng Chu-yüan Chung-kung Ts'ai-ching Cheng-ts'e Hsin Tung-hsiang [The New Tendencies of the Chinese Communists' Financial and Economic Policies], Hong Kong, 1953, pp. 73-77.

651 In the case of the commodities subject to turnover taxation, all the business taxes on retailers, under a similar arrangement, are to be advanced by wholesale dealers. The turnover tax and the changes in business tax therefore not only result in speeding up the collection of business tax, but also, through the concentration of tax collection at production and wholesale levels, reduce substantially the cost of tax administration.

The stamp tax and all surtaxes attached to the business tax under the old system were merged with the business tax under the new regulation. Under the new system, the rates of business tax fall into three categories. They are, those applicable to industries, those for commercial undertakings, and those applicable to incomes derived from sales of personal services. For the cases where the old rates fell within the range of 1 to 3 per cent, a new rate of five per cent is used. For the cases where the old rates ranged from 4 to 6 per cent, an additional one per cent is added in the new rate schedule. For the cases where the old rates ranged from 8 to 10 per cent, an additional two per cent is added to form the new schedule. For the cases where the old rates ranged from 12 to 15 per cent, a new flat rate of fifteen per cent is used.

Besides the institution of the turnover tax and the changes in business tax mentioned above, there are also important modifications in the system of commodity tax. Among these are the following adjustments.

1:Stanford U. S-4,5 1956 AF 15 East China
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651 Twenty-two of the commodities formerly subject to commodity tax are under the new regulations subject to the turnover tax.

Fifteen news items are included in the modified system of commodity tax, the most important of which is foodstuffs. In the place of the old transaction tax, foodstuffs are subject to commodity tax under the new system. This adjustment contributed substantially to widening the bases of commodity tax.

Several silk textile products which were formerly subject to commodity tax are now exempted from the tax. In addition, several other minor adjustments in commodity classifications have also been made with a view to simplifying the tax administration.

In the place of market price, commodity taxes under the new system are assessed on the basis of the relevant wholesale prices as quoted by government sales agents. For the commodities for which government quotations are not available, the market price is used as the basis of the tax assessment. Under the old system, the commodity tax was assessed by the means of the following formulas:

$$\frac{\text{Market price}}{1 - \text{Tax rate}} = \text{Price subject to tax}$$

The price subject to tax X Tax rate = The amount of tax.

The purpose of using these formulas was to avoid the inclusion of the tax in the price upon

651 which the commodity tax rate is to be applied. Under the new system, the commodity tax rate is applicable directly to the price quoted by government enterprise, and the price includes the cost of tax. The commodity tax assessed on this basis is apparently higher than that which was derived from the old formula.

Other important changes in the system of urban taxation effected at the end of 1952 are as follows:

A portion of the stamp duties was transferred to be collected as turnover tax, commodity tax, or tax on butchery. The business taxes and stamp tax payable by butchers merged under the new system with the butchery tax. The transaction tax on foodstuffs was absorbed into the new system of commodity taxes. The transaction tax on cotton was combined under the new system with the turnover tax on textile products.

All the levies on real estate were merged into a single tax on real estate.

It is clear that one of the objectives of tax reform in 1952 was to transfer, wherever feasible, all the old taxes on gross business receipts, the commodity taxes, the transaction taxes, stamp duties, etc., to the newly instituted turnover tax system. In the cases where such transfers were not practicable, these levies are collected as far as possible under the system of commodity taxes. Only in cases where neither transfer is feasible do the old taxes on business or turnover continue to exist. Whenever

65/ conditions permit, the regular tax and surtaxes imposed by local authorities are consolidated into one single tax. In the case of the turnover tax, collections are made, as far as is adminstratively feasible, at the wholesale level or at the time when the taxable commodity leaves the hands of its producer. The main purpose for effecting successful reforms is to reduce the cost of tax collection and to improve the efficiency of its administration.

There is little change in the structure and collection of income tax.

III. THE AGRICULTURAL TAX

The system of agricultural taxation in East China is more complicated than the system in North China. Instead of a uniform system of proportional taxation as is the case in North China, all three forms of the agricultural tax which have been in use in Communist China are, or at any rate were, found in these provinces. The proportional tax, similar to the one used in North China, is now in force in the province of Shantung, and the two systems of progressive taxation, one for the "newly liberated" areas in which land reform has been completed and another for such areas without land reform in progress, were used in other parts of China, in accordance with the land system in existence.

The collection-in-kind system, the failure to tax incomes other than crop yields,

65 the failure to allow for costs other than those of manual labor, and the administrative difficulties arising from the absence of a reliable census and statistics, are all applicable to the progressive-rate system as it is used in East China.

Where the agricultural tax in East China is on a progressive rate basis, it is levied on aggregate taxable income; it does not use the system of progression-by-bracket. It is conceded by authorities on public finance that the former progressive system is inferior to the latter one, although it does have the advantage of simplicity in administration as compared with the second system.

Because of the complexities involved in progressive taxation, the absence of reliable agricultural and population statistics necessarily mean more injustices in East China than in North China, where the simple proportional tax rate is used. This difficulty is heightened because the tax rates of East China progress not on the basis of gross income per household, but on the income per farm hand as defined in the tax law. The enforcement of such a complicated system calls not only for statistics on agricultural production but also for statistics on rural population. But in China these data are woefully inadequate.

Since most of East China was "liberated" during the year 1949 and land reform has since been completed, with the exception of the regions where the proportional tax is still in use, the progressive tax applicable to the newly "liberated"

1:Stanford U. S-4,5 1956 AF15 East China AF15

•651 areas where land reform has been completed probably prevails.

In East China, rice paddies rather than dry farms are cultivated as a rule. Because of the amount of manual labor involved, the cost of production is normally higher for rice paddies than for dry farms, and for this reason the failure to allow for cost of production in reckoning the taxable income is particularly serious to farmers in East China.

IV. GOVERNMENT BONDS[2]

652 Since the Communist Government came into power in 1949, two issues of government bonds have been made, the first issued in 1950 called the People's Victory Bonds and the second in 1954 called the National Economic Construction Bonds. The first issue had an authorized amount of 200 million fen ( ), of which one half was issued in 1950. The fen is a commodity unit consisting of a total of 6 shih chin of rice, 1.5 shih chin of wheat flour, 16 shih chin of charcoal, and 4 shih chin of undyed cloth. The Jen-min-p'iao (JMP: People's currency) price of each of these constituent commodities is determined on the basis of the weighted average of the prices of the commodity prevailing in Shanghai, Tientsin, Hankow, Canton, Sian, and Chungking, using the weight of 45, 20, 10.5 and 10, respectively. The JMP price of the fen is represented by the sum of the values of its constituent commodities. All subscriptions, redemption, and interest payments on the bond issues have been made in JMP on the basis of

2. Based on reports published in Economic Weekly, Jan. 19, 1950, pp. 12-16. [807]

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TWO

Politics and Population

The Political Status of the City

648 In its physical aspect and in its economic organization, Shanghai was, and remains, largely Western. Foreigners governed most of the city. Yet the soil remained Chinese, and the legal or treaty powers of the foreigners were limited.[1]

The terms of the Treaty of Nanking in 1842 (between China and Great Britain at the close of the Anglo-Chinese war of 1840–1842*), which opened Shanghai, Ningpo, Foochow, Amoy and Canton to foreign trade, did not deal with the conditions of administration at the ports, and these were left to be negotiated separately. At Shanghai, negotiations in 1843 with the local Chinese officials established the right of foreigners to lease land within a small area set apart for the purpose outside the walls of the existing Chinese city. China remained sovereign at least in theory over the whole of Shanghai, and in effect delegated certain rights and powers to foreigners. The area of the foreign leaseholds was expanded by successive agreements with the local Chinese officials until it covered the greater part of the conurbation which developed at Shanghai, exclusive of the original walled city, but the administrative powers of the foreign government of this area remained tenuous.

633 The Shanghai Municipal Council, the chief organ of the foreign government at Shanghai, had the responsibility, granted by agreement with the Chinese officials, of maintaining order within the International Settlement, and this was taken to include policing and the maintenance of public works such as roads, drains, lighting, and later water, gas and electric services as these were developed. Powers of taxation, however, remained an unsolved issue until as late as

633 651

* Similar treaties were quickly negotiated by the other European powers and by the United States. See below, Chapter Five.

[p. 15]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

633 651 1899, when it was finally agreed (largely as a result of diplomatic pressure) that no Chinese taxes could be collected within the foreign settlements except maritime customs dues (administered by an organ of the Chinese Government staffed by foreigners and Chinese) and the land tax (since the land remained Chinese property), while the Shanghai Municipal Council was free to tax both foreign and Chinese residents of the Settlement.

648 701 Neither the Shanghai Municipal Council nor the foreign consuls at Shanghai were ever legally empowered to hinder the passage of Chinese troops through the foreign settlements, although Chinese troops were successfully excluded by *force majeure* and diplomatic bluff from the time of the first threat to the foreign settlements at the so-called Battle of Muddy Flat in 1853.* However, all of the Western powers having treaty relations with China claimed the right to land their own troops in the Settlements for the protection of the property and lives of their citizens. While this right was never formally enunciated in any treaty or agreement, it was practised on numerous occasions when troops landed from foreign warships in the harbor joined the Shanghai Volunteer Corps in defending the Settlement. The foreign settlements were never invaded by a hostile force (although bombs and shells landed there in 1932 and 1937), nor occupied by Chinese troops, from 1853, when the Volunteer Corps was formed, until Japan's assault on China engulfed all of the city after Pearl Harbor in 1941.

648 692 The most important right of the foreigners at Shanghai was extraterritoriality, which placed citizens of all powers having most-favoured-nation agreements with China under the jurisdiction of their own national laws wherever they went within China. This principle was first enunciated in the Treaty of Wang Hsia between China and the United States in 1843, and the law was in practice administered to foreigners by their own consular courts. Extraterritoriality gave the foreigners advantages in business and in security of person and property; at Shanghai it was the only solid legal basis

* An incident in the Taiping Rebellion (1850–1864), when Shanghai was for long periods surrounded by rebel or imperial forces. On this occasion, the foreign residents of the city, aided by crews from their ships in the harbor, cleared out a large encampment of imperial troops which had been established within the Settlement boundaries. See F. L. Pott, *A Short History of Shanghai* (1928).

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of real significance for the existence of the city as a foreign enclave. 648
(All special rights of foreigners in China, including extraterritorial- 692
ity, were renounced by the treaty powers in 1944. Shanghai is now governed as a single unit by the Communist administration.)

The practice at many other treaty ports in China differed. At 648
some, outright territorial concessions were made to each important 651
foreign trading power; at others, the Chinese authorities established 439
"international settlements" where foreigners might purchase land; at others, as at Shanghai, certain areas were reserved for foreign leasing (and later foreign purchase), with title deeds issued by the Chinese Government. Altogether, more than forty such treaty ports were established in China (some of them in fact inland centers far removed from navigable waterways), and administrative practice differed widely among them. The one common feature of all the treaty ports was that goods entering the "port" were exempted from all further taxation on their domestic movement by the payment of one inclusive tax. This provision was intended primarily to expedite the foreign trade of the treaty ports, but it also acted to encourage the movement of domestic trade through these cities with the streamlined tax system as compared with the multiplicity of local taxes which otherwise interrupted the movement of goods within China.

At Shanghai, there were three independent political units (map 633
3). First, the original Chinese city, to which were added, as the city grew after its opening to foreign trade, areas of predominantly Chinese occupancy outside the limits of the foreign settlements. This Chinese area was governed by the local Chinese county authorities until 1928, when the Nationalist Government established the Municipality of Greater Shanghai (map 5), a new administrative unit covering all of Shanghai outside the foreign settlements, responsible directly to Nanking and independent of local authorities. (It totalled 320 square miles, most of which remained open rural country outside the conurbation.) Second, the so-called International Settlement, which had originally been British and which was opened to all foreigners in 1854. This was the largest and most populous single political unit within the conurbation, and it included the city's commercial core, most of its manufacturing, and most of its shipping frontage. Third, the French Settlement, usually miscalled the "French

477 not employ their own agents.[11] At Shanghai, Consul Balfour found himself unwittingly involved in an attempt to create a local Cohong when after some difficulty in finding a house available for leasing as the consular residence on the day after his arrival in November 1843, he accepted the offer of a prosperous Chinese gentleman. His landlord leased him a large house in the Chinese city, and then established himself in the gate house where he carefully observed the comings and goings of his tenants. When Balfour was approached by his host on trade matters, it was revealed that the gentleman was a prominent Shanghai merchant and that by agreement with the taotai he had planned to acquire a monopoly of trade with the foreigners and to keep them conveniently under supervision in polite house arrest. Balfour quickly made other housing arrangements, and in 1846 moved the consulate to quarters rented outside the city in the foreign leasehold.[12]

651 By the end of 1843, eleven foreign trading firms were in business at Shanghai, most of them branches of British and American firms originally established at Canton. The new conditions under which they now operated were unique in the history of the China trade. Escape from the Cohong meant moreover a large saving in customs duties. Average total duties per ship exacted at Canton between 1800 and 1840 were estimated by the foreign merchants at 240,000 taels, of which 200,000 taels represented officially connived-in "squeeze." (The tael was a unit weight of pure silver which remained fairly constant from 1800 to 1860 at the equivalent of seven shillings.) At Shanghai the merchants estimated in February 1844 that since the port had been opened average total duties per ship had been 50,000 taels, of which only about 15,000 [505] represented "squeeze."[13] During 1844 a total of 44 foreign ships entered and cleared the port, and by 1855 the figure had risen to 437.[14]

439 The three great trade commodities of this period were tea, silk, and opium (tables I and II), and for all of them Shanghai was advantageously located. The major silk-producing regions of China lie in the lower Yangtze basin. Tea for export was grown primarily in the belt of hills which forms the Yangtze divide on the south, and waterways connected the northern slopes of this region (where

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494 505 average per-ton costs over similar distances in the same areas for ordinary goods of about £12 (US$.30 per ton/mile).[15] Tea and silk required special handling, and neither was supposed to get wet or to touch the ground during its transport.* These rates compare with an average of about £14 per ton for tea and silk over similar distances by water transport.[16] Shanghai's water connections were thus a vital advantage in securing for it the lion's share of foreign trade in these two leading commodities. Robert Fortune estimated in 1848 that transport costs for tea from the hinterland to Shanghai averaged about 50 per cent of total costs to that point, while he estimated the figure for Canton at 70 per cent.[17]

651 A desire on the part of the Ch'ing Government to continue the diplomatic and economic advantages resulting from the monopoly system of the Canton Cohong was apparently combined with a desire for increased revenue from the newly expanded trade with the foreigners in a movement to tax tea and silk exported via Shanghai at the same rate as would have been applied if these had moved out via the much longer route to Canton. The resulting Imperial Edict of 1845 ordering the imposition of extra transit dues on this basis had, however, only a nominal effect, since the locational advantages of Shanghai meant that the saving in transport costs and interest charges on tea and silk shipments more than made up for the additional dues.[18]

[945] 505 487 Map 9 shows the major tea-producing areas of China in the nineteenth century. The Yangtze itself runs through the northern part of the area producing the best quality teas, and its tributaries and the Chientang River (with its mouth at Hangchow, from which multiple waterways lead to Shanghai) drain most of the remainder. In spite of its river connections into this area, Wenchow was not a major tea exporter. This was certainly due in part to its relatively late opening to foreign trade, but that fact is in itself related to the high relief in Wenchow's hinterland, through which interrupted navigation provides the only adequate means of trans-

482 * For overland transport, they were carried in special frames mounted on porters' backs, with a supporting stick attached so that the load could be rested without being set down on the ground. For water transport, special care was taken to see that tea and silk were kept in clean dry holds or securely under cover. See Robert Fortune, *A Journey to the Tea Countries* (1852); Richtofen, *Letters to the Committee*.

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picked as a rule three times a year: in April, May, and September, so 245
that the bulk of export shipments comes during the summer high- 505
water period, but occasional picking and regular shipments from 487
the collecting centers continue through most of the winter. The stream pattern is better developed in the northern highlands than in the southern, and it focuses ultimately on Shanghai, either directly via the Yangtze, or via Hangchow. The less well developed stream pattern of the southern highlands drains to at least five separate ports, each in its own isolated river basin.

Along these streams, as along all of the rivers in China, successive 505
trading centers developed at each break in navigation necessitated by 487
rapids or by a change in the depth of the water where junks gave way to sampans or sampans to bamboo rafts. More of these trading [651]
centers which acted as collection places for tea are located north of the divide than south of it, and they naturally tended to ship their teas to northern ports for export, although the normal routes were occasionally abandoned in favor of roundabout routes in order to avoid excessive local transit taxes or arbitrary dues, as for example the shipment of tea from the upper Chientang basin overland to Ningpo and thence by sea to Shanghai.[23]

The cargo capacity of the boats, and hence the freight rate from these local centers to larger regional collecting centers, varied sharply with seasonal changes in the water level. In a tea area approximately 150 miles up the Chientang River from Hangchow in 1870, rates for transporting 100 chests of tea to Hangchow varied during the year from Mex$20 in summer to Mex$50 in winter.* During the summer the average time for tea in transit to Hangchow was five days, as against ten days in winter, while goods moving from Hangchow to the area in question took about twenty days at all seasons.[24] The use of water transport in this case is clear from the fact that these rates and transit times follow so closely the conditions of stream navigation, and are the only ones quoted for the tea trade in this area.

W. H. Medhurst in the account referred to above in Chapter Five commented on the fact that tea, at that time marketed entirely by Chinese merchants at the treaty ports, moved to Shanghai from the

* Mex$1 at this period equaled about US$.80

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engulfed every other delta city of importance. It was from Shanghai 669
that the famous "Ever Victorious Army" (composed of both Chinese 175
and foreigners led by the American Frederick Ward and, after his death from wounds, by the British Major Charles ["Chinese"] Gordon) conducted its decisive campaigns on behalf of the Ch'ing government against the Taipings and retook all the delta cities before the eventual recapture of Nanking in 1864. Shallow-draft boats carrying both bombardment guns and troops and using the pattern of delta waterways leading from Shanghai gave this army a crucial advantage of mobility against the numerically greatly superior Taiping forces.

Shanghai's land and speculative boom and the defense of its 651
boundaries during this period are briefly discussed above in Chapters One and Two, but two other results of the rebellion were of greater significance: the establishment of the Imperial Maritime Customs, with the commercial advantage which this gave to Shanghai (see below, Chapter Eight); and the damage to the tea and silk industries (which were concentrated in the delta and its immediate environs) together with the blocking of the normal trade routes, which was followed after 1862 by new opportunities for the expansion of a more diversified trade. Shanghai suffered substantially from 438
the losses inflicted on its trade in these two key commodities. But the pliability of the Ch'ing government, in recognition of the fact that foreign military assistance from Shanghai was instrumental if not decisive in the suppression of this mass rebellion, played its part in the granting of free navigational rights on the Yangtze, more from apprehension than from gratitude. The foreigners, undismayed by the illogicality of their position from a diplomatic point of view (British naval and land forces were attacking Taku and Peking at the same time that British forces were fighting against the Taipings in the delta area), were encouraged by their military successes to press their demands for wider commercial opportunity. The rebellion revealed Shanghai's vulnerability as long as its trade was so heavily dependent on the two local or semi-local staples of tea and silk, and at the same time re-emphasized possibilities for a broader and larger trade in the Yangtze valley as a whole. Though the trade in tea and silk recovered rapidly after the fighting (see table I),

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Shanghai as a Transshipment Point

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The figures of the Maritime Customs are one of the few oases in the statistical desert of the Chinese economy.* The Chinese city at Shanghai was held by rebel forces during 1853 and 1854, and in the impotence of the Ch'ing customs officials, customs dues were collected on behalf of the Ch'ing government by the British and American consuls from their own nationals. Out of this temporary expedient grew the Imperial Maritime Customs (after 1911 called the Chinese Maritime Customs), an organ of the Chinese government headed by a British Inspector-General and staffed by both Chinese and foreigners.[8]

The advantages of this development for the foreign firms at Shanghai were great. Difficulties, and financial losses, inevitably involved in dealing with the native (original Chinese) customs had been frequent sources of complaint, despite the improvement over conditions in Canton (see above, Chapter Five). Like most official institutions in the declining years of Ch'ing, the customs was not only riddled with corruption, but thoroughly inefficient, and in any case neither capable nor disposed to expedite the foreign trade of the port, which was so largely in foreign hands and for foreign profit. The Taiping Rebellion provided the occasion for the removal of this obstacle, and the delay, red tape, squeeze, and cumbersomeness of the old system were replaced by a new body, which though hybrid was geared to the needs and techniques of the European trader. The change also redounded to the benefit not only of the Chinese in Shanghai, who increasingly shared in creating and profiting from the commercial expansion of the city which the new customs service facilitated, but to the whole of the Chinese economy where the stimulus of Shanghai was more and more being felt. The Maritime Customs represented a major step toward the creation of conditions under which Western-type

* The "Annual Reports and Returns of Trade," published every year from 1864 to 1941 for each of the treaty ports, itemize the imports and exports of each port and give figures for original exports, re-exports, coasting trade, and the origin and destination of imports and exports at each port. The Reports also give considerable information on trade and industrial developments in each province and treaty-port area, including the sources of the major trade goods of each port.

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651 commercial growth, Shanghai in the van, could prosper with accelerating vigor.*

By 1864, offices of the new customs service had been established in all of the treaty ports, and its records of treaty-port trade are complete from that year. Maritime Customs figures for each treaty port, however, cover only the imports and exports to and from foreign countries, and the domestic coasting and river trade carried in foreign-built or foreign-type bottoms, whether Chinese- or foreign-owned (i.e., excluding junks, sampans, and rafts, but including lorchas, small sailing boats with a foreign-type hull and Chinese-type superstructure and sails). The trade carried in junks, sampans, and rafts, and the domestic overland trade, was the responsibility of the so-called "Native Customs," the original Chinese customs, which by the Boxer Protocol of 1901 was put under the control of the Maritime Customs at and within 15 miles of each treaty port. The figures of the Maritime Customs may be assumed reasonably accurate and complete for the categories which they cover, aside from smuggling, but the figures of the Native Customs are neither accurate nor complete. This is due in part to the inadequate numbers and inefficiency of the staff, and in part to the difficulty of regulating or measuring a trade brought into the port by a multitude of large and small water craft or by coolie and cart transport as well as by rail and truck.†

438 Perhaps a majority of the trade between Shanghai and the rest of China which was carried by coolies and carts, or by sampans, rafts, and junks by sea or by the variety of inland waterways leading from the city, was not recorded. Customs officials and other observers have estimated that as much as a quarter of the total domestic trade of Shanghai was not recorded.[9] Maritime and Native Customs figures for Shanghai also omit trade passing through the port on "trans-

* The steady revenue derived from Maritime Customs became a most important financial support of the Ch'ing government, in time its leading source of revenue, and thus made it dependent on the continuance of trade. Customs revenues were also used repeatedly as security for foreign loans and indemnities, symbols of the commercial and political processes at work. Thus was imperial China confounded by the merchants of the West.

† Complete statistical records of the Native Customs are unfortunately not available in this country.

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surplus began at this period to move to Shanghai and has continued to do so. 433

Grain shipments on the Grand Canal from the delta to Peking had actually become insignificant after the Taiping Rebellion (1850–1864), and ceased entirely in 1901. Sea transport of rice was substituted until 1911, but it never brought from the delta to Peking more than a small fraction of what had previously moved by the Canal. During the nineteenth century, Kiangsu and Chekiang had yearly quotas of tribute rice shipments to Peking of over one million piculs each, totalling for both over 320 million pounds,[47] or about one-third of the annual rice consumption of Shanghai alone in the 1930's. However Morse suggests [48] that the rice actually collected (much of which never got to Peking) may often have been six times the official quotas. 505 651 [661]

The population of Peking did not decline after 1911, since the city remained the seat of a northern warlord regime and became China's largest rail junction, especially with the economic development of Manchuria. Its estimated population total in 1936 was 1,400,000, in all likelihood the highest figure it had ever reached, as compared with about 800,000 in 1900. But it was no longer the seat of a court, garrison troops, and an extensive bureaucracy, recruited from all over China including the rice-eating south, and with power to command shipments of tribute rice, which made up part of many official salaries. After Peking ceased to function as the imperial capital, its population subsisted primarily on the millet and wheat readily obtainable from north China, while the flow of rice from the Yangtze delta followed economic rather than imperial dictates. 000

It does however seem possible that rice surpluses in the delta available for urban consumption have been greater since the twentieth-century growth of Shanghai (and of its many urban rivals in the delta) than during the imperial period. The following paragraphs suggest one explanation of this. Another might be that local farmers had less incentive to produce rice when most or all of the surplus went to Peking as tribute, or was absorbed as "squeeze," than when they could sell it in a reasonably free market for consumption in Shanghai. 433

In the early years of the foreign settlements when foreigners were 000

2: Murphy G-4 (no date) 1953 AF15 East China AF15

1930's, or about half of the large-scale mechanized soap factories in China. They drew 90 per cent of their raw materials from domestic sources. Lye (potash) was obtainable from plants in Shanghai. Vegetable tallow and vegetable oils (most importantly, cotton, peanut, rape seed, sesamum seed, and castor) came to the city via the Yangtze system from the major producing areas of central China.[31] The fruit of the tallow tree is gathered in central China in October and the oil pressed out during the winter, but it is not marketed in Hankow and sent to Shanghai until the spring rise of the waterways leading to Hankow makes easy navigation possible. A dry spring makes the market soar in both Hankow and Shanghai.[32]

The average Shanghai price before the war was nevertheless substantially below that of foreign vegetable oil imports (despite the production of coconut oil in southeast Asia). Vegetable wax from central China also largely replaced foreign imports of paraffin wax after 1930, when the *likin* (internal customs tax) was abolished by the Kuomintang government. The cheapness of domestic tallow, oils, and wax in Shanghai relative to seaborne foreign imports was clearly related to the use of inland water transport in bringing these products to the city. The fact that 80 per cent of Shanghai's soap production in the early 1930's was marketed outside Kiangsu also suggests that the city's water connections with its hinterland were basic in locating the industry there. Only 10 per cent of the Shanghai soap industry's raw materials were imported, largely coconut and olive oils for making especially high-quality soap for the domestic market.[33]

By contrast, the Shanghai match industry was almost entirely dependent on overseas sources for its raw materials. It imported all of its sulphur (largely from Japan), all of its paper and cardboard (from Sweden), and all of its match-making machinery (from Japan). Most of its phosphorous was also imported, but some was produced locally from animal bones. Ample sulphuric acid was produced in Shanghai. For this product of such high unit-value by weight, raw materials to which so much value was added by manufacture could economically be imported, and the finished matches were marketed in every province of China.[34] Shanghai was never-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

staple supplies from overseas. Tientsin, Hankow, and to a lesser extent Tsingtao, could, however, use this improved Shensi cotton, and by the early 1930's, although the production of long-staple cotton had spread into all the cotton-growing provinces, more of it was grown in Hopeh and Shantung than in Kiangsu.[62] 361 248

A further factor was China's recovery of tariff autonomy in 1929. Up to that time, the tariff on most imported and exported goods was fixed by successive treaties between China and the major Western powers (beginning with the supplement to the Treaty of Nanking in 1843) at 5 per cent *ad valorem*. In practice the rates had varied between 3 and 10 per cent, but the average between 1843 and 1929 had been close to 5 per cent.[64] The new tariff of 1929 promulgated by the Nationalist Government in that year and revised in 1931, 1934, and 1935 imposed duties on the import of raw cotton and cotton yarn which varied considerably but which averaged about 17 per cent *ad valorem* between 1929 and 1935.[65] While Shanghai normally drew about 20 per cent of its raw cotton from abroad, Tsingtao, Tientsin, and Hankow respectively drew 93, 95, and 98 per cent of their raw cotton supply from domestic sources by 1930.[66] The average price of raw cotton in Shanghai by 1935 was about 10 per cent higher than in these three other centers, and nearly 90 per cent of the new building in the cotton textile industry in that year was elsewhere than Shanghai, although Shanghai still contained 51 per cent of the cotton spindles in China in 1936, and although total production costs for cotton spinning were still about 10 per cent lower in Shanghai than in any other Chinese city.[67] 361 651 361 288

This may prove to have been only a temporary disadvantage, since in the face of higher duties on imported raw cotton after 1929, and currently of China's desperate attempts to become independent of foreign imports, steps have been taken to increase the production of long-staple cotton, especially in Kiangsu where Shanghai manufacturing is so heavily dependent on it. The work of the Cotton Industry Commission of the National Resources Commission during the 1930's indicates that the goal of complete self-sufficiency in all types of cotton was realizable within five or ten years, under an effective administration.[68] Recent reports from China suggest that domestic cotton production, while still inadequate to supply Shang- 361 248

651 during these years should not be interpreted to mean a constant tax burden imposed on these sectors of the Chinese economy. In absolute terms, their contributions have continually increased in order to meet the ever-expanding expenditure of the government.

On the whole, the fiscal policy of the Communist government has been more unfavorable to industry and trade than to agriculture. During the five-year period under consideration, private enterprise in industry and trade not only has had to bear a great burden of the increasing expenditure of the government, but also has been forced to accept stiff competition from government enterprises, which, according to the Communist policy, will ultimately monopolize all the important trade and industries in the country.

652 On the expenditure side, military outlay
659 constituted 41.5 per cent of total government expenditure in 1950 and 1951, respectively. After 1952, becuase of the truce in Korea, the relative importance of the military outlay has been substantially reduced. In 1954, it was only 21.1 per cent of the year's total expenditure. The outlay for economic construction has become the leading item on the debit side of the government account.

In making these comparisons, several qualifications should be noted. First, the military expenditures as listed in the records of the Communist government do not include salaries and maintenance of military personnel, which are classified as government administrative expenses. Military outlays listed in the

652 budgets of the Nationalist Government, on the
659 other hand, consisted mainly of such salary and maintenance payments. If the definition of military expenditure were broadened to include such outlays, and if one half of the administrative expenses listed in the Communist budget were for the payment of military personnel and military administration as the estimates suggest, then the military expenditures of the Communist government for the years 1950-52 would have been as tabulated here.

Year	Ratio of Military Expenditure to Total Gov't Expenditure (in per cent)
1950	51.11
1951	49.83
1952	32.15
1953	29.45 (budget estimate)
1954	30.06
1955	32.98 (budget estimate)

In the fiscal report for 1953 the military and government administration expenditures were lumped together under one item. It is rather difficult to separate the military from the non-military outlays on the basis mentioned above. For this reason, the budgetary estimates, where these outlays were separately listed, were used in this tabulation.

652 659 A second point which should be noted concerning the military expenditure for economic construction might well be considered military rather than economic. In the budget of the Nationalist Government, for example, outlays for developing aircraft-manufacturing industries, ammunition industries, and so forth are usually classified as military expenses, whereas they would probably be considered as economic outlay in the Communists' report.

652 A third point to be noted is that, if the depreciation charges and outlays for maintenance and replacement in government enterprises were excluded from government receipt and expenditure, as should normally be the case, the relative importance of military expenditure for the years under consideration would have been much greater than those shown in the fiscal reports.

Even allowing for these adjustments, the fact that government outlays for economic, social, and educational purposes has been substantially increased under the Communist regime is obvious when compared with the conditions under the Nationalist Government. Whether these expenditures have actually been a contribution to improving the economic and social welfare of the people is, of course, another question entirely.

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EXPENDITURES AND RECEIPTS OF THE PEOPLE'S REPUBLIC OF CHINA*

	1950	1951	1952	1953	1954
Expenditures					
Military	41.50	42.52	26.23	-	24.19
Government administration	19.21	14.71	11.83	44.62	11.74
Other	2.64	2.01	3.49	-	-
Economic construction	25.31	29.50	44.79	40.38	52.07
Cultural construction	11.11	11.26	13.66	15.00	12.00
Receipts					
Agricultural tax	28.01	18.24	15.69	14.90	13.33
Industrial & commercial taxes	43.84	49.16	42.28	43.43	36.46
Receipts from govt. enterprises	12.76	25.64	28.55	35.40	40.49
Income from credit & insurance	4.87	4.79	1.53	3.00	1.26
Other	-	-	-	14.41	-

*In percentage of total government expenditure. Based on Economic Weekly Feb. 26, 1953, p. 17; People's Daily, June 18, 1954, and July 10, 1955.

652 In the following sections, we shall examine at length certain phases of Communist China's fiscal policy during the first five years of occupation of Mainland China. They include the agricultural tax, the taxes on commerce and industry, and government bonds. As will be seen, the revenues discussed are all recurrent in nature. No attempt is made to study such non-recurrent levies as those imposed during the Five-Anti movement. Because of the extraordinary nature of these impositions, it is not likely that these measures can be successfully used again in the near future.

II. URBAN TAXATION

651 In Communist China, the core of urban taxation has consisted of the business tax, the tax on business income, and commodity taxes.

None of the trio is new in China. Under the Nationalist Government, the business tax was collected as a local tax, the tax on business income was a part of the income tax system, and the commodity tax constituted one of the main revenues of the Nationalist Government.

Under the Communist government, all these taxes were drastically reorganized, apparently under the influence of the Russian tax system, but there has been relatively little regional variation. From 1949 to date, the system of urban taxation has already undergone several important changes. Its history which may be divided into two stages, the first of which covers the period from January 1950 to Dec.1952.

1:Stanford U. S-4,5 1956 AF15 East China AF15

651 areas where land reform has been completed probably prevails.

In East China, rice paddies rather than dry farms are cultivated as a rule. Because of the amount of manual labor involved, the cost of production is normally higher for rice paddies than for dry farms, and for this reason the failure to allow for cost of production in reckoning the taxable income is particularly serious to farmers in East China.

IV. GOVERNMENT BONDS[2]

652 Since the Communist Government came into power in 1949, two issues of government bonds have been made, the first issued in 1950 called the People's Victory Bonds and the second in 1954 called the National Economic Construction Bonds. The first issue had an authorized amount of 200 million fen ( ), of which one half was issued in 1950. The fen is a commodity unit consisting of a total of 6 shih chin of rice, 1.5 shih chin of wheat flour, 16 shih chin of charcoal, and 4 shih chin of undyed cloth. The Jen-min-p'iao (JMP: People's currency) price of each of these constituent commodities is determined on the basis of the weighted average of the prices of the commodity prevailing in Shanghai, Tientsin, Hankow, Canton, Sian, and Chungking, using the weight of 45, 20, 10.5 and 10, respectively. The JMP price of the fen is represented by the sum of the values of its constituent commodities. All subscriptions, redemption, and interest payments on the bond issues have been made in JMP on the basis of

2. Based on reports published in Economic Weekly, Jan. 19, 1950, pp. 12-16. [807]

651 the value of the fen. The reason for using the fen unit is to safeguard the interest of bondholders against possible depreciation of JMP notes.

The first bond paid an interest of 5 per cent per annum. The entire amount of the bond issue was to be redeemed by lots in five annual installments on the basis of the following schedule:

Year	Amount to be redeemed
1951	10 %
1952	15
1953	20
1954	25
1955	30

Subscriptions for such a bond issue may come from three sources:

First, the interest yield on the bonds is lower than that prevailing in the market. In 1950, when the bond was issued, the banks in China were paying about 20 per cent per annum for deposit.[3] The yield of 5 per cent from the bond is apparently on the low side. Second, the system of the commodity unit may not provide any protection against the depreciation of JMP.

3. In June 1950, for instance, the interest in Shanghai amounted to 18/1000 per month or 21.6 per cent per annum. See Economic Weekly, Vol X, No. 24, June 15, 1950, p. 18.

652 This is possible because of the fact that the price of commodities included in the fen unit have been subject to government control and manipulation. According to official statistics, China's commodity prices in general were about 8 per cent lower in 1952 than they had been in 1950. A third possible burden which may arise rom such bond subscription lies in the fact that holders of the first bond issue often will be required to re-invest their funds in other bonds having a longer maturity and bearing a rate of interest lower than that of the first bond issue. This was actually what happened in 1954. It is beyond doubt that one of the purposes of issuing the National Economic Construction Bonds in that year was to reabsorb the funds paid out to holders of the first bond.[4]

The second bond issued by the People's Republic of China amounted to 6,000 billion JMP yuan (about US$2,400 billion) and went on sale in January 1954. The purpose of the bond was to "absorb surplus private savings" with a view to speeding up economic construction. The bond carries an interest of four per cent per annum and is redeemable in eight annual installments, to begin in 1955. According to a report published in the Far Eastern Economic Review, a part of the proceeds derived from sales of the new bond was applied to the repayment of the Victory Bond issue of 1950.

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4. Far Eastern Economic Review, Hong Kong, Vol. XVI, No. 14, April 8, 1954, p. 437.

652 Twenty-five per cent of the 100,000,000 fen issued were to be redeemed in 1954 and another 30 per cent in 1955, making a total of 55,000,000 fen redeemable in these two years. At the rate of 15,000 JMP to one fen, 55,000,000 fen would amount to about 820 billion yuan of JMP. This would be equivalent to about 14 per cent of the total amount of the second bond issue.

It was clearly stated by the Communist regime that the bond sales in 1950 would be directly mainly to residents in urban areas, particularly those in private industries and commerce, rather than to the rural population, civil servants, military personnel, and laborers. Consequently, the bulk of the first bonds were subscribed by the residents in cities.

The amount of government bonds purchased by East China was particularly large. Out of the total of 100 million fen of bonds sold in 1950, 45 million fen were subscribed by residents in East China, as against 30 per cent for Central-South China, 15 per cent for North China, 7 per cent for Southwest China, and 3 per cent for Northwest China. While there has been no official allocation for the subscription of the second bond as there has been for the first, beyond doubt East China contributed the lion's share of the total subscription. It is therefore clear that the burden arising from government bonds has been mainly a burden for East China, especially Shanghai.

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Annex "A," Subparagraph 3d,
Economic Background

BANKING AND CURRENCY

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652 The banking system in East China mirrors the banking system of Communist China as a whole. It consists of branches of the following institutions: (A) People's Bank of China; (B) Bank of China; (C) Bank of Communications; (D) Chinese People's Construction Bank; (E) Agricultural Bank of China; (F) Joint State-Private Bank; (G) Credit Co-operatives (the basic banking structure in rural areas); and (H) the Chinese People's Insurance Company, which is also a depositary of long-term funds and may be considered as a part of the Communist banking system in China.

I. THE COMMUNIST BANKING SYSTEM IN CHINA

A. People's Bank of China

The head office of the People's Bank of China is in Peking. A regional branch office in Shanghai, functioning as a regional head office for East China, was reduced in rank after the promulgation of the new Constitution in September 1954 and the abolition of the Greater Administrative Area of East China;

453 the Shanghai office is now simply a branch
652 office subject to direct control by the head office.

There are, besides the Shanghai branch, five branch offices in East China, one in each provincial capital:

Nanking	-	Kiangsu Province
Hangchow	-	Chekiang Province
Hofei	-	Anhwei Province
Foochow	-	Fukien Province
Tsinan	-	Shantung Province

Sub-branch offices are established under each of these branches in counties (hsien), cities, and major towns. Temporary organizations, called central sub-branch offices, are set up at such places as political centers or communications centers to oversee a certain number of sub-branch offices, but may be abolished as soon as the need for such offices ceases.

In addition, and below these three kinds of branch offices, there is a layer of subordinate offices, called agencies, sub-agencies, and stations, handling deposits and payments. These are generally located on main thoroughfares in large cities, in villages, and within schools, factories, and on military posts, and

offer ordinary banking services. A great number of such "low-hierarchy" banking offices are found in every part of Shanghai; traveling bank agents visit villages to collect deposits and extend rural credit.

According to incomplete statistics there are about 600 sub-branch offices and about 40 central sub-branch offices to be found in 438 counties, 45 cities, and 34 major towns in the five provinces of East China, besides several thousand agencies and stations.

The branch offices of the People's Bank of China in the provincial capitals are the highest monetary organ of each province, except that the Shanghai branch office reports directly to the bank's head office. The branch offices[1] are empowered to: (a) to adjust the circulation of the currency; (b) act as agent for the state treasury; (c) accept current accounts and promote savings accounts; (d) extend credits to industry and commerce, both public and private, either directly or through affiliated banks; (e) handle the clearings of

1. Kuo-min Ching-chi Shih-yung Tz'u-tien [Popular Dictionary of Practical Economics], Shanghai, Ch'un-min Press, 1953, p. 8,013.

1:Stanford U. S-4, 5 1956 AF15 East China
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453 652 bills, transfer accounts, and facilitate remittances; (f) extend rural credits either through its own agencies or through co-operatives; (g) look after the receipts and disbursements of foreign exchange handled by affiliated banks; and (h) handle any other monetary matters arising within their jurisdiction.

B. Bank of China

The Bank of China, a "semi-governmental" concern handling foreign exchange, is fully controlled by the Communist government. In view of its tradition and reputation, well-trained personnel, and overseas branches, the government allowed it to carry on business in its old status. The nine directors representing government interests were replaced with new government appointees, the twelve directors representing private interests were recognized, and new directors were elected from among the private shareholders at a recent shareholders' meeting. In fact, the Bank of China became a subsidiary of the People's Bank of China. Its head office was moved from Shanghai to Peking; the director-general of the People's Bank serves concurrently as the Chairman of the Board of the Bank of China, and the general manager of the Bank of China is appointed by the government.

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453 The Bank of China has 23 branches in
652 China proper, wherever there is thriving foreign trade or a concentration of overseas remittances; a total of 11 overseas branches are maintained, at Hong Kong, London, Singapore, Penang, Kuala Lumpur, Calcutta, Bombay, Karachi, Chittagong, Rangoon, and Djakarta. These branches, established by the previous management, were transferred to control of the present management when Great Britian, India, Burma, and Indonesia recognized Communist China. Eight branches -- Saigon, Phnom Penh, Bangkok, Osaka, Tokyo, Havana, New York, Sydney -- are located in countries which did not recognize Communist China, and these branches are still controlled by the head office of the Bank of China in Formosa.

The Bank of China has six branches in East China: Shanghai in Kiangsu Province, Tsingtao and Chefoo in Shantung Province, and Foochow, Amoy, and Ch'üan-chou in Fukien Province. Under the three branches in Fukien Province there are a number of overseas Chinese "service" stations.

The Bank of China is entrusted by the People's Bank with the task of: (a) attending

453 to matters connected with the control of foreign
652 exchange; (b) handling foreign exchange, foreign securities, bills of exchange, and other commercial documents payable in foreign currency; (c) extending credits, and accepting deposits in connection with foreign trade; (d) looking after the accounts and clearings of foreign trade conducted by and through government organizations; and (e) controlling overseas remittances.[2]

Branches of the Bank of China, as agencies of the People's Bank, can engage in banking transactions other than foreign exchange if so directed by the People's Bank.

C. Bank of Communications

The Bank of Communications, a "semi-governmental" concern for handling industrial credits, was also allowed to continue in its old status because of its fine reputation as traditional as that of the Bank of China. The twelve directors representing government interests were replaced by new government appointees, and nine directors representing private interests were recognized. New

2. Ching-chi Chou-pao [Economic Weekly], Shanghai, No. 31, 1952, pp. 616-617.

453 directors were elected from among the share-
652 holders at a recent shareholders' meeting.

The Bank of Communications has its head office in Peking and maintains nearly 160 branches throughout the country, wherever modern industries exist. Of its three overseas branches, Hong Kong, Calcutta, and Rangoon are under the control of the Peking head office; because France and the Philippines have not recognized Communist China, the Saigon branch and the Philippine Bank of Communications (a subsidiary) are run by the head office of the Bank of Communications in Formosa.

Among the more important of the branches functioning in East China are: Shanghai, Nanking, Soochow, Wu-hsi, Ch'ang-chou, Chen-chiang, Nan-t'ung, Hsü-chou, Hai-men, and Ch'ung-ming in Kiangsu Province; Hangchow, Chia-hsing, Hu-chou and Ningpo in Chekiang Province; Wu-hu and Pang-pu in Anhwei Province; Foochow and Amoy in Fukien Province; and Tsinan, Tsingtao, Chefoo, Wei-hsien and Po-shan in Shantung Province

The Bank of Communications is authorized by the People's Bank to (a) handle government appropriations set aside for government construction and screen and approve applications for appropriations for such construction; (b) organize long-term investment markets; (c) control ownership rights for public shares of enterprises

1:Stanford U. S-4, 5 1956 AF15 East China
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453 operated by joint state-private interests; and
652 (d) handle long-term credits.[3]

Upon the establishment of the Chinese People's Construction Bank in 1954, the handling of appropriations for construction was transferred to the new bank; the Bank of Communications is now limited to looking after long-term credits to joint state-private industry. It is expected that the two banks may be merged as soon as the joint state-private industry becomes a state enterprise.

D. Chinese People's Construction Bank

The Chinese People's Construction Bank was established in October 1954 to handle the increasing number of government appropriations for construction projects and to meet the need for tighter supervision of expenditures for this purpose. Although the bank is nominally under the control of the Ministry of Finance, it is in effect another subsidiary of the People's Bank of China: it receives the appropriations from the People's Bank, credits them to the account of projects, and supplies to the projects the necessary short-term credits which are provided by the People's Bank according to the

3. Cheng Chu-yüan, Monetary Affairs of Communist China, Hong Kong, The Union Research Institute, 1954, p. 25.

1:Stanford U. S 4, 5 1956 AF15 East China
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453 government's credit plans. The Chinese People's
652 Construction Bank has, therefore, only a negligible area of fiscal discretion.

Within a few months after its establishment, the Chinese People's Construction Bank set up branches near all government industries and stationed its agents at less important points. The branch offices are located in buildings occupied by the People's Bank of China or the Bank of Communications.

The bank's functions are: (a) to look after the funds for construction projects, either as provided by appropriations from the budget or as raised by the projects themselves; (b) to supply short-term credits to the contracting organizations undertaking work for the projects, according to the government's credit plan; (c) to settle accounts and make returns in accordance with the government's appropriations for the projects; and (d) to supervise the use of funds appropriated or raised, the arrangement of payment between the projects and contracting organizations, and matters related to the financing, cost-accounting, and investment in these projects.[4]

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4. New China News Agency, Peking, Sept., 13, 1954.

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E. Agricultural Bank of China

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The Agricultural Bank of China was established on March 25, 1955, and operates under the control of the People's Bank of China. Its functions are (a) the extension of long-term and short-term credits to jointly-operated agricultural, stock-raising, fishery, mutual-aid, and co-operative organizations as well as to individual producers; (b) the handling of capital investments allocated in the state budget for agriculture, forestry, and water conservation; (c) the guidance of credit co-operative organizations; (d) and the provision of savings-deposit services for rural residents, mutual-aid and co-operative organizations, collective farms, state agriculture, and water conservation.[5]

This bank was established to foster the acceleration of the Communist policy of co-operativization of agriculture. Its chief function is to promote and supervise credit co-operatives and to assure that extension of rural credits is soundly conducted.

F. Joint State-Private Bank

The Joint State-Private Bank was created in December 1952 as the result of the merger of

5. New China News Agency, Peking, March 25, 1955.

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652 sixty private banks in Shanghai. It represents the extermination of private-banking enterprise in China. Its board is composed of 27 directors representing the Communist government and 76 directors representing private interests. The assistant managing director of the People's Bank is concurrently the chairman of the board of directors. The director of the East China regional office and the manager of the Shanghai branch of the People's Bank of China are concurrently vice-chairmen of the board of the Joint State-Private Bank with three vice-chairmen appointed from among the private bankers. The joint administration of the bank is headed by the vice-chairman who serves as manager of the Shanghai Branch of the People's Bank. Thus the Joint State-Private Bank is nothing more than a subsidiary of the People's Bank. Its head office is located in Peking; all branches of the component banks were merged and are now limited to branches in thirteen cities.

The merger resulted in unemployment for many bank employees. In Shanghai, for example, of 5,100 former staff members, 2,500 were employed by the new bank, 1,300 by the People's Bank, and the remaining 1,300 were sent to vocational training schools.[6] Failure to provide

6. Confidential report of Shanghai Commercial and Savings Bank, Hong Kong.

1:Stanford U. S-4, 5 1956 AF15 East China
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453 652 employment for all created bad feeling among displaced banking employees.

The Hong Kong branches of nine component banks, namely Chin-ch'eng Banking Corporation, Yen Yeh Commercial Bank, China and South Sea Bank, Hsin Hua Savings Bank, the China State Bank, Ho Ch'eng Bank, the Young Brothers Banking Corporation, the National Commercial Bank, and the National Industrial Bank, were allowed to continue operations under a supervisor appointed by the People's Bank and stationed in Hong Kong.

The branch of the Shanghai Commercial and Savings Bank, a component bank which had been separately registered under Hong Kong banking regulations and had a separate board of directors, severed connections with its Shanghai head office and submitted to the control of its head office in Formosa, established in 1954 by permission of the Chinese Nationalist Government. The Chekiang First Bank of Commerce in Hong Kong, the parent of which is also a component bank, was established in 1950 with independent capital under Hong Kong banking regulations; it now operates as a local bank. Thus the Shanghai Commercial Bank and the Chekiang First Bank of Commerce in Hong Kong are the only remnants of Chinese commercial banking.

453 652 The Joint State-Private Bank has branches in Shanghai, Nanking, Hangchow Tsingtao, and Amoy. Under the Shanghai branch there are twenty-seven agencies within the city. The functions of the Joint State-Private Bank are (a) the handling of accounts of private enterprises; (b) the extension of short-term credits to private enterprises, subject to approval by the People's Bank; (c) the handling of overseas Chinese remittances and inland remittances for the account of the Bank of China through the branches of component banks still operating in Hong Kong; (d) the acceptance of savings deposits for the account of the People's Bank.[7]

G. Credit Co-operatives

452 474 The credit co-operatives, the basic level of the People's Bank in rural areas, are of three types -- credit co-operatives, credit departments, and mutual-aid teams.

The credit co-operative is a high-level organization with members and a board of directors; capital shares are subscribed by the members, and these deposits become the co-operatives's main financial source.

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7. Ibid.

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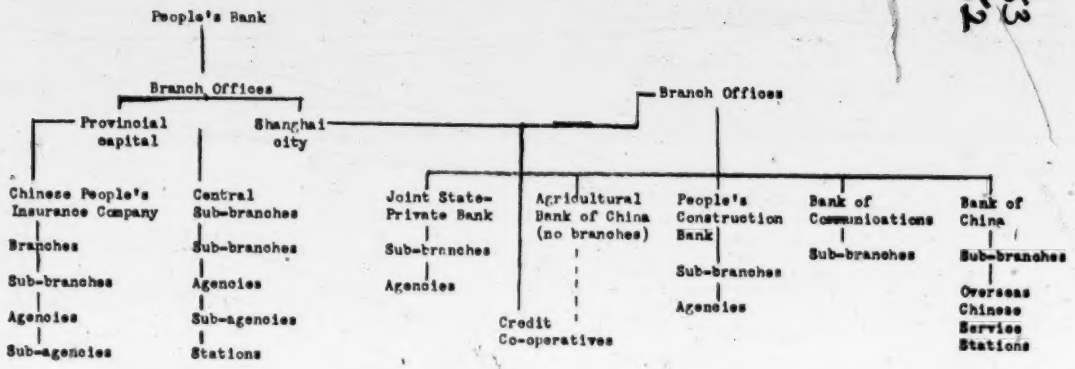

BANKING SYSTEM IN EAST CHINA

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H. Chinese People's Insurance Company

456 On assuming control of Shanghai, the Communists took steps to eliminate both foreign-operated and Chinese-owned insurance firms and to convert the insurance business into a government monopoly. On October 20, 1949, the Chinese People's Insurance Company, a government concern, was established under the guidance of the Ministry of Finance and the People's Bank; its branches, sub-branches, and agencies now extend throughout China. All offices of the People's Bank in small towns and rural areas act as its agents. Government agencies, state enterprises, and co-operatives, and all persons traveling by train, steamer, and airplane, must obtain insurance from this company. Fire, accident, automobile, agricultural, and life insurance are voluntary, but collective personal insurance and insurance on plowing animals and cotton crops are particularly encouraged.

Concentration of the entire insurance business in the Chinese People's Insurance Company and promotion of all forms of insurance serve as an important means of accumulating scattered funds in the People's Bank. The following chart outlines the banking system in East China:

453 652

436 payments, the balance of supplies, and of
652 foreign trade. When translated into the language of a capitalist economy, this means that the stability of the currency is secured by excessive imposition, controlled distribution of supplies, forced concentration of cash funds in government banks, and exports made possible by domestic starvation.

B. Currency Control

People's Bank notes had been stabilized before China's economy was fully controlled. As had been true with previous currencies, the new currency also underwent its acid test in the Shanghai market. Issue of the People's Bank notes began in Shanghai in June 1949, at PB$ 1 for 100,000 Nationalist dollars. One silver dollar was redeemable by PB$ 1,200, and all gold, other silver, and all foreign currenc was prohibited from circulating. The first reaction in Shanghai was unfavorable, with gold, silver, and hard currency prices soaring; this reaction spread throughout the whole country.

In November of 1949 the rate per silver dollar was raised from PB$ 1,200 to PB$ 2,000, while the black-market rate rose from PB$ 2,800 to PB$ 4,500 from July to November 1949. United States Dollar notes similarly increased in the same period from PB$ 2,000 to $6,700 on the official counter and from PB$ 2,800 to

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436 $3,000 in July, to $17,000 on the black market
652 in November.[16] The price of rice multiplied
nine times from May 30 to November 8; the curb interest rate increased from 36 per cent per annum in July to 100 per cent in November.[17]

Acting to slow this inflation, the Communists imposed strict controls on jewlers, whose customers had to furnish all materials, who were forced to make detailed reports of all transactions; hundred of illegal operators and loan sharks were arrested; all exchange shops and gold shops were closed. The government collected some essential materials for dumping on the market, and party cadres on every commodity market enforced government fixed prices. These measures slowed inflation but did not stop it; the end-of-1949 price index was thirty times that of May 1949. People's Bank notes were stabilized for the first time when the government announced its nearly balanced budget for 1950, and when an issue of Victory Bonds forced the expenditure of surplus purchasing power.

The initial stability of the People's Bank notes was nearly broken by China's participation

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16. Far Eastern Economic Review, Hong Kong, Dec. 1, 1949, pp. 702-703.
17. Ibid., Feb. 2, 1950.

436 in the Korean War and the resulting budget
652 deficit. But the inflationary pressures were quite successfully suppressed by a web of controls covering the entire economic life of the people.

Between January 1950 and February 1955, the pubchasing power of People's Bank notes steadily declined. Measured by parity unit, PB$ 14,055 in January 1950 had the same purchasing power as PB$ 24,829 in February 1955. The value of People's Bank notes, in comparison with the Hong Kong dollar, declined approximately 16 per cent in the same period (January 1950, PB$ 3,498 = one Hong Kong dollar; in February 1955, PB$ 4,270 = one Hong Kong dollar).[18]

The main instrument of currency control was the reduction of currency in circulation by forcing people and organizations to open bank accounts, restricting the cash they might hold, and the promotion of savings deposits. The most ruthless and also the most effective measure for reducing currency circulation was the extraction of personal savings by force. Of the issue of Victory Bonds of US$ 70 million, about 45 per cent was allocated to East China.

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18. Ibid., Feb. 2, 1950, p. 159; and March 3, 1955, p. 282.

436 A donation campaign begun by the Communists
652 in 1951 drew the equivalent of US$ 220 million, or 40 per cent of the total expected from East China. The Three-Anti Campaign to eradicated graft and corruption, and the Five-Anti Campaign to prohibit illicit profits made by private capitalists, involved some 100,000 public servants and 450,000 owners of private enterprises, from whom an enormous amount of fines was extracted. Crowds swarmed into the People's Bank in Shanghai early in 1952 to convert their hoarded gold into notes in order to pay their fines, and virtually all private gold hoards in the cities were wiped out at that time.

The reconstruction loans issued in the period 1935-55 were designed to gain control of excess savings of the workers and the peasants and were not directed primarily toward the well-to-do.

IV. PEOPLE'S REACTION TOWARD COMMUNIST CURRENCY

436 Paper currency first became acceptable in East China, particularly south of the Yangtze River, because foreign notes were frequently brought back to Amoy by overseas Chinese. But the preference for precious metals and hard currencies has never been abandoned, and the preference was strengthened by the collapse of the Nationalist currency. The Chinese people have no more confidence in Communist currency

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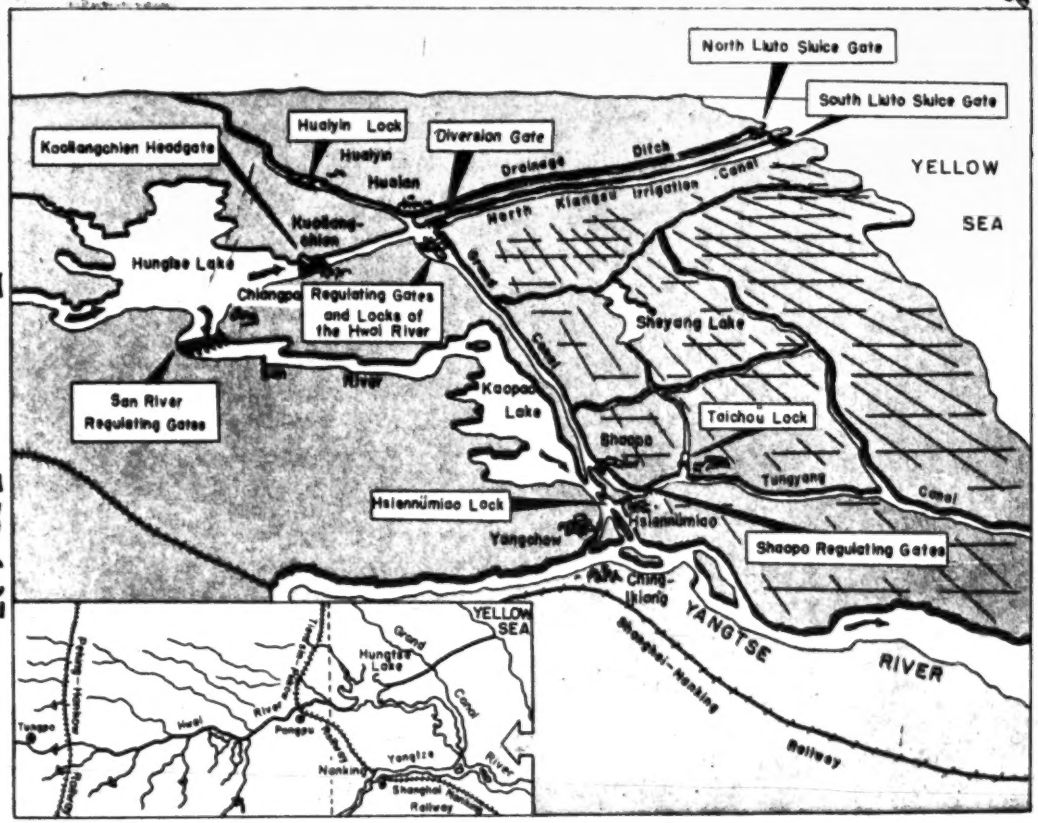
Hwai River Project East Of Hungtse Lake



[Face p. 738 (e)]

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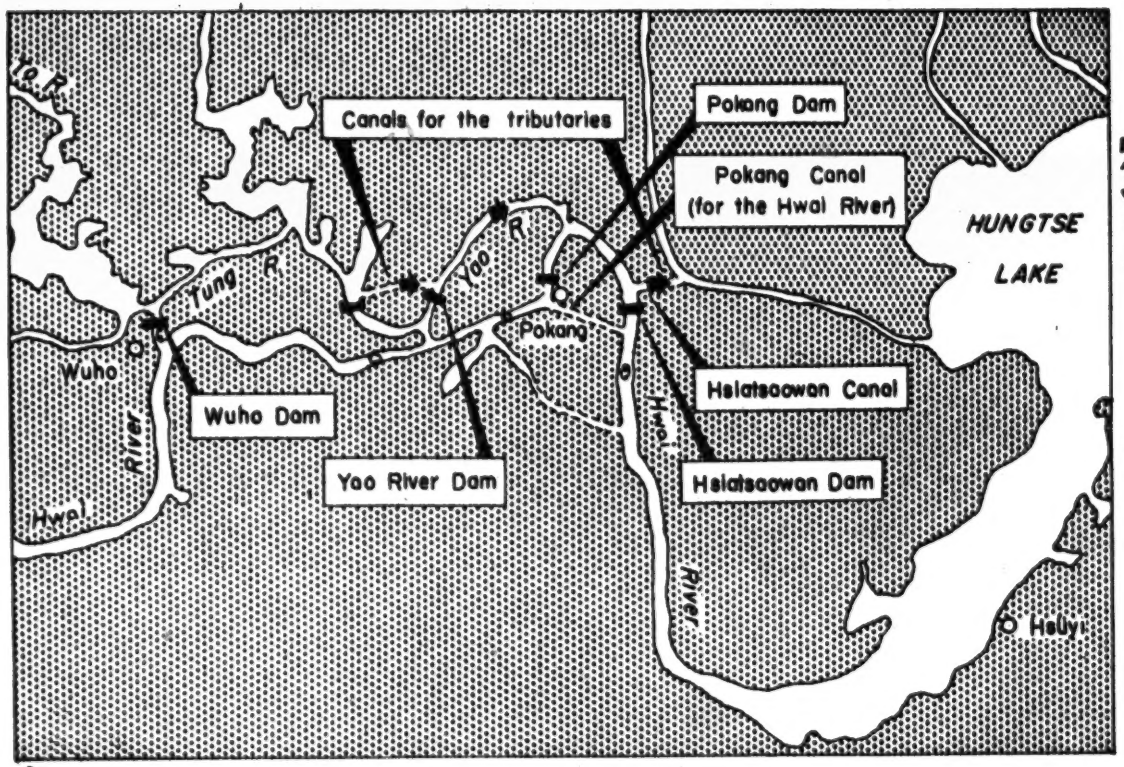
Hwai River Project West of Hungtse Lake



[Face p. 738(f)]

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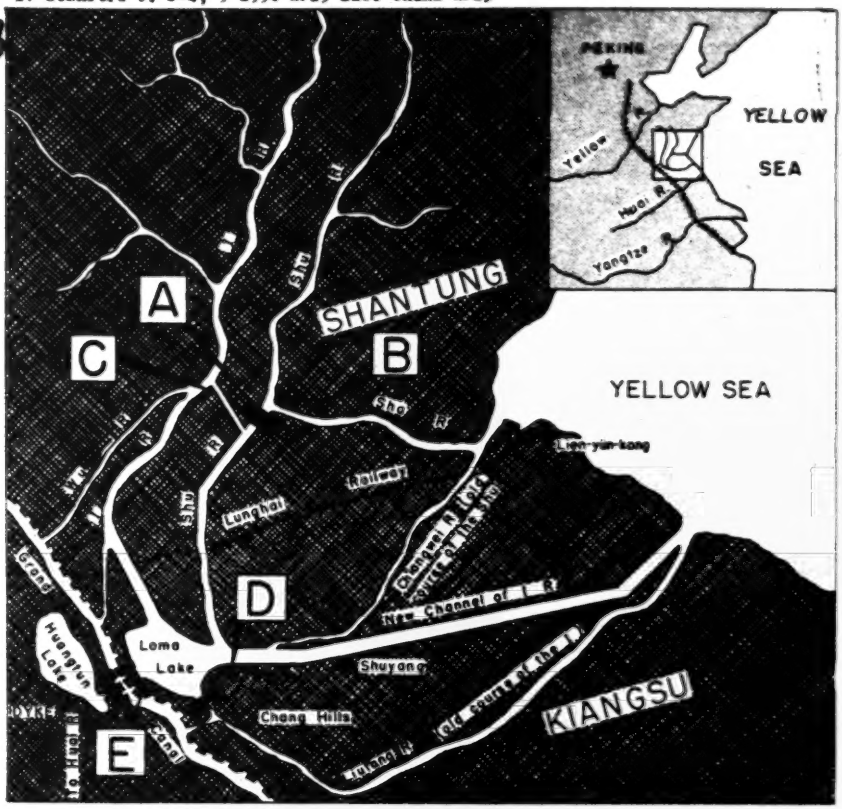

I AND SHU RIVERS PROJECT

A Dam which diverts the Shu into the Sha River

B Canal connecting the Shu with the Sha River

C Canal joining the I to the old course of the Shu

D Cutting for the new course of the I through the Chang Hills

E Sluice gates regulating flow of water between the Grand Canal and the Loma and Huangtun Lakes

[Face p. 738 (g)]

466 overemphasized by the Chinese Communists to camouflage another type of forced labor. Millions of civilians have been recruited by the government to join gigantic public projects such as water-conservation works and highway and railway construction, where mass-labor methods are needed in underdeveloped China. The most-talked-about example of mass labor methods is the Hwai River Project.

II. HWAI RIVER PROJECT

A. Origin of the Project

731 653 The Hwai River, 1,021 kilometers in length and covering an area of about 220,000 square kilometers in Honan, Anhwei, and Kiangsu provinces, had afflicted the people in this region since the fourteenth century.

In 1938, the Kuomintang government diverted the Yellow River to prevent the Japanese army from advancing west from Hsuchou. The diversion choked the main Hwai River and most of its tributaries with silt, causing the water brought down by the Yellow River from Shensi and Kansu to flood the whole Hwai region. After the war the Nationalist Government, under the direction of the American engineer, O. J. Todd, put the Yellow River into its old bed, but it was too

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73/ late to prevent the big flood of 1949, which
653 covered 53,000,000 mou (about 8,000,000 acres) of land and made 16,000,000 people homeless, and of this number 700,000 died of starvation and disease.[8]

The People's Government of Communist China decided to harness the river after the flood. By a directive known as "Decisions on the Harnessing of Hwai River"[9] issued by the Government Administration Council on Oct. 14, 1950 a Committee was established to direct the work which was started in November of the same year. The entire undertaking was to be completed in 1955.

B. Recruitment of Labor

466 According to the directive mentioned
653 above and some others[10] issued by the

8. Kung-jen Jih-pao [Workers' Daily], Peking, Oct. 28, 1952, p. 4.

9. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies], Peking, compiled by the Financial and Economic Committee of the Government Administration Council, Peking, March, 1952, Vol. III, pp. 1084-86.

10. Hua-tung-chu Ts'ai-cheng Ching-chi Fa-ling Hui-pien [Compilation of Laws and Regulations Concerning Finance and Economics in East

(continued next page)

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466 653 Ministry of Water Conservation in the Spring of 1950, the responsibility of recruiting labor force fell on the shoulders of the committee and the local governments of the hsien level. Not one word was mentioned in these directives about the funds of this huge project and the wages supposed to be paid to the workers. Because such employment offered no economic advantage, the committee and the hsien governments had to resort to methods of patriotic appeal and political coercion. Over 500,000 Party members and 100,000 cadres, members of the Youth Corps and even college students were organized into teams and spread over the districts of the three provinces to activate and mobilize the peasants.[11] Meetings, slogans, and processions were organized. The effectiveness of these methods was indicated in the fact that 2,200,000 people[12] responded to the call of Mao Tse-tung to harness the Hwai River and joined

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10. (continued) China], Shanghai, 1951, Vol. I, pp. 1276-86.

11. Jen-min Jih-pao [People's Daily], Peking, Oct. 15, 1950, also Raja Hutheesing, The Great Peace, New York, 1955, pp. 101-14.

12. This figure was admitted by Fu Tso-yi, Minister of Water Conservation, Chieh-fang Jih-pao [Liberation Daily], Shanghai, July 4, 1951.

466 653 the project in the first year. Most of the laborers were peasants, some were refugees from the flood, and still others were unemployed people in the cities. In 1952, the number of workers increased[13] to 2,400,000. In 1953, when the project had been established on a permanent basis, the workers decreased[14] to about 1,500,000. The fact that a total of more than 6,000,000 people had joined at one time or another a public project during a three year period is unheard of in Chinese history.

C. Organization of the Labor Force

466 708 653 In addition to recruited civilian workers, large numbers of the People's Liberation Army joined the project. They were supposed to do the harder jobs and act as model workers; in reality, they were to keep surveillance over the recruited workers.

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13. Chin-pu Jih-pao [Progressive Daily], Tientsin, Aug. 3, 1952.

14. Jen-min Jih-pao [People's Daily], Sept. 16, 1955.

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Organization of the Labor Force on the Hwai River*

National Committee
of
Hwai River Harnessing

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Headquarters of Provincial Committee
of
Hwai River Harnessing

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Headquarters of Hsien Committee
of
Hwai River Harnessing
(There were five departments under each provincial and hsien unit)

1. Organization Department
2. Propaganda Department
3. Cultural Department
4. Recreation Department
5. Statistics Department

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Regiment (The number of regiments formed in one hsien is in proportion to the number of recruited men in that hsien.)

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Battalion (Four battalions make a regiment.)

↓

Company (Four companies make a battalion.)

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Platoon (Four platoons make a company.)

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Squad (Four squads make a platoon.)

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Section (Four sections make a squad; one section consists of 17 workers. the total number of workers in one regiment amounts to 43,520).

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* Chang Chao-feng, Chung-kung Chih-huai Nei-mu [The Inside Story of the Chinese Communist Conservation Works on the Hwai River], Hong Kong, 1953, p. 64.

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466 The above diagram suggests the military
708 character of the huge labor force organization
653 working on the Hwai River and how different it is from the organization of labor groups in the free world. Besides, all the responsible persons in this organization are either Party members or veterans of the Communist army.

D. Working Conditions

466 The Hwai River Project was planned on
653 the assumption that it would cost the Communist treasury nothing except grains to feed the millions. Recruited workers must bring their own tools, clothing, bedding, and even cooking utensils. The directive mentioned above indicated that the wages of one laborer should be calculated according to the number of cubic feet of earth he digs in one day. But in all the official reports of the Communists about the success of the Hwai River Project, nowhere is there given the amount one worker really received for his day's work. In the directive entitled "Provisions Concerning the Standard Payment of Allowance to the Water Conservation Workers during Rainy Days,"[15] issued by the

15. Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies, Peking, March 1952, Vol. III, pp. 1084-86.

466 653 Ministry of Water Conservation, it was stated that the workers during involuntary work stoppages on rainy day did not have enough to eat; therefore, the Hwai River authorities were instructed to pay an allowance of 1 5/8 catties of millet to each worker for every rainy day. This directive shows clearly that the workers had just enough to eat for their day's work.

Another directive concerning the water conservation workers, issued on April 27, 1951 by the same ministry, indicated that the water conservation workers on the Hwai River who were recruited from the refugees of the flood should have one to four catties of rice per day for each worker to take care of his family.[16] One catty of rice was worth about 1,300 yüan in East China at that time and was equivalent to 6.5 cents in American money.[17]

The men of the Hwai River project were supposed to work not more than ten hours a day, but the Communists used the same tactics

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16. Ibid., Vol. I, pp. 1276-86.

17. Exchange rate between U. S. dollar and People's Bank yuan was $1 to 20,000 in 1951.

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in the labor camps as they used in the factories -- emulation drives, patriotic appeals, model worker elections -- to increase production. The 14-hour working day was common practice on the project. Activists among the workers themselves made a common compact to forfeit their New Year's vacation, and to contribute working days and tools, etc., in order to reach the norm of 6 cubic meters of earth work per day per person.[18]

The Communist newspapers lavished praises on the "enthusiasm" and "sacrifice" of the workers. One report from Anhwei said that "450,000 civilian workers in Szu-hsien passed their New Year's on the bank of the Hwai River dredging the river under the snow."[19] "Every evening, tiring after a hard working day, the men dragged back go their snow-covered straw huts. Shivering in their straw beds, they were waiting for another hard working day."[20]

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18. Chang Chao-feng, op. cit., Hong Kong, 1953, p. 67.

19. Ta-kung-pao [Ta-kung Daily], Hong Kong, March 14, 1951.

20. Ta-kung Daily, April 14, 1951.

466 653 Because of the bad working conditions and the lack of nourishment and proper medical care, the mortality rate among the workers of the Hwai River Project reached 10 per cent in 1951.[21]

E. Achievements of the Hwai River Project

731 653 The first stage of the Project was completed in 1953, including the strengthening of 2,100 kilometers (1,302 miles) of dikes, drendging 860 kilometers (533.2 miles) of river beds, constructing one water storage reservoir, 12 water detention basins, and 92 sluices. Altogether 200 million cubic meters (6,554 million cubic feet) of earth work had been completed.[22]

An official source stated that the total area of inundation in 1950 was only 60 per cent of that flooded in 1949, in 1951 it was 21, and by September 1952, it was only 8 per cent.[23]

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21. Chang Chao-feng, op. cit., p. 71.
22. Kung-jen Jih-pao [Workers' Daily], October 8, 1952, p. 4.
23. Far Eastern Economic Review, Hong Kong, Oct. 9, 1952, pp. 455-56.

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653 Fu Tso-yi in his report on the water conservation work, said that the Hwai River Project covered 280 000 kilometers (about 173,986 miles) of area, no serious flood was reported in 1954, and the Tientsin-P'uk'ou Railway Line had not been interrupted as before. Altogether 2,900,000,000 cubic meters (95,033 million cubic feet) of earth work had been completed by the laborers with their bare hands. Hsü Kai director of the Bureau of Surveying and Planning of the Ministry of Water Conservation, affirmed that the work of the Hwai River Project had passed the test of the second highest watermark of the flooding river in 1954.[24]

All the reservoirs and detention basins constructed on the river and its tributaries by the end of 1954 were capable of storing 16,500 million (540,705 million cubic feet) cubic meters of water and protecting 2 million hectares (about 2.47 million acres) of farmland from attack of flood and drought.[25] The latest Communist report said that most of the important parts of the first stage of the Hwai River Project including the Fo-tzu-ling and Nan-wan reservoirs

24. Jen-min Shou-tse [People's Handbook], Peking, 1955, pp. 513-15.

25. NCNA, Penpu, July 3, 1954; quoted from Survey of Mainland China Press, Hong Kong, No. 842, July 5-7, 1954, p. 40.

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had been completed in July 1955.[26]

All the reports from Mainland China and some from Hong Kong praised what the project had done for the improvement of living conditions of the people in the Hwai River area. Such reports imply that the millions of peasants who continue to toil on the banks of the river for a few bowls of rice a day have no reason to complain.

III. "REFORM-THROUGH-LABOR" IN EAST CHINA

A. Reform-through-Labor Camps in Shanghai

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As a result of the drive for suppression of counterrevolutionaries which started in the Spring of 1951 and the Three-Anti and Five-Anti campaigns which followed, the number of prisoners sentenced to reform-through-labor reached 200,000 in Shanghai by the end of that year. Reform-through-labor camps are scattered all over the suburbs of the big city. Most of the prisoners are employed in municipal constructions, road building, and light industries. The following is an example given by the Communists through the official channel New China

26. Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 5, 1955, p. 2.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

THE PUBLIC HEALTH DEPARTMENT of the Shanghai Municipal Council exercised constant and vigorous supervision over the food supplies of the Settlement. Both incoming livestock and meat supplies were carefully inspected, the erection of a modern abattoir by the Council in the last decade having materially contributed to a sound meat supply. Dairies increased in number, and, through the efforts of the authorities, improved in quality. The sale of milk was under strict control. Positive measures were taken to induce dairies to use modern procedures. Market produce was inspected daily, both on its way into the city from outlying farms and after it had been placed on sale; food vendors on the streets and all food shops and stalls were subjected to licence and supervised. Bakeries also came in for close attention. In short, all that could be done to reduce food contamination, and hence to limit the incidence of germ-borne disease, was done by the authorities. 744

IN THE LAST DECADE interest has been growing in China in the study of nutrition. Much useful scientific knowledge has been accumulated, particularly through the work of scientific investigators associated with the Henry Lester Institute of Medical Research, the Peking Union Medical College, and Yenching University. The existence in Shanghai of large camps of destitute refugees after the outbreak of hostilities in 1937 gave scientists a sad but useful opportunity to study the results of various minimal diets. Little of the available knowledge had received popular attention in the city. 654 816

Reference has been made to the fact that workers in many industrial undertakings, and indeed in many commercial enterprises, were housed and provided with food where they worked.[3] In larger plants food might be bought, cooked and served by the factory. In smaller ones the supply of food to workers was undertaken by a *pao fan-ti*, who delivered to factories food cooked elsewhere. Remuneration has been, then, for many workers partly in food. Under these circumstances it is important that a knowledge of nutrition, and of the effect of malnutrition on the health of employees, should be general. There has been a general acceptance of the obvious fact that if workers are not properly fed—and improper feeding is commonly associated only with insufficient food 146 164

[3] See Chapter IV.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

146 —they will not work well. What has been too little understood is that the wrong food as well as insufficient food can produce inefficiency and disease. Even before the 1937 refugee influx, beriberi was prevalent, especially among young workers newly arrived from the country and as yet ill adapted to the polished-rice diet of the city. On humid summer days it was not uncommon to have the Council's ambulance service report that a young worker had been taken to the hospital in a state of collapse, and that collapse was sometimes fatal. The cause of death often proved to be acute beriberi, an acute diet-deficiency disease which is induced by the absence from the diet of certain vitamins. This particular problem has been recognised by the authorities, and prior to the hostilities some beginning toward its solution had been made.

146 In 1937, the year of the outbreak of hostilities, an interesting dietary experiment was in progress in the eastern district of the International Settlement. Under the joint auspices of the Henry Lester Institute of Medical Research and the Industrial Division of the Council, some 75 young workers were fed in a "kitchen" established for the purpose. The scientific planning of the work was directed by Dr. B. S. Platt of the Institute. The boys were employed in the manufacture of flashlight bulbs, and while they worked were seated at benches, crouching over gas flames blowing glass and fixing filaments in glass rods. In the moist Shanghai summer the atmosphere of these workshops, which are usually in residences converted to industrial use, crowded and unsuitable, becomes almost unbearable. In the summer preceding the experiment, literally dozens of young workers had shown beriberi symptoms whose onset appeared to have been aggravated by the heat and humidity.

Leaving as controls certain of these flashlight factories to pursue their usual policy of food supply, the authorities induced the owners of three others to send their young workers to the kitchen for their meals three times daily. The owners paid an amount slightly less than they would have paid to other food suppliers—$4.60 per month per worker instead of $4.80.[4] The experiment began in February 1937, and was suspended when street fighting raged in the vicinity of the kitchen in the middle of August, six months later. During that half-year and through two and a half months of humid summer weather there was no evidence of any

[4] At pre-war dollar purchasing power.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

dietary-deficiency disease among the 75 workers fed in the kitchen, while many young workers in neighbouring factories acting as the scientific controls, were suffering from disease. 146 164 654

The country habit of storing rice in the husk, and dehusking only that portion which is necessary for the food of the family during the day, no longer holds for city life. Rice is dehusked in the country and transported husked and milled to the city to save transportation costs, and because highly milled rice keeps well. After long storing, however, residual fats present become rancid, and in order to make the rice palatable, it must be washed. First with the milling and later with the washing disappear the essential vitamin contents which prevent dietary-deficiency disease. The experiment was designed to prove that, if rice were stored in the husk, and only milled immediately prior to use, it was unnecessary to wash it, and the vitamin content, therefore, remained to check the onslaught of deficiency disease. No other change from normal food eaten in factories was made in the diet. No additional vegetables or fruits were given. Reliance was placed only on prevention of loss of vitamins in the rice. 146 164 654 256

The intention had been to make the kitchen the nucleus of a district food service which would apply the results of the study on a wider scale as a demonstration. It was ironic that war should have interrupted the experiment, and that it should not only have become impossible to make any application of the important facts demonstrated in the experiment, but that stocks of Chinese rice, milled or unhusked, should virtually disappear from the Shanghai market, and that the city should have to depend for the ensuing five years on imported rice, all husked, and very high in price. 146 164 654 435 262

It might be thought that, with the price of rice soaring out of all bounds, factory owners who supply food to their workers would reduce the quantity of rice supplied, mix it with other cereals, or vary it with beans. But both management and workers have a mistaken idea that, if at all possible, the usual number of bowls of rice must be provided, whatever happens to the "side dishes" of bean curd, vegetables, fish or, rarely, meat. In consequence, expensive imported polished de-vitaminised rice continued to be eaten in former quantities. If the "side dishes" were reduced, as they were in size and variety in order to decrease costs, this last source of nutrients also disappeared. It is small wonder, then, that by 1941, and 146 164 435 262

489 ports.[27] But the coal transported by coastal
438 steamers amounts to only 11 per cent of the total shipment from North to East China.[28]

VI. DOMESTIC TRADE

438 As its final goal, Communist China aims
655 at the complete control of domestic trade by state-owned co-operatives and state "capitalistic" enterprises.

A. State-Owned Companies

Six domestic trading companies were established in 1950: (1) the China Food Company, (2) the China Textile Company, (3) the China Salt Company, (4) the China General Merchandise Company, (5) the China Coal and Building Materials Company, and (6) the China Native Products Company.[29] These companies have established branches and sub-branches in nearly all of the major cities of East China. Some of these companies such as the China General Merchandise Company and the China

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27. Ching-chi Chou-pao [Economic Weekly], Shanghai, May 25, 1950, Vol. X, No. 21, p. 9; Ching-chi Nien-pao [Economic Year Book], Hong Kong, Ching-chi tao-pao She, 1952, p. 27.
28. Ibid.
29. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1955, p. 380.

438 Native Products Company have established
655 branches in the rural areas. The trade volume of state-owned concerns has grown very rapidly. If we take the trade volume of 1950 as 100, the index for 1952 was 397 for the country as a whole. The regional trade of East China was proportionally higher during the same period.[30] According to the first Five Year Plan, as reported by Li Fu-ch'un,[31] the Communists estimate that by 1957 the total volume of trade will be 133.2 per cent over 1952.

State trade is expanding day by day while private trade diminishes. Eight large trading companies in Shanghai have signed contracts with 116 different fields of industry (over 8,000 factories) to purchase commodities for domestic supply and for foreign trade. According to a report in the Ta-kung Daily, Tientsin, at least forty-six industries in great financial difficulty were benefitted by advanced contracts with the eight state trading companies in Shanghai.[32]

B. Co-operative Companies

474 The supply and marketing co-operative in
438 Communist China is a co-operative organization
443 formed under government directives. Its

30. People's China, Peking, Jan. 16, 1954, p. 5.
31. Kung-shang-chieh [Industry and Commerce] Peking, Aug. 10, 1955, No. 8.
32. Ta-kung Pao [Ta-kung Daily], Tientsin, June , 1955.

Annex "A," Subparagraph 1j,
Sociological Background

EDUCATION

I. BACKGROUND

642 871 In order to understand the changes brought about by the Communists in the educational system of China, it is necessary to review the background of educational development under the Nationalist regime.

Chapter II, Article 11 of the Nationalist Constitution promulgated in 1946 states that the "people have freedom of speech, [freedom for the] pursuit of knowledge and [freedom of] publication." Article 21 of the same chapter further spells out the principle of education by stating that the "people have the right as well as the duty to receive basic education." Interpretations of these broad principles are found in Chapter XIII, which specifies, among other things that the purpose of education includes the development of the spirit of nationalism, and that both public and private educational institutions are subject to government supervision according to law.[1]

871 656 Nationalist officials singled out two of the most controversial points for further elaboration.

1. Chung-kuo Chiao-yü Nien-chien 1948 [Educational Yearbook of China 1948], Shanghai, Commercial Press, 1948, pp. 23-24.

871 One is the so-called "spirit of nationalism" which
656 the Ministry of Education at Nanking defined as the spirit based on San-min Chu-i, the Three Principles of the People expounded by Dr. Sun Yat-sen. Thus a mild social reform was adopted as the central theme of the Nationalist philosophy for education. The other controversial point is the extent of government supervision over educational institutions. Official explanations stressed the supervisory function of the government in the system of education and denied that this implied any authoritarian control.[2]

871 Under the Nationalist government efforts were exerted to promote adult education and combat illiteracy. Outstanding records were made by such peoples as James Yen (an internationally known promoter of mass education), who organized drives to eradicate illiteracy, and Huang Yen-p'ei, now a member of the Communist central government, who did a great deal for the development of vocational education in China. Since most of these features of Nationalist education have been covered in the HRAF Handbook on China as a whole, it is enough to say here that had it not been for a decade of war general education in China would have been far more developed than it was in 1949 on the eve of the Communist seizure of power.

The application of the broad principles of education under the Nationalist government

2. Ibid., p. 24. For other influential theories on education expounded during World War II in China, see Chan-shih Chia-yü Lun-chi [Discussions on Wartime Education], Shanghai, Sheng-chiao-yü she, 1938.

876 Besides changing the materials for courses on political and economic theory, the curricular "reform" also has the mission of dovetailing the schools on different levels and seeing that their doors are open to Party and other professional cadres who have not had the opportunity of a formal education.

One important development closely related to curricular "reform" is the thorough re-examination of all textual materials. The central authorities responsible for education, through their subordinate agencies on provincial and municipal levels, supervised the revision of all textbooks, particularly those in the field of the social sciences before releasing them to the schools. That the revised books are politically slanted is obvious but their technical quality cannot be judged without a detailed comparative study of many such books against the original versions and against similar books accepted as standard works in non-Communist countries.[12]

C. Changes in Organization

871 656 Before 1949, as the Communist Army assumed control of a city or a town, a military delegate was assigned to each school to supervise its administration. The changes the Communists brought to the schools at that time were imposed unsystematically and arbitrarily. Even after the establishment of the Peking regime, the measures designed to revise the education system and school organization remained haphazard. Following the outbreak of the Korean war in 1950, the main activity of the Communist Ministry of Edu-

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cation, as far as reorganization of the schools was concerned, appeared to be the seizure of private schools and other schools sponsored by religious groups and foreign missions.[13] The first systematic reorganization was occasioned by the issuance of a Government Administration Council directive "Decisions Concerning the Reform of the Educational System," on October 1, 1951. The People's Daily of Peking, central organ of the Communist Party, and People's Education both expounded the theory behind the organizational reform:[14] (1) the reorganization will ascertain the position of vocational schools, special training programs for cadres, and adult educational classes, in the regular school system; in other words, those cadres, soldiers, peasants and workers who have had no opportunity for formal education may attend special training schools and achieve the same standing as regular school graduates; (2) changing the six-year and two-level primary school system into a five-year and one-level system will enable children of poor peasants to receive a much more complete basic education; (3) the new system will place emphasis on technical education to serve the purpose of the "socialist reconstruction of China"; and (4) the kindergarten will have its definite place in the reorganized system.

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13. For more information on revision and publication of textbooks in Communist China, see the chapters on Public Information and Propaganda and Artistic and Intellectual Expressions. Also see Chu Po-ch'i, Chung-kung Ti Hsüeh-hsiao Chiao-yü [Formal Education in Communist China], Hong Kong Ya-chou ch'u-pan-she 1954, pp. 218-27.

14. People's Education, October 1951, pp. 5-6; Hsia Feng op. cit., pp. 2-3.

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Thus the reorganization was launched as the central task for education in China for 1952. By September 1952, it was reported, the major reorganization of schools was completed.[15] However the Communist Vice-Minister of Education Liu Shih, reported in January 1954 that "systematic reorganization of the schools was not completed until late 1953."[16] Liu, in reporting on the completion of the reorganization, possibly had in mind the decision of the Government Administrative Council in November 1953 to "restore the old six-year and two-level primary school system." According to Premier Chou En-lai, this last action was necessary because of "inadequate preparation" for the new five-year, one-level system."[17]

The main changes brought about in the reorganization were the regrouping of departments in large universities and specialization in the colleges. The purpose was to achieve a balanced distribution of educational facilities as prescribed in the program of national economic reconstruction.[18] The system of education can best be shown in the chart which follows:

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15. Kao Chien-hsing, Chung-kung Ti Nu-i Chiao-yü [Slave Education of the Chinese Communists]. Hong Kong Tzu-yu ch'u-pan-she, 1953, p. 36; Walter Crosby Eells, Communism in Education, Washington, D. C., American Council on Education, 1954, p. 201.

16. People's Education, January 1954, p. 24.

17. Ibid., p. 8.

18. For detailed description of the reorganization, see People's Education, Jan. 1954, p. 65; Communist Education in the Past Five Years, Vol. II, pp. 14-15; Chung Shih, Higher Education in Communist China, Hong Kong, 1953, pp. 41-47.

1:Stanford U. S-4, 5 1956 AF15 East China AF15

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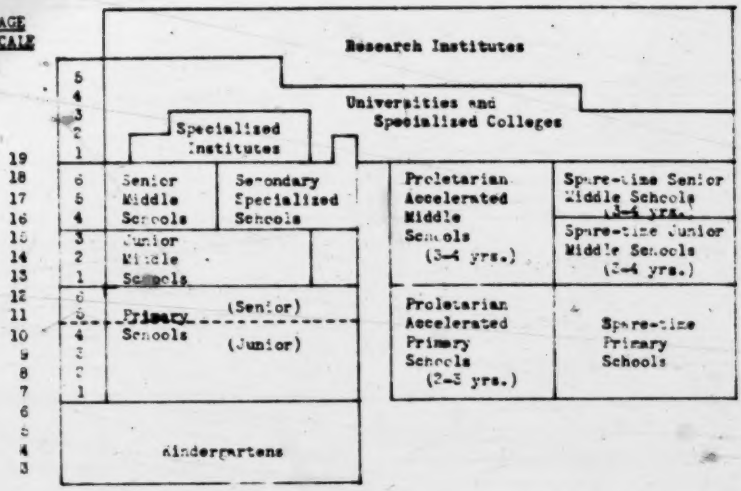
Chart 2. System of Education under the Chinese Communist Regime*

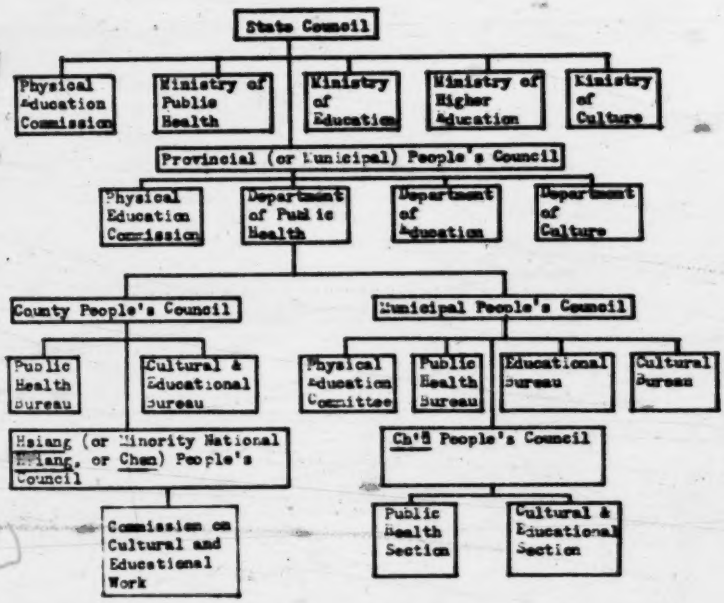


*Communist Education in the Past Five Years, pp. 8-9; Chi Tung-mei, Education for the Proletariat in Communist China, Hong Kong, Union Research Institute, 1954, p. 16. The Chinese term for "middle school" implies "secondary school."

(Chart 2 follows p. 317.)

1:Stanford U. S-4, 5 1956 AF15 East China AF15

Chart 3. Communist Government Control of Education*/



*/ Communist Education in the Past Five Years, pp. 12-13. The term "Physical Education" used here can also be translated as "Physical Culture and Sports."

(Chart 3 faces p. 318.)

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Following the reorganization of the school system, government control over the system was further defined by the promulgation of the 1954 Constitution. As shown in Chart 3, the formal chain of control is not much different from that of the Nationalist system. The following new features, of course, are to be noted:
The two ministries of education function differently in that the Ministry of Higher Education is in charge of the education of higher and secondary levels of technical and administrative personnel to be used in the national reconstruction program. while the Ministry of Education is responsible for the administration of teacher's training s schools, regular middle (secondary) and primary schools and adult education schools.[19] Prior to the promulgation of the Constitution, education was under the jurisdiction of a Cultural and Educational Administration of the Government Administration Council. Now, under the State Council, cul re and education are separated. The Ministry of Culture continues to supervise all "cultural activities" other than education, such as the press, publication, art, drama and so forth. That physical education is worthy of an independent commission under the Government Administration Council indicates the important position its occupies in the Communist program of youf training.

One significant development in the control of education by the Communist government is

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19. Communist Education in the Past Five Years, Vol I, p. 11.

625 The issuance of regulations pertaining to
656 public security matters is a function of the public security agencies at all levels. Apart from the regulations issued under the Ministry of Public Security which require nationwide enforcement, local regulations can be issued by the local public security organizations. Regulations applied to urban inhabitants in the city of Shanghai are so many that individual movement and action are severely restricted. The regulation requiring the registration of all social organizations,[32] is so rigid that no association can be organized without the sponsorship of the Communist Party and its affiliated organizations. The requirement for the registration of firearms tends to prohibit the possession of pistols and firearms of any kind.[33] Other regulations,[34] like that which governs the inspection of luggage at all transportation centers and points of entry, are very severe. Luggage and personal belongings can be examined by public security agencies, customs officials, and medical authorities at any place and at any time.

The issuance of regulations governing the conduct of business and recreation is a means of establishing the surveillance of public security agencies over all activities. Even the movements and activities of cabaret girls are restricted by this control scheme.[35] The regulation on the supply

32. Liberation Daily Oct. 21 1950, p. 1.
33. Ibid., June 29, 1951, p. 5.
34. Ibid., May 28, 1951, p. 2.
35. Ibid., May 10 1951 p. 3.

625 and sale of radios and electrical appliances,[36]
656 issued by the Ministry of Public Security in July 1955. requires each electrical shop to secure a permit from a public security agency before requesting a license from the Department of Industry of the local government. Monthly reports of sale and inventory are also required. Failure to report suspicious patrons to the security agency is a punishable offense. This newly published regulation which supercedes a similar regulation issued by the same ministry in August 1951, sets forth a further restriction; owners of electrical appliances must secure permits from a public security agency before repairs can be made. Other regulations governing the operation of hotels, warehouses, pawnshops, and recreational facilities are very rigid. In addition to these regulations, commercial firms are subject to controls by other governmental agencies, including those in charge of "public purchase and marketing."

B. Police

625 Since policing is a function of the public security organizations at all levels, their functions are the same as those of the public security agencies. The police in Shanghai have an additional force for garrison duties. This police force can be stationed at any point in the city to safeguard "public order." Unquestionably this system helps to provide additional control over the people in key centers. The organization of a new police force has been attempted by the Communist regime. New personnel have been hired and there is a constant reorganization of

36. People's Daily, July 26, 1955, p. 3.

687 stealing from the government and were severely punished. Large-scale theft was on the increase after the expansion of industrialization and the conversion of private-owned enterprises in 1953. Crime syndicates were discovered in major Chinese cities. One of these syndicates,[57] composed of more than 200 men, stole 120 tons of ship-building materials another syndicate, with 290 members, stole 4,000 airplane parts. The most serious activity of these syndicates is their collaboration with "underground factories" reportedly existing in Shanghai. Electrical supplies worth 80,000 yuan (new currency) have been stolen to supply these "underground factories," which sell their products on the black market.

III. TENSION AND PUBLIC DISCONTENT

578 668 656 The tight control and centralization of government economic and social activities lead to tension and public discontent. Discontent results from government restrictions, high taxation, and public obligations. The controls exercised by the Communists over all the Party, state, and mass organizations generate tension within these groups. Despite Communist attempts to seek popular support and to implant belief in a brighter future,

57. Ibid., May 18, 1955, p. 1.

578 discontent and tension have not been eradicated.
668
656 A. Public Discontent

1. Regimentation and Restriction.

517 The Communist attempt to organize the people
656 and regiment their activities meets the
668 greatest resistance. The forced establishment of agricultural producers' co-operatives in the rural districts and the organization of all urban workers into unions are Communist efforts of note.

The imposition upon the peasants of spare-time activities and duties is perhaps the most objectionable feature. The peasant is required to attend meetings, to attend winter schools, to be advised on all farm activities, and to perform various duties according to his age and sex. Even how he is to spend his money is decided by Party counseling. Such advice is, in fact, a series of propaganda bombardments, which may include interviews, meetings, and classes. This process is both time-consuming and vastly irritating.

Similar restrictions are imposed upon the workers in the city. During working hours, workers are required to observe labor discipline. They are severly punished if they are late to work or leave early. Loafing and belligerence are crimes subject to punishment. During their "leisure time,"

517 workers are required to participate in
656 organizational and cultural activities and to
668 attend technical and cultural classes. Since most workers hold membership in a number of Communist organizations, no time is left for private affairs.

668 2. High Taxation and Public Obligation.
656 High taxation and business restrictions are
[651] other unpopular Communist policies. In the rural districts, the Communist San Ting policy, formulated at the end of 1953, fixes a quota for farm production and for purchasing and marketing. Other measures which regulate the sale of farm surplus products -- mainly rice and cotton -- only to the centralized market, meet resistance. Businessmen are required to pay high taxes, pubchase bonds, and make "voluntary contributions." Other measures taken by the Communists to eliminate private business doubtlessly create great dissatisfaction among the people.

Public obligations imposed upon the people are also a cause for discontent. The peasant, for example, is called upon whenever his services are needed. For major irrigation projects, peasants are enlisted for work in distant areas. The service of the militia is necessary on many occasions, and so the young peasant is required to accept military training in his spare time. When he becomes a member of the militia, he must patrol the

656 key centers in the village area, guard and help
668 to ship government grain, assist in the extermination of "bandits," and attend militia "cultural" and organizational activities. A parallel scheme is instituted in the city. Urban residents are generally expected to render certain services in the areas where they live. In addition to attending regular meetings, they are expected to serve as patrols whenever patrols become necessary.

668 Controls imposed by security agencies
208 and other organizations, including large-scale rationing programs and constant investigations, contribute to public discontent. However, the Communists recognize the limits of public inconvenience and growing dissatisfaction. They stress the employment of a mass-line policy, which, to some extent, will absorb mass complaints, and they mobilize their propaganda machine for better effect.

B. Tension within Organizations

668 Although the various control agencies
578 employed by the Party to supervise and to ensure the execution of Party directives within a government organization help to maintain Party supremacy, their functions and responsibilities often overlap, resulting in confusion

668 578 Tension also exists in the mass organizations as the result of pressure imposed upon them by the Party and by higher organizations themselves. The most active mass organizations, such as the New Democratic Youth Corps and the Federation of Democratic Women, are also the most unstable. The key to the maintenance of a safe margin of tension within an organization seems to lie in a balanced approach to the problem, reinforced by constant vigilance and propaganda.

IV. CONCLUSION

578 656 668 No matter how tight a rein the Communists in the East China Region hold upon the populace, there are always three forces in opposition to the Communist rule of terror: the victims of Communism, the traditional resistance groups, and discontented members of the Communist Party.

Among the victims of Communist power are the landlords, former Kuomintang officials, and those who are named by the Communists as counterrevolutionaries. Although most of these elements are confined to forced labor camps or are placed under the surveillance of the police, they continue to offer some resistance. With the increase in peasant opposition to the Communist policies of gradual collectivism in the rural districts, the "new-rich" peasants may appear in renewed strength. However, in view of the Communist policy of

578 terrorism and violence, a show of open
65 resistance is infrequent.
668

The traditional resistance group, represented by the rebirth of secret societies, is another force which will not be easy to crush. Because secret societies are attractive to illiterate peasants and laborers, they may create added discontent. The last group of potential subversives is composed of discontented and/or expelled Party members. Party purges in the East China Region were particularly severe during 1955.

Public discontent and tension within all organizations in East China are by no means an indication of the impending collapse of the Communist regime. They are, rather, the counteraction to be expected under a dictatorship in a controlled society. However, evidences of tension and public discontent should be investigated because they may lead to the weakening of Communist power. The loss of morale and Party unity can mean the disruption of the entire system.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

from the agricultural villages . . . Economic reconstruction must have its foundation in the national economy. . . This abnormal development of the national economy could not be adapted to the defense needs of the state. . . The main communication routes were based on these easily blockaded cities . . . the imperialists could have strangled the country's economic life. . . The state could not protect itself and the people could barely exist. . .[5] 186 648

The Communist condemnation is even more specific:

Shanghai must break off its dependence on the imperialist economy and must be changed from a city where imperialism, compradores, and bureaucrats oppress and exploit the people to one which produces for the domestic market and serves the people. . . Shanghai is the concentrated, typical expression of the colonial or semi-colonial nature of old China's economy. Its so-called prosperity in the past was not founded on an independent, sound economic basis, but on bureaucratic capitalism and on imperialism and its compradores. Shanghai's production was mainly for the selfish interests of a handful of foreign exploiters and domestic compradores and bureaucrats. Most of Shanghai's key enterprises were in the hands of foreigners or Chinese bureaucratic capitalists. The raw materials and power of many industries had to depend on foreign supplies. Such colonial or semi-colonial economic status must be discarded before Shanghai can become a truly prosperous new peoples' city. . .[6]

The Communist armies took Shanghai on May 27, 1949, and in the following months plans were discussed for the relocation of some of Shanghai's manufacturing and population to inland centers where they would be less exposed to outside attack and where their economic activity would redound more generally to the welfare of the country as a whole. These plans were given additional impetus by the Nationalist blockade of the coast and by the United Nations embargo which has followed it, which at present writing appear to have curtailed industrial production in the city to a considerable extent. Writing in late August of 1949, the then mayor of Shanghai, General Chen Yi, stated that the official Communist program for Shanghai was to "change (its) industrial policy from that of dependence on imperialism to that of serving the Chinese people." In order to accomplish this end, and to minimize the effects of the blockade, "we must evacuate the population of the city systemati- 166 648 656

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cally and transfer factories to the interior wherever possible."[7] While no details have been published on Communist plans for the relocation of Shanghai factories, this has been a recurrent theme in general policy statements. How much will be done about it remains to be seen, and may depend in large measure on how long the current trade restrictions remain effective. While such relocation might be dictated by non-economic considerations, it is the writer's opinion that it would economically be unwise, at least at the present stage of the Chinese economy as a whole.

But the foreign Shanghai which Nationalists and Communists alike have castigated is now a thing of the past. As much a Chinese as a foreign creation by at least the time of the first world war, the city has now become politically and economically an integral part of China. The course of Chinese nationalism and of the Westernization of the Chinese economy, both developments begun in and stimulated by the growth of Shanghai, have reclaimed the city.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Cotton production is gradually increasing, and the expectation is that within the next two or three years enough will be available domestically (mainly in the delta area) to occupy Shanghai's full textile potential, which is still the largest of any city in the country. 288

Much shuffling around of the industrial pattern has resulted from government regulations on the types of manufacturing which may be licensed and may obtain the necessary power and supplies. During 1950 nearly 500 "factories" closed down, through financial failure and through inability to obtain licenses because they were considered non-essential under the new regulations. Most of the casualties were presumably small-scale manufacturers operating in private houses, who were before the war engaged in a great variety of production, mostly of consumers' goods. Many of these have since reopened, but in different production lines more in keeping with the government's new policy, and for which a market is available under the current austerity program. The government has for example refused reopening licenses to tobacco manufacturers, restaurants, hotels, and funeral establishments.[5] 471 656

The problem most frequently referred to in Chinese reports on economic Shanghai since 1949 is that of keeping pace with increased rural demand and rural purchasing power. This may be designed as an advertisement of the accomplishments of the land reform program in raising rural living standards, but it is repeatedly stated that industrial production in the city runs behind the demand in the country. Industries in the city showing the greatest profits during this period have been those producing light consumers' goods for which there is a ready local market. Dyeing leads the list, since the delta peasants are now sufficiently well off, if one may take the published reports at face value, to buy colored and printed clothing made in Shanghai. Western-type medical supplies are also listed, which would indicate a revolution indeed in the *mores* and income of the Chinese peasant. One report gives as an example of increased 434

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of cotton textiles for China as a whole in 1950 and in the first six months of 1951 was between 20 and 30 per cent greater than the pre-1937 peak, domestic production of raw cotton is still inadequte to meet the demands of the textile industry. For an earlier post-war report, see Shen Wen-fu, The Increase in Cotton Production, (1948).

434 rural purchasing power the large domestic sale of Shanghai-made thermos bottles, and others cite the increasing domestic demand for flashlights, soap, and stationery made in the city.[6] Times have changed. Among the heavier industries, cement and machinery production in Shanghai also lag behind demand,[7] as might be expected in view of the general shortage of such production over China as a whole and of the ambitious industrialization program of the Communist Government. Apparently, if these reports can be accepted, Shanghai need not be concerned for domestic markets despite the closing of its normal sea routes.

656 Earlier Communist talk of moving industry out of Shanghai (see above, pp. 27–8) has tended to disappear. During 1949 and early 1950 some small cotton textile factories were moved to Tientsin and Hankow, and a few other small manufacturing plants to Tientsin and Tsingtao (including a bicycle works, a printing establishment, and a furniture plant). These were minor removals, and no plans were made to move any of the larger factories or the heavier industries. Occasionally during this period there were general remarks in official speeches and news reports encouraging commercial enterprises to go out into the countryside, and encouraging Shanghai workers to help with the industrial reconstruction program in Manchuria, but more recently the prevailing attitude has been one of pride in Shanghai and enthusiasm for its own program of recovery. Criticism was natural while the Communists were on the outside looking in, but now that the new regime is in full control, and has full responsibility, it is more clearly aware of Shanghai's vital importance, and more clearly aware as well that no other location in China offers equal advantages for the kind of manufacturing which has grown up in the city and which the government is now trying desperately to maintain.

000 In future, a measure of Shanghai's advantage may disappear as railways bind the Chinese economy more closely together and as light and heavy industrial production continues to grow in Manchuria and north China where raw materials are close at hand. The coal and iron reserves of Shansi may also in time support a major industrial development there, as part of a thoroughly commercialized economy based on a mature railway system. Hankow and the three

563 According to a report at a meeting held by the Hui Cultural Association at Peking, ten autonomous hsien and chou have been established for the Hui people in China.[16] The scattered Hui communities in different parts of Shantung have their representatives in local governments under the present Communist regime. There are indications, however, that the Hui people in Li-ch'eng, Shantung, probably have their own government.[17] If this is the case, Li-ch'eng's autonomous government would be the only one of its kind outside Northwest China and Inner Mongolia.

C. The Tan People in Fukien

563 162 A Communist publication lists the Tan people as one of the minority nationalities in Fukien. The Tan people are boatmen on the lower Min River, near Foochow. In physical appearance they are indistinguishable from the rest of the Fukienese population.[18] Their numerical strength is unknown.

IV. POLICY AND ADMINISTRATION OF THE COMMUNISTS

563 657 Communist cadres working among ethnic minorities elsewhere in China are cautioned against exhibiting Han Chinese chauvinism in order not to arouse the "narrow nationalism" of ethnic minorities; in East China, no such caution has so far been voiced. Communist ethnic

16. NCNA, April 15, 1955, Survey of China Mainland Press, No. 1031, April 20, 1955, Hong Kong, American Consulate Gen'l, pp. 32-33.

17. People's Daily, April 28, 1954.

18. Ch'u Shao-t'ang, Hsin Chung-kuo Ti-li [Geography of New China], Shanghai, Ta-chung t'u-shu chü, 1953, pp. 159-160.

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policies elsewhere in China emphasize "winning the leaders of ethnic minorities who are influential among their own peoples"; in East China no such leaders have been found. Unlike the ethnic minorities in the Southwest, who may look to Tibet or to countries across the border for cultural and political leadership, and unlike the ethnic minorities in South China, who are so scattered that their acute social and economic problems take inter-ethnic group forms, the ethnic minorities in East China are apparently docile and contented residents and do not constitute a problem for the Communist administration. These minorities could be weaned away by the surrounding Han Chinese culture, and the Communists see no need for treating these minorities separately by awakening them politically, building up their minority economy, or reviving minority languages and folklore. The gradual assimilation of minorities is not a Communist achievement, but the Communists prefer to say that it is the result of a program of "equality for all nationalities."

The Hui people in East China are accorded some special attention by the Communists. It is clear that this is not due to their numerical strength in Shantung but to their significance in the national scene. The recent activities of the Islamic Association in Peking and the Communist government's emphasis on the Islamic aspects of the Hui people's activities indicate that the Communists intend to make use of the Hui people in order that other Moslem peoples in China may be brought closer to Peking.[19]

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19. People's Daily, September 27, 1952.

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The lack of significant content in ethnic policy and administration in the region has forced the Communists to publicize the activities of ethnic minorities there whenever possible, as illustrations of progress and political enlightenment under Communist leadership. The Communist Party newspapers blatantly publicized the fact that 470,000 minority nationals, among a total of 90,000,000 voters in this region, exercised their "democratic political right" in the popular election of 1954, and that many people so elected were of non-Han origin.[20]

In Shanghai, a number of people who are publicized as "minority residents" welcome and entertain visitors from ethnic groups in other parts of China and delegations from other countries. Their names are frequently found in newspaper headlines and their photographs are displayed on magazine covers.[21] In fact, these people look like devotees of a political cause who express their political convictions. Since their relationships with their own ethnic groups are artificially fostered and modulated by the Communist government, they are not representatives of ethnic minorities.

Although the small number of minority nationals in East China do not present the Communist administration with serious minority problems, their presence provides a ready instrument for propaganda depicting equality and fraternity among ethnic groups in China. Most of the propaganda has no immediate bearing on

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20. Ibid, April 28, 1954.

21. Chieh-fang Jih-pao [Liberation Daily], Shanghai, May 5, 1952; January 5, 1953.

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the welfare of the ethnic groups involved.

There is, however, one unique feature of the ethnic policy of Communist China which stems from the present political situation between the Chinese Mainland and the island of Formosa. The latter is regarded by the Communists as a province of East China lost to Chiang Kai-shek. Hence Communist China claims to be the fatherland of the 160,000 aborigines, the Kao-shan people, in the eastern part of the island. The Communists have gathered together a number of "representatives of the Kao-shan people" to sit in Peking among the delegates from other ethnic minorities and make speeches advocating the "recovery" of Formosa.

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22. People's Daily, July 13, 1952.

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Annex "A," Subparagraph 1p,
Sociological Bac' ground

HEALTH AND SANITATION

I. BACKGROUND

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Organized public health work as part of the task of the government in China may be traced back to 1902, when the Peiyang Sanitary Department was established. Because of plagues in 1911 and 1917, organizations for the prevention of epidemics also came into being. After 1927, under the Nationalist Government, there was a Ministry of Health, later reorganized into the National Health Administration. Among the six departments of the National Health Administration, one was the Department of Health Organization and Services, which promoted local health work, local sanitary projects, and local training of health personnel, and another was the Department of Epidemic Prevention, which was charged with the prevention and control of epidemic and endemic diseases, anti-epidemic services, and the manufacture of biological products.[1]

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1. China Handbook, 1937-1945, compiled by China Ministry of Information, Macmillan, 1949, p. 490.

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744 Normal development of health measures was greatly disrupted by the long and destructive war of resistance against Japan (1937-45) and the internal conflicts which followed. This was especially true in East China, where large areas were either under Japanese occupation or controlled for long periods by the successive puppet regimes. Because of the long war against Japan much of the Nationalist Government' effort in unoccupied areas was devoted to the Army Medical Service, which was affiliated with the Ministry of Military Affairs from the beginning of 1938.[2]

In May 1946, after World War II, the Nationalist Government officially returned to Nanking. Amid the manifold attempts at rehabilitation and reconstruction, the restoration and reorganization of health work was begun. Some statistics for East China are available for the years 1946-47, but it is clear that little could have been accomplished within so short a time. In 1947 there were in the five eastern provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien, including the municipalities of Shanghai, Nanking, and Tsingtao, 143 government health organizations at the provincial level, with a total of 6,832 medical and health personnel,

2. The China Year Book, 1938-39 Issue, Shanghai, Commercial Press, 1939, p. 652.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 and 388 more government health organizations at
744 the county level.[3] As to preventive medical care, in 1946 in East China 1,652 people received vaccination against smallpox, 3,116,677 received inoculation against typhoid, and 484,086 received inoculation with a vaccine to combat both cholera and typhoid.[4] These statistics are incomplete and cannot provide a satisfactory picture of health conditions in East China before 1949. However, they offer a background for an understanding of the efforts of the Nationalist Government in this field. (It should be noted for purposes of comparison that the total population in East China in 1948 was 133,139,777.)

II. COMMUNIST OFFICIAL REPORTS

The initial task in health work for the Communists in East China, as in the other regions, was to restore the originally existing public health agencies and to put them back into operation, and, then, to reorganize and mold them to Communist needs and principles.

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3. Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking, Bureau of Statistics, 1948, pp. 341, 342, 344.
4. Ibid., p. 347.

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657 744 Adhering to the directives of the Central People's Government in Peking, the regional government of East China concentrated its energy on preventive work in its public health program.

On July 15, 1950, Shu T'ung, chairman of the Department of Cultural and Educational Affairs of the East China Military and Political Committee, made a progress report,[5] stating that current emphasis was on prevention and epidemic control in famine areas. In the spring of 1950, epidemic prevention corps were sent out to various flood areas. In northern Anhwei alone, according to the chairman, as many as 120,000 people were treated by the corps. In addition, epidemic prevention centers were established in Fukien, Chekiang, Southern Kiangsu, and Shantung. It was reported that large numbers of people were cured of bubonic plague in Fukien and of kala-azar in Shantung. In 1950 the Health Bureau of East China was said to have manufactured 15,000,000 units of vaccine against typhoid and cholera and 18,000,000 units of vaccine against smallpox. Also scheduled to be produced in 1950 were 110,000 cc. of diptheria anti-toxin, 75,000,000 cc. of anti-whooping-cough serums, and 200,000 units of B.C.G. vaccine against tuberculosis. The report announced that in Shanghai from January to June 1950, 4,281,811

5. Cheng-fu Kung-tso Pao-kao Hui-pien 1950 [Compendium of Government Reports 1950], Peking, Jen-min ch'u-pan she, 1951, pp. 563-64.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 vaccinations and inoculations for the prevention
744 of epidemics were administered. The same report stated that in the two municipalities of Shanghai and Nanking, an estimated 50 per cent of the population would be inoculated within the year.

About sixteen months later, on November 19, 1951, Shu T'ung submitted another report to the fourth session of the East China Military and Political Committee.[6] He reported first on the progress of preventive operations and then on the development of public health agencies in East China. In the whole region, he said, there were 80 preventive service units with more than 3,000 medical and health personnel attached to them. During 1951, 38,600,000 people in East China were said to have been vaccinated against smallpox and 13,670,000 people were reported to have been given inoculations against various other contagious diseases. According to the report, cholera, typhoid, dysentery, and bubonic plague were under control in the East China Region, and, even in the famine areas and the Hwai River construction projects, recurrent fever typhoid, and smallpox had been checked. Shu also emphasized the danger of epidemics of schistosomiasis and kala-azar; he revealed no specific information about either infectious disease but stated that valuable experience had been gained.

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6. "Report on Culture and Education" by Shu T'ung, Current Background, No. 160, American Consulate General, Hong Kong, February 20, 1952, pp. 15-18.

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657 As to the development of public health
744 agencies, Shu T'ung reported that 382 county health centers serving 95 per cent of the county areas of East China had been established, and 660 ch'ü clinics had been set up in 17 per cent of the ch'ü areas of the region. (For purposes of comparison, it should be stated that the population for East China in 1953 was 162,685,262. In industrial cities such as Wu-hsi, Shanghai, and Hsü-chou in Kiangsu Province, Tsinan, Tsingtao, and the Tzu-po mining district in Shantung Province, and Hangchow in Chekiang Province, sanatoriums, health stations, and health teams were provided for the workers. According to the report, labor insurance became compulsory in 1,042 industrial units, and 1,400,000 workers and their families were covered by these benefits.

III. WOMEN AND CHILDREN

744 One of the most significant early documents of the Chinese Communist regime was the Common Program. In the Common Program, the health of women and children is given special attention in Article 48, which states, "...attention shall be paid to the protection of the health of mothers, infants, and children."[7] The Constitution, adopted on September 20, 1954, provides for

7. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Languages Press, 1949, p. 18.

1:Stanford U, S-4, 5 1956 AF15 East China
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V. OBSERVATIONS

847 1. In East China, infanticide is still practiced in certain areas. It is not only a serious matter but shows the complexity of the social problems and the uneven development in different parts and communities of China. It was revealed that in the province of Anhwei, according to incomplete statistics for the first half of 1952, the number of infants abandoned and killed totalled 1,972, and that the majority of them were female infants. The Communists blamed this situation on inequality between the sexes, superstition, and the feudal system of the old society and "feudalistic ideas" about marriage.

744 657 2. A few months after the beginning of warfare in Koreas in 1950, the Communist government in Peking passed an act to assume control of all cultural, educational, relief, and religious institutions which had been subsidized by United States financial sources. The total amount of the subsidy was given as $41,900,000, and of this amount 14.7 per cent was used for medicine and health. The number of hospitals financed by the United States[32] was given as over two hundred. According to an investigation made by the Japanese East Asiatic Research

32. Compendium of Government Reports, p. 188.

1:Stanford U. S-4, 5 1956 AF15 East China
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744 Institute (Tôa kenkyujo) on foreign investments
657 in China during World War II, there were 73 medical and health institutions supported by United States financial sources in the five provinces of East China.[33] Coastal provinces with treaty ports such as Shanghai, Nanking, Ningpo, and Foochow, long under western influence, had a large share of the subsidy.

A number of public health organizations which the Chinese Communists count as their own were taken from American hands in 1950, as were other health organizations supported by other foreign sources at a somewhat later date. In the evaluation of recent statistical data on public health on the mainland of China, this factor should be kept in mind. The lack of information on such matters as the number of hospitals beds and the number of inpatients and outpatients precludes accurate evaluation of Communist published materials. Furthermore, nutrition is just as important to good health as preventive medicine. Insufficient food and malnutrition, which seem to be prevalent in Communist China but receive little mention in Communist publications, may nullify all their efforts in the field of health and sanitation.

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33. Tâo kenkyujo, Sho gaikoku no tai Shi toshi [Foreign Investments in China], Tokyo, 1943, pp. 530-38.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 746 Association for War Relief. Foreign agencies such as the United China Relief and the American Red Cross in China, and British and Canadian contributions distributed through various media, also helped to aid China in her distress.

The Ministry of Social Affairs as a department under the Executive Yuan of the Nationalist Government was established in November 1940. Throughout the 1940's, during the war years in Chungking as well as in the postwar years in Nanking, this ministry led and guided the development of public welfare and helped to co-ordinate the work of the relief and welfare organizations. The following chart will give some idea of the state of public welfare in 1947 in East China.[3]

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3. Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking, Bureau of Statistics, 1948, pp. 365-72.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 747 On November 9, 1943, China became a member of the United Nations Relief and Rehabilitation Administration (UNRRA). The Chinese National Relief and Rehabilitation Administration (CNRRA) was established in January 1945 as a department of the Nationalist Government on the ministerial level, as was the China Office of UNRRA. In co-operation the two administrations planned and worked on the gigantic problems of relief and rehabilitation in postwar China.[4] Despite the great contribution to Chinese welfare resulting from the efforts of peaceful projects of this sort, the Chinese National Relief and Rehabilitation Administration was eliminated by the Chinese Communist when they became the rulers of Mainland China.

II. CALAMITIES SINCE 1949

731 Since the establishment of the Communist regime in China, many natural disasters have occurred. Droughts, floods, locust and insect invasions, frost, windstorms, and hail-storms have caused famines which began in the rural districts and spread throughout the nation.

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4. China Handbook 1937-45, pp. 538-41.

1:Stanford U. S-4, 5 1956 AF15 East China
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747 areas during the busy farm seasons, and 507 creches in factories and organizations were caring for some 20,000 children. In 1952 there were 19,000 primary schools in East China, a 12 per cent increase over the previous year, and New Youth, the official publication of the Young Pioneers of East China, was reported[33] to have a circulation of 400,000.

As was the case of the Immaculate Conception Orphanage in Canton, two Catholic orphanages in Nanking were made targets of Communist propaganda attack. In April 1951, when the so-called revolutionary movement of the Chinese Catholics was underway, the Sacred Heart Orphanage and the Tz'u-ai Orphanage were branded as instruments of imperialism masquerading as philanthropy and religion. It was said that the death rate in these two orphanages exceeded 78 per cent. They were taken over by the Nanking branch of the People's Relief Administration of China, and the two were amalgamated into one institution under the name of Nanking Municipal Orphanage.[34]

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VI. AID TO FAMILIES OF "MARTYRS" AND SERVICEMEN

33. Liberation Daily, June 1, 1952, p. 1.
34. Nan-fang Jih-pao [South China Daily], Canton, May 30, 1952, p. 4.

1:Stanford U. S-4, 5 1956 AF15 East China
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In Communist China, aid to the families of "martyrs" and servicemen has been given great attention. The duty of concern for the welfare of the members of the armed forces and their families was specified in Article 25 of the Common Program, one of the earliest documents adopted by the Peking regime. It states: "Dependents of those who have given their lives for the revolution and of the members of the revolutionary forces who are in need shall receive preferential treatment from the state and from society. The People's Government shall make appropriate arrangements for disabled or retired servicemen who have participated in the revolutionary war, providing them with the means of livelihood or with occupations."[35] However, the nationwide campaign did not begin until late 1950, which indicates that the activity was probably the result of the warfare in Korea.[36] On December 11, 1950, the Ministry of Internal Affairs of the Peking regime promulgated five sets of regulations relating to compensation for dependants of servicemen. These were provisional regulations governing preferential treatment of families of revolutionary "martyrs" and servicemen; preferential treatment of, and compassionate payments to, disabled

35. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Languages Press, 1949, p. 10.

36. Relief Work Under the Chinese Communists, p. 18.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 servicemen; citations and compassionate pay-
729 ments for members of the People's Militia and laborers in military service injured or killed.[37] The preferential treatment of families of "martyrs" and servicemen included land and farming implements, government scholarships for their children, lower prices, discounts, etc. Only in cases of extreme hardship were direct payments given.

At the time of the lunar New Year in 1951, which fell on February 6 in that year, the Communists promoted a campaign to honor the families of the Chinese People's Volunteers to the Korean war and the People's Liberation Army. Since then, the lunar New Year, usually called the Spring Festival, and the Chinese Communist Army Day, August 1, have been made occasions for honoring the families of servicemen.

As part of the program to aid the dependents of "martyrs" and servicemen, those in the city able to work have been taught various handicrafts to assure their livelihood; in the rural areas, for those unable to work a system of substitute-tilling has been adopted whereby land owned by dependents of servicemen is cultivated for them.

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37. New China Monthly, Vol. III, No. 3, Jan. 1951, pp. 516-21.

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729 In the summer of 1952, the East China Region reported 50 per cent of the families of "martyrs" and servicemen living in rural areas were being aided by substitute-tilling. In some places as Wu-hsing in Chekiang, Nan-t'ung and Hsü-ch'ien in Kiangsu, Tsou-hsien in Shantung, and certain districts in Fukien, the percentage was reported to be much higher. The special mention accorded specific areas seem to imply unsatisfactory performances and difficulties elsewhere.[38] Progress in setting up a fixed system in substitute-tilling was again reported early in 1953, particularly in Shantung and Chekiang. As an encouraging example in the over-all situation of the dependents of "martyrs" and servicemen, this report cited the progress in one village in Shantung containing 129 families of "martyrs" and servicemen. In this village in 1949 there was only one ploughing animal (probably an ox or horse); in 1953 there were 20 ploughing animals. In 1949 a single family in the village raised pigs; in 1953, some 25 families could afford to raise pigs.[39]

In the cities, placement of the unemployed and the organization for their benefit of production works were the two main tasks. In

38. Liberation Daily, July 30, 1952, p. 1.
39. Ibid., Feb. 14, 1953, p. 4.

657 Shanghai and Tsingtao, according to the same
729 report, some 4,000 dependents of "martyrs" and servicemen obtained work in the first half of 1952, with an average monthly pay of 400,000 - 500,000 JMP dollars. For the same purpose, the East China regional government appropriated in the period a special fund of JMP$65,000,000,000 (approximately US$ 2,950,000).[40]

657 In 1953 seven primary schools for the
729 children of "revolutionary martyrs" had been
872 established and eleven more were under construction. Approximately 1,000 children were enrolled. A monthly food ration for each student consisted of some 11 pounds of meat, about two and half pounds of fat, more than five pounds of eggs supplemented by bean-curd and cabbage. (Wheat, rice and other grains were not mentioned Presumably, they were not then rationed.) Every student was issued two suits of summer clothes, two suits of underwear, and one suit of cotton padded clothes (for winter) each year and one overcoat every two years.[41]

657 According to a broadcast by the Minister
729 of Internal Affairs of the Peking regime in January 1955, incomplete statistics from 13 provinces showed more than 60 per cent of the

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40. Ibid.
41. Liberation Daily, Feb. 10, 1953, p. 3.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 729 families of "martyrs" and servicemen were participating in mutual-aid groups and co-operatives, and many had been elected officials of these organizations. Others were elected as delegates to the People's Congress or to village cadres.[42] The People's Daily (Jan. 25, 1955) reported that 382 rehabilitated veterans had been elected "labor models" in July 1954. The same paper reported that there was a 20 per cent increase in the number of families of servicemen joining mutual-aid groups and co-operatives in 1954 over the number in 1953.

VII. CONCLUSION

657 746 In almost all documents concerning public welfare and relief in Communist China the emphasis is on production and labor power rather than human life and welfare. In regard to famine relief in the rural areas as well as unemployment relief in the cities, the people are asked to save themselves by "self-help-through production". Even their concern for the welfare of women and children centers upon the labor power which may be derived. In the charter of the People's Relief Administration, Article 2 explains its function in the following sentence: "This Administration is an organization of the people under

42. New China Monthly, No. 2, Feb. 1955, p. 19.

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657 the leadership of the Central People's Government to unite and guide.. relief and welfare workers to help the Government in the organization of the masses for the promoting of production and economy, labor and mutual-aid, so that the relief and welfare works for the masses of the people shall be enhanced."[43] The emphasis is on production rather than on relief.

When one understands the Communist attitude toward public welfare, it is easier to grasp the overwhelming plight of those within the Soviet orbit who become the victims of calamities. Perhaps no written passage could illuminate the situation so vividly and succinctly as a parable recounted in one of the ancient Chinese classics.

> "In passing by the side of Mount Thai, Confucius came on a woman who was wailing bitterly by a grave...'Your wailing', said he, 'is altogether like that of one who has suffered sorrow upon sorrow.' She replied, 'It is so. Formerly, my husband's father was killed here by a tiger. My husband was also killed... and now my son

43. Ho-pei Jih-pao [Hopei Daily], Paoting, May 5, 1950, p. 1.

184 565 of resistance. There is reason to believe that the poor farmer in East China today is less happy than he was in the days immediately after the completion of land reform. The possibility still exists that changes in government policy may regain for the regime some of the farmer's enthusiasm. However, the fact that authorities in Shanghai have had to initiate a drive to send many peasants back to their villages indicates that life in rural communities in East China does not offer incentive. As a result farmers continue to flood metropolitan centers in search of work and a better living.

● 657 565 Available reports show that neither the government nor the farmers are satisfied with the amount of relief and welfare work done thus far, nor with the manner in which this work is done. The Communists claim that the productive harvests in 1951-53 in East China were attributable to the completion of flood control projects on the Hwai River in Anhwei and on the I and Shu rivers in Shantung. Some of the farmers may believe this claim, but the majority will measure the "benevolence" of the new regime against the few benefits so far received.

186 565 The Chinese farmer's picture of a foreign culture is derived from contact with foreign missionaries. At one time foreign churches were established in all parts of East China with the exception of a few remote districts in southwestern Fukien. Government efforts to foster

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535 The Central Experimental Opera Institute at Peking has also been giving 177 instruction in ballet, and there are many aspiring ballerinas. Interest in ballet is unprecedented in China and is clearly influenced by the popularity of ballet in Russia.[27]

535 Activities associated with dancing are organized and directed by the government. 658 There is the All-China Association of Dancers, a subdivision of the All-China Federation of Literary and Art Workers,[28] with headquarters in Peking. Tai Ai-lien, a well-known professional dancer heads the association. She has dedicated herself to the incorporation of folk life, especially that of the minority peoples, into her dances. Her training, however, is Western.

F. Music

533 Appreciation of Western classical music has been revived in accordance with the principle of "accepting the culture of the world." A municipal symphony orchestra in Peking performs Beethoven as well as Tschaikowsky and is intended to set an example for musical

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27. Ibid., May 1954.

38. The All-China Federation of Literary and Art Circles was changed to the All-China Federation of Literary and Art Workers in September 1953.

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Annex "A," Subparagraph 1q,
Sociological Background

PUBLIC WELFARE

I. INTRODUCTION

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Under the Nationalist Government during the war years (1937-1945), the first and foremost agency in the work of public welfare was the National Relief Commission. It was the pivot upon which China's machinery of relief and rehabilitation depended. Through its various efforts from 1938 to 1944, some 30 million war and famine refugees were benefited.[1] In addition to immediate war and disaster relief, it operated clinics, occupational relief works, and organizations for the training and care of children. A number of private and semi-private welfare and relief agencies were also active, most of them founded to meet war-time needs.[2] For women and children, there were the National Association for Refugee Children, the National Child Welfare Association of China, and the Women's Advisory Council. For servicemen, there were the Friends of the Wounded Society and the YMCA Emergency Service to Soldiers. And for general war work there were the China Wartime Relief Association and the National Chinese Women's

1. China Handbook 1937-1945 compiled by Chinese Ministry of Information, New York, MacMillan, 1947, pp. 521-37.
2. Ibid.

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RELIEF AND WELFARE ORGANIZATIONS IN EAST CHINA

June 1947

Province	Relief Organizations	Farmers' Welfare Societies	Child Welfare Units	Social Service Offices	Employment Agencies	
					Independent	Auxiliary
Kiangsu	12		21	7	1	
Chekiang	202	30	136	168	21	20
Anhwei	54	20	37	18	2	
Shantung	1		1	2	1	1
Fukien	218	41	130	337	31	
Nanking	15		10	1	1	1
Shanghai	95		107	1	2	1
Tsingtao	97	1	33			
Total	694	92	475	534	59	23

651 during these years should not be interpreted to mean a constant tax burden imposed on these sectors of the Chinese economy. In absolute terms, their contributions have continually increased in order to meet the ever-expanding expenditure of the government.

On the whole, the fiscal policy of the Communist government has been more unfavorabl to industry and trade than to agriculture. During the five-year period under consideration, private enterprise in industry and trade not only has had to bear a great burden of the increasing expenditure of the government, but also has been forced to accept stiff competition from government enterprises, which, according to the Communist policy, will ultimately monopolize all the important trade and industries in the country.

652 659 On the expenditure side, military outlay constituted 41.5 per cent of total government expenditure in 1950 and 1951, respectively. After 1952, becuase of the truce in Korea, the relative importance of the military outlay has been substantially reduced. In 1954, it was only 21.1 per cent of the year's total expenditure. The outlay for economic construction has become the leading item on the debit side of the government account.

In making these comparisons, several qualifications should be noted. First, the military expenditures as listed in the records of the Communist government do not include salaries and maintenance of military personnel, which are classified as government administrative expenses. Military outlays listed in the

652 budgets of the Nationalist Government, on the
659 other hand, consisted mainly of such salary and maintenance payments. If the definition of military expenditure were broadened to include such outlays, and if one half of the administrative expenses listed in the Communist budget were for the payment of military personnel and military administration as the estimates suggest, then the military expenditures of the Communist government for the years 1950-52 would have been as tabulated here.

Year	Ratio of Military Expenditure to Total Gov't Expenditure (in per cent)
1950	51.11
1951	49.83
1952	32.15
1953	29.45 (budget estimate)
1954	30.06
1955	32.98 (budget estimate)

In the fiscal report for 1953 the military and government administration expenditures were lumped together under one item. It is rather difficult to separate the military from the non-military outlays on the basis mentioned above. For this reason, the budgetary estimates, where these outlay s were separately listed, were used in this tabulation.

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659 A second point which should be noted concerning the military expenditure for economic construction might well be considered military rather than economic. In the budget of the Nationalist Government, for example, outlays for developing aircraft-manufacturing industries, ammunition industries, and so forth are usually classified as military expenses, whereas they would probably be considered as economic outlay in the Communists' report.

652 A third point to be noted is that, if the depreciation charges and outlays for maintenance and replacement in government enterprises were excluded from government receipt and expenditure, as should normally be the case, the relative importance of military expenditure for the years under consideration would have been much greater than those shown in the fiscal reports.

Even allowing for these adjustments, the fact that government outlays for economic, social, and educational purposes has been substantially increased under the Communist regime is obvious when compared with the conditions under the Nationalist Government. Whether these expenditures have actually been a contribution to improving the economic and social welfare of the people is, of course, another question entirely.

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162 totals at any one period, interpretation of the census figures must also consider the large-scale fluctuations in the city's population due to its role as a haven of security for Chinese (and, during the 1930's, foreign) refugees during periods of political unrest, and its subsequent loss of most of this floating population when order has been restored. The city has also contained at every period a large but unmeasured population of homeless Chinese and of Chinese families living in boats moored on the numerous creeks which dissect the city.

659 An accurate census of the foreign residents in the foreign settlements was not taken until 1870, when the Chinese population within and without the settlements was estimated in addition. This method of obtaining accurate figures for the foreigners and rough estimates for the Chinese continued until 1928, when the Shanghai Municipal Council began a yearly census for the entire city, using the machinery and figures of the Chinese government of the Municipality of Greater Shanghai for a count of the Chinese population outside the Settlements, with the understanding that these figures were only one step from rough estimates toward accurate counts. Since the foreign total for the whole city never exceeded 60,000, it is apparent that the grand totals for each period are guesswork.

162 One further factor has made population totals inaccurate: political limits of the foreign settlements have never coincided with conurbation limits. From 1870 to 1928, when the Municipality of Greater Shanghai was organized, Chinese residents of the conurbation outside the Settlements had constituted from one-half to two-thirds of the total population of the city, while after 1928 the new Municipality included much larger areas of farm land than of built-up area. Existing population figures for Shanghai, and the compilation made in graph 1 probably err on the conservative side.

Until 1895 Shanghai remained almost exclusively a trading city, with a consequent population which never exceeded half a million. The peak shown in graph 1 for the years 1860 to 1865 represents the influx of refugees from civil disorder attendant on the Taiping Rebellion. While the population doubled between 1843 and 1895 as a result of foreign-organized trade, this growth was slight compared with the increase which followed on the development of modern

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128 659 471 These faults are apart from the inherent difficulties of the problem. Until 1945 no one municipal authority had jurisdiction over the entire city, and it was impossible for any one survey to collect complete data, especially on matters such as wages, costs, and capital investment. A much greater difficulty was presented by the fact that something like 80 per cent of the manufacturing establishments in Shanghai employed fewer than 30 workers (and were therefore not liable to regulation or inspection under the National Factory Act of 1929) and operated in private houses. What statistics are used here must be read with the foregoing in mind, realizing that they are in nearly all cases approximations of limited reliability.[1]

471 While perhaps four-fifths of the total number of "factories" in Shanghai employed fewer than 30 workers, probably about two-thirds of the total industrial workers in the city were employed in factories with a labor force of over 30, and perhaps three-quarters of the total industrial production, by value, of the entire city was accounted for by these larger factories.[2] Most of the figures which will be cited here are based on investigations of these larger factories, and while they are to that extent incomplete, they do at least deal with the most important segment of Shanghai manufacturing in terms of labor force and of value of production.

The Pattern of Manufacturing

471 178 Estimates of the degree to which China's industry was concentrated in Shanghai before 1937 differ, but it is clear that Shanghai accounted for about half of the country's large-scale Western-type industrial production. Liu's figures[3] show in 1932–33 136 modern cotton mills in China, of which 64 were in Shanghai, 60 modern tobacco factories, of which 46 were in Shanghai, 83 modern flour mills, of which 41 were in Shanghai, and 2435 modern factories of all kinds in China, of which 1200 were in Shanghai. He estimated that 43 per cent of China's industrial workers in modern manufacturing were employed in Shanghai, and that the city accounted for 51 per cent of the value of China's industrial production.*

* Liu does not define "modern." According to his analysis of "modern" factories elsewhere in his work, the term means factories employing 30 or more persons and using power-driven machinery. However, on this basis his figure of 2435 "modern" factories for the whole of China in 1932–33 would seem too low.

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687 in today's world, when the individual feels his
575 identity threatened, the appeal of ritual to a depressed people cannot be underestimated.

II. CORRUPTION, WASTE AND THEFT

A. Corruption

661 In large cities and business centers in
687 the East China Region corruption flourishes. Immediately after the seizure of power in urban areas, the Communists launched a series of campaigns against corruption, involving bribery, embezzlement, and misappropriation of funds. Jao Shu-shih, chairman of the East China Military and Political Committee, in his speech at the launching of the Three-Anti Campaign in December 1951, revealed how seriously corruption threatened the East China Region.[38] From January to November 1951, some 179 corruption cases, involving a total of 288 billion yuan (US$ 14,400,000) were brought before the People's courts and the People's procuratorates in the East China Region. Other charges of corruption, involving 1,242 billion yuan (US$ 62,100,000) were tried from June 1950 to November 1951 by the People's Control Commission of the East China Military

38. Full text, ibid., Dec. 30, 1951, p. 1.

1:Stanford U. S-4, 5 1956 AF15 East China
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and Political Committee. Among the 615 members of the East China Military and Political Committee involved in these cases, 470 were from government financial and economic agencies, 90 were from the political and legal departments, 29 from the educational and cultural departments, and 26 were from mass organizations. Jao also warned of the appearance of "bourgeois concepts" among governmental personnel, particularly among the Communist cadres. These people were said to regard the bourgeois tradition as "liberal" and "dignified" and thought the Communist ideology "conservative and narrow-minded." Hence, to entertain friends and to pay for gifts with official funds were defended as acts of "revolutionary love."

Many cases of corruption, waste, bureaucracy were exposed during the Three-Anti Campaign. In the factories under the management of the Department of Industry of the East China Military and Political Committee, 157 persons were found guilty of corruption (involving 45 billion yuan, US$ 2,250,000) in 1951.[39] In the Department of Trade, 186 corruption cases, involving 10 billion yuan, were discovered. In other provinces, corruption cases were no

39. Ibid., Dec. 28, 1951, p. 1.

661 less serious. A single case uncovered in the
687 Shantung Construction Building Company, a state-owned company, involved 42 people and over 7 billion yuan.[40] In both the departments of Forestry and Finance under the Shantung Provincial Government, bribery, embezzlement, and misappropriation of funds involved large sums. The Department of Forestry was guilty of "banking" almost one and a half billion yuan, and the Department of Finance was accused of large-scale misuse of funds. In Fukien Province, corruption in the Bureau of Highways involved 60 billion yuan.[41] Misuse of state funds was also reported. The monthly rent for domitories for the personnel in the Bureau of Public Security of Shanghai amounted to one billion yuan.[42] Likewise, the Shanghai branch of the People's Bank reported fifty instances of misuse of funds during the first half of 1951.[43]

In the Shanghai Railway Administration Bureau, 7,600 people confessed to acts of corruption.[44] Two groups of high officials,[45]

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40. Ibid., Jan. 17, 1952, p. 1.
41. Ibid., Jan. 18, 1952, p. 1.
42. Ibid., Dec. 14, 1951, p. 1.
43. Ibid., Dec. 18, 1951, p. 2.
44. Ibid., Jan. 19, 1952, p. 1.
45. Ibid., March 2, 1952, p. 1; March 10, 1952, p. 1.

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687 members of the Party, were exposed. Li Yü, the secretary-general of the Shanghai Municipal Government, Ts'ao Man-chih, secretary of the Party Committee of the Shanghai Municipal Government, and five others were accused of obstructing the Three-Anti and Five-Anti campaigns. Yün I-ch'ün, a Party member since 1926 and head of the East China Bureau of Information and Publication, was found guilty of conducting public business for private profit. Wen Yang-ch'un, the vice president of the Party school under the East China Party Bureau, was found guilty of a similar offense. Yeh Chien-ming, the chief of the Shanghai Public Utilities Bureau, Shih Chen, the deputy-mayor of Tsinan, Shantung, and Chi Ming, the deputy-chief of the Department of Public Security of Shantung Province, were found guilty of accepting bribes, embezzlement, and misappropriation of funds.[46]

During the Five-Anti Campaign, cases of tax evasion and theft of state property were exposed.[47] Wang K'ang-nien,[48] owner of a pharmacy, was found guilty of cheating the Chinese Communist forces in Korea by

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46. Ibid., Jan. 10, 1952, p. 1.

47. Both Three-Anti and Five-Anti campaigns were launched at about the same time. Although they lasted only six months, they were ruthlessly carried out and their impact upon the region was great.

48. Liberation Daily, Feb. 7, 1952, p. 1.

661 supplying them with medical supplies of poor
687 quality. Pan Pao-ts'ai[49] was found guilty of bribing officials in order to steal property from state-owned factories and firms. The loss was placed at 50 billion yuan (US$ 2,500,000). Many firms were accused of cheating the People's Liberation Army. The Mei Ling Canning Company[50] was accused of profiting from the sale of unedible fish. A firm in Tsingtao,[51] Shantung Province, in conjuction with firms in Tientsin and Peiping, made a profit of 199 billion yuan from a contract to supply raincoats for the Army. These cases will serve to suggest the extent to which corruption and inefficiency exist in Communist organizations. Reports indicate that corruption continues, and the Communists may be impelled at any time to tighten controls and to launch drives similar to the Three-Anti and Five-Anti campaigns.[52]

B. Waste and Theft

687 Theft and waste are two of the "poisons" singled out for prosecution in the Three-Anti and Five-Anti campaigns. "Waste" can include any act resulting in the loss or destruction of state property. Cases of industrial

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49. Ibid., Feb. 20, 1952, p. 1.
50. Ibid., April 2, 1952, p. 1.
51. Ibid., Dec. 13, 1951, p. 1.
52. Ibid., Nov. 22, 1951, p. 1.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

surplus began at this period to move to Shanghai and has continued to do so. 433

Grain shipments on the Grand Canal from the delta to Peking had actually become insignificant after the Taiping Rebellion (1850–1864), and ceased entirely in 1901. Sea transport of rice was substituted until 1911, but it never brought from the delta to Peking more than a small fraction of what had previously moved by the Canal. During the nineteenth century, Kiangsu and Chekiang had yearly quotas of tribute rice shipments to Peking of over one million piculs each, totalling for both over 320 million pounds,[47] or about one-third of the annual rice consumption of Shanghai alone in the 1930's. However Morse suggests[48] that the rice actually collected (much of which never got to Peking) may often have been six times the official quotas. 505 651 [661]

The population of Peking did not decline after 1911, since the city remained the seat of a northern warlord regime and became China's largest rail junction, especially with the economic development of Manchuria. Its estimated population total in 1936 was 1,400,000, in all likelihood the highest figure it had ever reached, as compared with about 800,000 in 1900. But it was no longer the seat of a court, garrison troops, and an extensive bureaucracy, recruited from all over China including the rice-eating south, and with power to command shipments of tribute rice, which made up part of many official salaries. After Peking ceased to function as the imperial capital, its population subsisted primarily on the millet and wheat readily obtainable from north China, while the flow of rice from the Yangtze delta followed economic rather than imperial dictates. 000

It does however seem possible that rice surpluses in the delta available for urban consumption have been greater since the twentieth-century growth of Shanghai (and of its many urban rivals in the delta) than during the imperial period. The following paragraphs suggest one explanation of this. Another might be that local farmers had less incentive to produce rice when most or all of the surplus went to Peking as tribute, or was absorbed as "squeeze," than when they could sell it in a reasonably free market for consumption in Shanghai. 433

In the early years of the foreign settlements when foreigners were 000

563 the minority groups their own languages and to
184 provide these people with more educational opportunities. There is a persistent effort to publicize the achievement of individuals belonging to minority groups. While this may be nothing more than a propaganda device, its effect on scattered minority nationalities in such places as Chien-ning and Ch'ang-ting in western Fukien is not to be underestimated.

VII. OTHER GROUPS

184 In addition to the groups discussed, there
662 are other groups which, although minor in numerical strength, are of importance because their attitudes do have significant bearing on the tensions in Chinese society.

It is evident that all Communist Party members and all government bureaucrats do not necessarily have the same attitudes, in spite of the fact that they are regimented by a well-controlled machine. High-ranking Communist officials exhibited intense feelings of patriotism and dedication to the "cause" in the early days of their careers. They are now working to strengthen the machine which brought them to power, thereby making certain that they will not be deposed. Granted that the behind-the-scene struggle for personal power in a Soviet system is most difficult to discern, there have been few signs of antagonism among the top leaders. A purge as violent as that which took place in

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184 Russia in the 1930's at present cannot be
662 predicted for China. Overshadowed by the unique personal prestige and cohesive power of Mao Tse-tung, the high-ranking Communist leaders have yet to offer evidence of power-seeking at the risk of disrutping Party harmony and hegemony. This, of course, does not preclude the future development of discord among Party leaders. East China, where many of the Communist economic plans are being tried out, may prove to be a testing ground for Party unity. The downfall in 1954 of Jao Shu-shih, head of the East China regional government, might have far-reaching repercussions.

The personnel in lower Party echelons are subject to tremendous pressures from all sides. Even the most devoted Party workers are expected to prove their loyalty to Communism. The fact that the Party relies on close surveillance and an atmosphere of fear in order to keep members in line indicates the existence of dissatisfaction and dissidence within the Party ranks. Expansion of industrial centers in East China necessitates the promotion of numerous lower-level Party functionaries. This certainly will tend to cause dissatisfaction among the old Party cadres when they see the rise of new cadres to positions equal to or higher than their own. Generally speaking, cadres assigned to rural areas are less enthusiastic about the regime than those in urban areas who live in more comfortable circumstances and have more frequent opportunities for advancement.

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184 Former Nationalist officials had their
662 darkest days during the Three-Anti and Five-Anti campaigns, when almost all lived under the imminent threat of violence and death. After these intensive campaigns had subsided, a few former Kuomintang personnel remained among the Communist government bureaucrats. There is no doubt that these former Kuomintang personnel are reminded of the necessity of proving their thorough conversion to Communism. A sense of insecurity affects this group more visibly than it does the "securely situated" segments of the Chinese population.

VIII. CONCLUSION

184 The Communist system of multiple control, which penetrates all aspects of life, and the Communist effort to maintain a strong tie with Russia are two major causes of dissatisfaction among the Chinese people. Regimentation, when carried to the extreme, provokes the resistance of the people. Subservience to the Soviet Union destroys the sense of national pride which the Communists have been trying to cultivate in China. There is evidence that Peking is attempting to reduce the possibility of friction between the Russians and the Chinese without damaging the ideological kinship and the diplomatic relationship between China and the Soviet Union. The activities of the wide-spread Sino-Russian Friendship Association, and the

B. Minor Parties and "Pressure Politics"

664 665 In a democracy, the degree of political activity of the minor parties determines the true measure of democracy. Likewise, special interest groups as such can enjoy their political privilege to influence public opinion or, through minor parties, participate in policy-making. In Communist China, where minor parties have only assigned duties to perform and where public information is monopolized by the Party, they exert no "pressure" upon the state organs which the Communist Party of China dominates, nor do they take part in policy-making.

On the other hand, deputies of the minor parties were allowed to make speeches and urged to comment on government policy at each session of the All-People's Conference. However, only praise for the Communist was expressed, with occasional criticism of faults the Communists themselves had already admitted publicly. One cannot tell whether their enthusiasm was, after all, spontaneous or a pretense.

CONCLUSION

665 The Communist Party since assumption of power has succeeded in consolidating its position in the East China Region. It has also succeeded, to a certain degree, in the maintenance of a militant and efficient Party

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER II

SIGNIFICANCE OF THE BACKGROUND FACTORS

633 648 THE GENERAL ATTITUDE of the Chinese residents towards the international but foreign administration in the Settlement was a basic factor which had to be taken into consideration in the efforts to create a municipal instrument designed to achieve social progress. No patriotic Chinese citizen could approve a situation in which part of his country was alienated from the direction of the Chinese government, notwithstanding its prosperity and progressiveness in peaceful times, and however useful the existence of such areas had proved to the Chinese people in times of distress and civil disturbance. Until 1926 the membership of the Shanghai Municipal Council had been entirely non-Chinese: in that year Chinese councillors were chosen, taking their seats in 1928. In 1930 the number was increased to five. For those accepting seats to agree to associate themselves with the foreign administration, and for Chinese civic organizations to elect such members, meant a compromise with their national feelings, though this was perhaps tempered by satisfaction that the ranks had been opened to them. Though they had chosen to reside in the International Settlement in Shanghai it could be said of no large number of Chinese that they had any warm attachment to the administration which controlled it.

633 648 664 208 Relationships between the people and an administration are not a matter of remote and academic attitudes. They are the everyday contacts between the people and the employees of the administration at the level where the people live. They are the relations between the people and the individual members of the police force, with the health inspectors, with the building inspectors and so on. The majority of Shanghai municipal posts carrying responsibility were filled by foreign members of staff, chiefly of British nationality though with a sprinkling of Continental European, American and Japanese staff. In 1930, after one of the periodical staff surveys, it was accepted in principle that qualified Chinese would be ap-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

pointed in greater numbers to senior positions. This decision was 633
somewhat slowly implemented. When the Japanese occupation of 648
the Settlement took place in December 1941 there were in the gen- 664
eral Council service still comparatively few Chinese of specialist 208
training. The total Chinese staff was nevertheless much larger than the foreign, comprising many in clerical grades and in lower police ranks. The majority of the Council's staff were men of high professional achievement and sterling character. This did not preclude the currency in the community of criticisms against municipal employees. It could be said also that there were residents who were ready to escape compliance with the requirements if they could.

Such attitudes toward the administration and its staff did not make easy the beginnings of a Division which found it essential to obtain the confidence of the people. Moreover, as the preceding chapter shows, the actual issue as to whether the Shanghai Municipal Council should exercise any controls over industrial enterprises and so over labour in the Settlement, was a political one over which feelings ran high. To the more or less passive resistance on the part of sections of the Chinese community to the foreign administration was added a specific resistance in the concern of the Council with Chinese labour matters, a reaction which was national and emotional in origin and was kept up by propaganda means.

The Chinese population in the International Settlement enjoyed complete freedom of expression. This freedom was exercised particularly in criticism of the Settlement administration. Through powerful newspapers and through a Chinese Ratepayers' Association a constant pressure was maintained on the administration, and this was by no means unaffected by it. It has therefore to be realised that a potent influence was exercised by the Chinese population thus vocal and free.

Important, too, when the creation of a Division with social aims 633
was under way, was the attitude of the Chinese residents toward 648
the social situation, as well as that of the Council. There was a general acceptance on the part of both of prevailing poverty. The Council's acquiescence sprang from the traditional interpretation of its responsibilities imposed in the charter of administration, the Land Regulations. It was argued, not without logic though perhaps at the expense of imagination, that the limited revenues available

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J. Nanking

• 665 The fall of Peking to Kuomintang forces in June, 1928 marked the nominal unification of the country under the Nationalist forces. On October 10, 1928, the Nationalist Government was officially inaugurated with its capital at Nanking rather than at Peking, reflecting the predominantly southeastern composition and orientation of the Kuomintang. Nanking was closer to the power centers of both the older element of the party, largely from Kwangtung and its neighboring provinces, and to the newer business element centered on Shanghai. The new capital had been the political center of the republican provisional government set up in 1912. The removal of the capital to Peking in February 1912 had always been resented by the southern revolutionaries. The shift reflected the designs and power interests of Yüan Shih-k'ai, to whom Sun Yat-sen surrendered his leadership of the provisional government in the hope of effecting more quickly the victory of the revolution and the unity of China.

An equally compelling reason for the selection of Nanking as the national capital was the association it had for many of the southern leaders with native rule of the country. The city had been the original seat and capital of the last native dynasty to rule China, the Ming, and many southern leaders

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•165 identified their overthrow of the alien Manchu house with the Ming Dynasty's expulsion of the foreign Mongol regime. Shortly after accepting the office of provisional president, Sun Yat-sen had led a formal ceremony before the tomb of the founder of the Ming Dynasty, Hung Wu (Chu Yüan-chang), to announce the restoration of Chinese rule over the country.

K. Chiang Kai-shek

The Kuomintang and national government centered on Nanking were under the leadership of Chiang Kai-shek, a native of Chekiang. He had been comparatively unknown when the Northern Expedition set out from Canton two years earlier. His western training having been confined to the military arts, he had been a minor revolutionary figure until he was given command of the Whampao Military Academy on his return from training at Moscow in 1923. As head of the academy, he acquired a military following which afforded him a power position in the Kuomintang that no civilian member could dispute with impunity. He held together the party's diverse factions by demanding their leaders' personal loyalty to himself rather than to any ideal.[39]

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39. On Chiang see Linebarger, op. cit., pp. 254-72; Mary C. Wright, loc. cit.; and Theodore H. White and Annalee Jacoby, Thunder Out of China, New York, William Sloane Associates, Inc., 1946, pp. 118-31 and passim.

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.665 Under Chiang's leadership, the party and nation were ostensibly devoted to the realization of Sun Yat-sen's Three Principles of the People -- nationalism, democracy, and the people's livelihood. However, the government was beset by difficulties that complicated the immediate institution of Sun's program. Moreover, Chiang seems to have been in philosophical disagreement with it. He found his models of ideal behavior in men like Tseng Kuo-fan, who had saved the Ch'ing Dynasty from the Taiping Rebellion, and was most insistent on instilling a form of reinterpreted Confucianism in the Chinese people.[40]

The territory under the real control of Nanking in 1928 extended only to the minority of provinces in or adjacent to the lower Yangtze basin. Most of China was under the direct rule of warlords who gave at best only nominal allegiance to the central government. They frequently repudiated Nanking's control in the following decade, and Communist forces dominated smaller areas after 1931.

Chiang was increasingly acknowledged as the leader of China even in areas outside his real control, as the outbreak of the anti-resistance

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40. See Mary C. Wright, loc. cit.

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•665 war against Japan showed. He continually strove to unite the nation by military force, maintaining that unity and the elimination of Communism in China were the most pressing problems the country faced. To Chiang's mind, their solution was a necessary condition for resistance against Japan's inroads in the North and for the institution of democracy in China. While little was done to improve the livelihood of the people in the provinces under Nanking's effective control, strides forward were made with government help in the expansion of industry and the nation's transportation and communication networks. Attention was given also to attaining the first of Sun's Three People's Principles, nationalism, by striving for tariff autonomy, the elimination of extraterritoriality, and the end of foreign concessions on Chinese soil.

L. The Ch'en Brothers

Chiang's rise to power marked a shift in the preponderance of Kuomintang leadership from the old Kwangtung revolutionaries to more moderate army officers and civilians from the East China Region, particularly from Chekiang. Among the most powerful and influential of the new leadership were the brothers Ch'en Kuo-fu and Ch'en Li-fu from Chekiang. Both were members of the party's Central Executive Committee and held positions in the party and government which controlled the training and education of China's youth

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665 and the party membership. To both men, the revolution had been completed with the establishment of the national capital at Nanking in 1928. They believed China's need in subsequent years was for organization and discipline, and the brothers helped to think out and promote the return to the conservative Confucian principles advocated by Chiang Kai-shek.[41]

M. Nanking and the Japanese Occupation

642 Almost as soon as the Nationalist armies were forced from the East China Region, the victorious Japanese established a puppet government at Nanking. Inaugurated in March 1938, it was known as the Reformed Government of the Republic of China. For two years the Reformed Government at Nanking existed side by side with the Provisional Government of the Republic of China, another puppet regime set up by the Japanese at Peking in December 1937. The difficulties and embarrassments attendant upon the supposed national character of the two governments were resolved in March 1940 when both were dissolved and a Reorganized National Government headed by the old Kuomintang revolutionary

41. See Linebarger, op. cit., pp. 84, 134, 142; White and Jacoby, op. cit., pp. 107-15 and passim; and Mary C. Wright, loc. cit.

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642 Wang Ching-wei was established with its capital at Nanking as the political authority for all China. In reality, the new government like the old ones it displaced had no real power, attracted no important Chinese leaders to its standard other than Wang, and derived no real support or recognition from the Chinese people.[42]

IV. THE RISE AND VICTORY OF COMMUNISM

A. Birth of the Party in Shanghai

668 The East China Region and particularly Shanghai played an important part in the rise of Communism in China. Approximately midway between two other centers of intellectual ferment and radical thought in the early republican period -- Peking and Canton -- Shanghai was the natural meeting place of
• 665 representatives of the new ideas. In September 1920, a meeting of some eight intellectuals discussed the formation of a Communist Party in China, and at a larger gathering the next year in the same city, the Chinese

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42. Linebarger, op. cit., pp. 183-210; and George E. Taylor, The Struggle for North China, New York, Institute of Pacific Relations, 1940, pp. 159-62, 176-77.

•665 Communist Party was formally established.[43]

The 1920 group included such famous natives of the East China Region as Chang Tung-sun, a philosopher, educator, and journalist from Chekiang who was later to become a leader of the Democratic Socialistic Party and still later to cast in his lot with the Communist regime; Shao Li-tzu, also from Chekiang, a chü-jen (holder of the second degree in the traditional examination system), and graduate of the Jesuit Universite l'Aurore at Shanghai, who later became secretary-general of the Whampao Academy and is now a non-Communist member of the Standing Committee of the National People's Congress; Chang T'ai-lei from Kiangsu, organizer of the proto-Communist Social Democratic Youth Corps in 1918 and later to become a Communist martyr after his death in the abortive Canton Rebellion of 1927; and Ch'en Tu-hsiu, an Anhwei man educated in Japan and France who played the leading role in the Chinese literary and cultural revolution as an editor of Hsin-ch'ing-nien (New Youth) and professor of

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43. On the formation of the Communist Party see references, footnote 35; and Conrad Brandt, et al, A Documentary History of Chinese Communism, London, George Allen and Unwin Ltd., 1952, pp. 29-30, 51-65.

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665 Chinese literature at the University of Peking.[44]

None of these men was present at the 1921 Shanghai conference which founded the Chinese Communist Party, but Ch'en was elected its first chairman. He held that position until 1928 when he was read out of the party and blamed for the Communists' defeat at the hands of Chiang-Kai-shek in 1927. In 1930, he became the leader of a dissident Trotskyist group, and in 1931 was arrested by the Central People's Government and imprisoned.

B. The Ruralization of the Communist Party

Following Marxist dogma, the Party initially concentrated most of its hopes and efforts on the city proletariat. The lives or sympathies of the large following the Communists had acquired in Shanghai were wiped out by Chiang Kai-shek's coup on April 12, 1927. Thereafter, the Party's highest leaders continued without success to attempt to revive the sympathies of labor and reconstruct the shattered labor organizations. The real strength of Communism after 1927 was located in the rural Soviets at Kiangsi and

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44. On Ch'en Tu-hsiu see Fairbank and Teng, op. cit., pp. 239-45, 249-51.

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•665 Fukien under Mao Tse-tung and Chu Teh.[45]

Throughout its history, the Chinese Communist Party had had few leaders of proletarian origin or background. From 1927 to 1949, "the vanguard of the proletariat" lacked a worker-following as well. The ruralization of the Party after 1927 precluded the development of a significant proletarian leadership or following.[46]

As a consequence of the rural nature of the Communist Party, its main source of leadership was the agricultural provinces of China. However, Kiangsu is even with Hupeh and second only to Hunan in respect to total number of representatives contributed to the various Chinese Communist politburos or guiding bodies from 1921 through 1945. Anhwei ranks third. Moreover, Kiangsu was the only province to have two or more representatives on each of these policy-making bodies from 1927 through 1945. In percentage of membership on the Central Executive Committee of 1945, natives of Kiangsu were equally represented with those of Hupeh but outnumbered

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45. On the subsequent history of the Communist Party see reference, footnotes 35 and 43.

46. This thesis is fully developed in Schwartz, op. cit.

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•665 by persons from both Hunan and Szechwan. Fukien, with Shansi, had the fourth largest representation.[47]

C. Chou En-lai

The most important representative of Kiangsu from 1927 through 1945 was Chou En-lai. Grandson of a Ch'ing Dynasty official and son of a traditional scholar, Chou had shown great promise in his literary studies before he forsook them to take part in the New Culture Movement. After playing an active student role in the May Fourth Movement, he went to Paris to finish his education, helped to found a branch of the Chinese Communist Party there in 1921, and travelled to England and Germany before returning to China at the age of 26 to join the Nationalist Revolution in Canton. Sent to aid in the organization of the labor insurrection at Shanghai in 1927, Chou was one of the few leaders of the labor forces to escape Chiang's coup in April. Chou subsequently helped organize abortive Communist uprisings at Nanchang, Swatow, and Canton before joining Mao Tse-tung in the rural Soviet areas

47. Robert C. North, Kuomintang and Chinese Communist Elites, Stanford, Stanford University Press, pp. 65-71, and Appendix D, pp. 116-119.

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665 of Kiangsi and Fukien.[48]

Though his early Communist career was involved in violence, Chou has since shown that his forte is diplomacy. Through all the turnovers in the Central Executive Committee, instigated in the first years of the Chinese Communist Party by the Soviet Union and in later years by internal power struggles, Chou has shown a remarkable ability to retain his seat.[49] He now ranks with Liu Shao-ch'i just below the Party Chairman, Mao Tse-tung. Chou was the leading Communist representative at Sian in 1936 following the kidnaping of Chiang Kai-shek by army officers dissatisfied with his appeasement policy toward Japan. By negotiating the release of the Generalissimo, Chou laid the groundwork for Kuomintang and Communist Party co-operation in the early years of the war with Japan.[50] During the war, Chou was the Communist liaison representative stationed at Chungking, and since the establishment of the Communist regime, he has been responsible for the conduct of China's foreign policy.

D. The Communists during the Resistance War Against Japan

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48. Snow, op. cit., pp. 44-49.
49. See North, Moscow and Chinese Communists, pp. 141, 146, 157, 174, 180.
50. Snow, op. cit., pp. 413-35.

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Annex "A," Subparagraph 2c,
Political Background

POLITICAL DYNAMICS

SECTION ONE

THE COMMUNIST PARTY OF CHINA AND ITS AFFILIATED ORGANS

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The monopoly of political power in the hands of one party -- the Communist Party of China -- is the basic factor in the pattern of political dynamics of Communist China and of the East China Region. The power structure also sets certain limits to the decision-making process, which follows a course largely determined by the organizational and operational pattern of the Party. Hence, political dynamics -- the study of political power and political process -- should examine the Communist Party of China itself, its political control, and the election and politics of minor parties in the region.

Since political activities in Communist China are regulated and guided by the Party through a well-established network of control over organizations of all types, the Party rather than society as a whole generates the vitality which lies behind political force.

665 To generate the vitality and to control the course which society is to follow requires the adoption of a total approach to all problems and the mobilization of all available instruments of compulsion in society -- Party, government, and mass organization. The Communist Party of China hopes to accomplish this task through the injection of issues and the initiation of movements or campaigns. Issues are employed to capture popular attention and to agitate emotion in preparation for ensuing campaigns, and movements are the means used to achieve assigned goals.

Initiated by the Party, which gives the signal that sets all forces into action, a campaign[1] is at once a method of executing a mission, a device to test the efficacy of all organizations, and a means of eliminating undesirable elements. A campaign can be either of national or local nature,[2] directed toward the population as a

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1. For discussion of campaigns, see Richard L. Walter, China Under Communism, the First Five Years, Yale University Press, 1955, pp. 77-100. Also, W. W. Rostow, The Prospect for Communist China, Cambridge, M.I.T., 1955, pp. 72-98.

2. Typical campaigns of a local nature introduced in farming communities would include Spring Plowing, the Summer Collection, Resist Drought, and Resist Flood.

665 whole or a segment of the population. In the present context, a campaign should be regarded as a political device rather than as a manifestation of political or social process.

The centralization of both government and Party is another factor determing the pattern of political dynamics in the East China Region. The central organs of the Party employ four major means to control local agencies under their direction. The understanding of these means is essential to the examination of political dynamics in this region: (a) the maintenance of a unified and effective Party organization throughout the region, (b) the control of administrative and judicial organs, People's protectorates, public security organization for the execution of governmental politics, (c) the control of mass organizations, and (d) the agitation of popular enthusiasm, the manipulation of popular will, and ultimately, the control of elections and the composition of the People's congresses.

I. THE COMMUNIST PARTY OF CHINA IN THE EAST CHINA REGION

A. Present Status of the Party[3]

3. For information on the Communist Movement in the East China Region, consult Hsü Tsung-tse, Chung-kuo Hung-chün Ti Shih-nien, [Ten Years of the Chinese Red Army], Peking Hsüan-wen shu-tien, 1951; K'ang-jih Chan-cheng

(continued next page)

665 As a ruling party in the East China Region, many new tasks have been assigned to Communist Party organizations. As a result of the many municipal centers located in this area, tasks such as the administration of industry and economy and the direction of trade union movements are stressed. The following key policies are closely adhered to by the Party units in the region.

1. Party organizations are very flexible and are under constant adjustment in order to cope with new tasks assigned to the Party units in this region.

2. The Party maintains a constant membership drive with the idea of increasing the total membership to include workers, technicians, and intelligentsia.

3. A thorough indoctrination and training program imposes upon each member the duty of continuous rectification and remolding.

Finally the Kao Kang and Jao Shu-shih expulsion of March 1955 and the subsequent

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3. (continued) Shih-ch'i Ti Chung-kuo Jen-min Chieh-fang-chün [The People's Liberation Army During the War of Resistance Against Japan], Peking, Jen-min Ch'u-pan-she, 1953.

arrest of Hu Feng and P'an-Han-nien in July 1955[4] are of particular interest in an appraisal of Party affairs in the East China Region. As the first secretary of the East China Bureau of the Central Committee of the Communist Party of China in this region, and the chairman of the East China Military and Political Committee until his replacement by T'an Chen-lin, the third secretary of the East China Bureau during the Three-Anti Campaign in 1952, Jao Shu-shih's influence in this region, both in Party and government affairs, must be great. At the time of Jao's expulsion from the Party, Hsiang Ming, formerly deputy governor of Shantung Province and, since September 1952, vice-chairman of the East China Military and Political Committee, was also expelled. The determination of the Party to eliminate Jao's followers in the East China Region is further evidenced in the arrest of P'an Han-nien, the deputy mayor of Shanghai since 1949, concurrently the second secretary of the Shanghai municipal Public Security Bureau. These series of arrests point to the instability of Party organization in this region and may forecast possible arrests in the future.

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4. English text of the official statement of Kao-Jao purge, New China News Agency Daily Bulletin, London, No. 1278, April 7, 1955; that of Hu P'an expulsion (Chinese text) in Hua-ch'iao Jih-pao [China Daily News], New York July 19, 1955, p. 1.

665 B. Party Organization

The Communist Party organization in East China region is governed by three principles: (1) Party organization is an integrated system, a system that symbolizes the extreme centralization of political power and the greatest demand for unity and discipline. (2) Party organization is pyramidal in structure and is organized upon a territorial and functional basis. (3) Party organization is flexible. Any attempt to assume it to be stereotype form of organization is misleading and impractical.

1. Organization. The Communist Party organizaton in the East China Region was until early 1955 -- divided into two parts: (a) the delegates of the Central Committee of the Party to the region and (b) the local Party bodies, divided into the provincial Party layer, administrative district layer, county and city layer, and the ch'ü and hsiang [group of villages] layer.

Since the abolition of regional administration in East China in June 1954, delegates to the Central Committee of this region no longer exist. At the recent Party converence of the Communist Party in March 1955 and the 6th Plenary Session (Enlarged) of the Central Committee in October 1955, only

665 Shanghai Bureau representatives were reported at the meetings.[5] This confirmed the anti-Communist speculation that the original East China Party Bureau and the Shantung Sub-Bureau no longer exist in this region. However, a discussion of the Party bureaus as the delegates of the Central Committee of the Communist Party is still necessary because there is a likelihood that the bureau organization may be re-established. In the past, the East China Bureau and the Shantung Sub-Bureaus have been very active in this region.

(a) Delegates of the Central Committee. In the East China Region, the Central Committee of the Communist Party of China was represented by the East China Bureau and the Shantung Sub-Bureau. (Recently, a Shanghai Bureau has been organized, presumably having jurisdiction only in the metropolitan area of Shanghai.) While the East China Bureau had direct jurisdiction over the provincial Party organization in Kiangsu, Chekiang, Anhwei, and Fukien provinces, the Shantung Sub-Bureau held Party leadership only in the province of Shantung.

Until recently the East China Party Bureau has not been an active force. Jao Shu-shih's

5. Communiques on the conferences, New China News Agency Daily Bulletin, London, No. 1278, April 7, 1955, p. 4; and ibid., No. 1413, October 18, 1955, pp. 6-7.

665 infrequent appearances at public functions and the lack of political activity of the East China Military and Political Committee have long been noticed. This inactivity was probably caused by the clash of personalities of the Party leaders in this region. Jao's leadership had long been challenged by veteran Party leaders.

There are two channels through which the bureaus exercised their authority -- the Bureau Secretariat and the regional Party Conference. The Bureau Secretariat at its level maintains an organization and enjoys a power comparable to that of the Central Secretariat of the Party. The regional conference is a device which the bureaus had not hesitated to employ for the transmission of directives and for periodic controls. In the past few years, the bureau had convened many enlarged cadre conferences and administrative district secretariat joint sessions. Bureau departments had called meetins of their own, thereby placing Party functions completely under their respective jurisdiction.

(b) Local Party Hierarchy.[6]

1) Provincial Party layer: The Provincial Party unit is the highest layer of the

6. For local Party organizations, consult the Constitution of the Communist Party of China; English text in Liu Shao-Ch'i, On the Party, Peking, 1951, pp. 185-90.

• 665 Party hierarchy within a province. Its first obligation is to enforce the directives and decrees transmitted by the central Party, while maintaining leadership in all matters within the territory in which it operates.

2) Administrative District Party layer: The Party unit at this layer generally corresponds with that of an administrative district under the jurisdiction of the provincial government. It is one of the most important tiers in the Party hierarchy, for it devotes its major work to Party affairs and has considerable authority in the selection and placement of personnel -- Party as well as government -- within its jurisdiction.

3) County and City Party layer: Like the provincial Party organs, the county and city Party units have the dual task of carrying out Party work and of maintaining complete control over other administrative and mass organizations in the direction of government activities.

4) Ch'ü Party layer: Ch'ü Party units are directly responsible for the management of Party affairs and the implementation of Party policy. They are installed below city or county levels.

5) Hsiang Party layer: Hsiang Party units form the lowest layer of the local Party

665 hierarchy. It is here that the Party and government fusion is most obvious and the Party's control over the other administrative and mass organizations most clearly revealed.

In addition to the territorial division of Party organization -- the Central delegates to the region and the local Party hierarchy -- there is an organization known as the Party branch or Party cell. It is a part of the broad foundation upon which the pyramid rests. It acts as a link between the Party and the masses. Party branches are organized in any factory, mine, enterprise, street, army, government office, or school where there are three or more Party members. They can be grouped into general branches and Party committees or broken down into sub-branches and Party groups, depending upon the number of members and the place of operation.

2. Organization within each Party layer: A quadrupartite division of authority is maintained in each of these constituent Party units -- the Party Congress, the Party Committee, Control Committee, and the Party Conference.

a) The Party Congress: The Party Congress of each of these local units is the highest body of the respective Party organization. In theory, the Party congress at each local level meets every two years and performs similar functions. The Constitution of the Party provides that Party congresses are to supervise

•665 and lead the Party Committee by hearing its report, deciding on questions pertaining to that area, and electing members of the Party Committee and delegates to Party congresses at the immediate higher level, subject to the approval of the Party Committee at that level. Although the National Party Congress has not convened since 1945, the local Party congresses are encouraged to convene at more frequent intervals, a measure recently proposed by the principle of collective leadership.

b) Party Committee: The executive body of the Party unit is the Party Committee. At the provincial level, the Provincial Party Committee elects a Standing Committee which controls the Party Committee. Departments under the Standing Committee include: organization, propaganda, rural work, urban work, social affairs, and the united front; its commissions deal with trade unions, youth, and women; it also has offices of policy planning, military affairs, and other functions. Organizations under the Party Committee at other level vary in each case. However, the basic departments are included at all levels.

c) Control Committees: Another instrument under the Party Committee is the independent, yet integrated, system designated as the local Control Committee, established at the National Party Conference of the Communist Party of China in March 1955.[7] The new control

7. English text in New China News Agency Daily Bulletin, London, No. 1277, April 6, 1955, p. 3.

665 committees replace the Discipline Inspection Committee established in November 1949.

The committees may set up branch offices in enterprises, factories, cooperatives, and mass organizations. The committees are required to co-operate with other state control agencies as well as with the supervisory office in the government, the People's procuratorates, and public security agencies. Organizationally, members of the Committees are elected by the Party congresses or conferences of the respective levels, subject to the approval of the Party committees of the next higher level. Local control committees are also subject to the supervision and direction of the higher control committees. Their relationship is centralized and permits no deviation.

d) Party Conference: The Party Conference is convened by the Party Committee at the higher level. The conference is in fact an executive meeting of the Party unit at each level, and its representatives to the conference are appointed by the Party Committee. The conference has the power to appoint or remove one-fourth of the members of the Party Committee and to reach decisions on Party work as well as on personnel and policy-making of the Party within its jurisdiction. The Party conferences meet more oftehn than the Party congresses and in fact exercise certain powers for the latter. The Nanking Municipal Conference of November 1949

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665 and the Second Chekiang Provincial Party Conference of April 2, 1950 are examples.

C. Party Expansion, Overhauling, and Indoctrination

1. Party Expansion. Party expansion is a constant process and a duty read into the Constitution of the Party branches. However, there have been two major membership drives in East China -- the 1952 drive and the 1955 expansion.

The first major membership drive in September 1952 was directed by the East China Bureau[8] upon the successful conclusion of the Three-Antis and Five-Antis campaigns. It continued through 1952 and was climaxed in 1953 by the launching of the first Five Year Plan. The drive was aimed at recruiting new members from among the activists selected from government offices, business enterprises, financial and economic units, factories, and farms. At this time Party membership in East China stood at 1,060,000, with more than 400,000 Party branches (cells) which had been in existence since 1950.[9] In the directive issued by the East China Party Bureau basic principles of the expansion were outlined. First, the eight qualifications of a

8. Liberation Daily, September 7, 1952, p. 1.
9. Ibid., July 1, 1950, p. 1.

665 Party member must be met. The eight conditions include the realiz[illegible] on the part of each member of the ultimate goal of the Party, the devotion of the life of each member to the cause and interests of the Party, and absolute obedience. Secondly, Party overhauling should be launched and undesirable Party members expelled from the Party. Thirdly, exploitation and bureaucracy must be eliminated.

For the preparation of this membership drive, the East China Bureau toward the end of 1951 held a special course under its Party school.[10] Nine-hundred graduates, drawn from district and county organizations, were specifically trained for the management of the membership drive. The department of organization of the South Kiangsu Special District Party Committee held a meeting for this purpose.[11] Party members were placed in charge of membership drives in all factories, government offices, trade unions, and other mass organizations in the five key industrial cities in that area, and working teams were organized to supervise and check the drive. Emphasis was placed on special classes for the activists who were ready for admission in cities and in rural center. Activists under this training program had to meet all

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10. Speech of Jao Shu-shih at the graduation, ibid., December 6, 1951, p. 1.
11. Ibid., September 9, 1952, p. 1.

665 qualifications and were thoroughly examined.

This large-scale membership drive brought reports from many cities of the admission of new Communist members. From the Shanghai trade unions' Political Training School several groups of students were admitted into the Party; at one time, there were 1,069 students, of which 435 were new members.[12] The new members included 142 Corps members, 84 cadres chosen during the Three-Anti Campaign, 47 "model" workers, 35 "model" students, and 24 "meritorious activists" selected by the mass. In the city of Nanking in the first half of 1952 some 456 members were admitted to the Party.[13]

The second-largest Party membership drive initiated by the Central Committee of the Communist Party of China at the Basic Rural Organization Conference in March 1955 helped to speed expansion in the rural areas.[14] The conference announced the establishment of 170,000 hsiang Party branches in the country's 220,000 hsiangs, with a total rural Party membership of about 4,000,000. In the East China Region, this membership drive continued since the completion of Party overhauling in the rural areas in 1952-53. In the nation as a whole,[15]

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12. Ibid., September 8, 1952, p. 3.
13. Ibid., September 27, 1953, p. 3.
14. People's Daily, March 9, 1955, p. 1.
15. Ibid., May 19, 1955, p. 1.

665 more than 700,000 peasants were admitted to the Party in 1954. In Anhwei Province, the rural Party membership was estimated at 47,000, and the Communists reported that 100,000 activists were ready for admission.[16] During the same period Party organization alo underwent an expansion; in the city of Shanghai, over 40,000 new members had been admitted; 80 per cent of these were classified as workers.[17] Even in privately owned factories, it was reported that some 987 Party branches had been established by September 1954.

On the other hand, repeated warnings were issued to avoid over-expansion in Party membership. An example was given by the Communists in two hsiang (villages) in Sou-hsin Chekiang Province, where thirty-five members were admitted to the Party; of this number, eleven members were unqualified. This failure to maintain a certain standard is a common phenomenon in the vigorous drives for Party expansion.

2. Party Overhauling. As a constant process, Party overhauling involves at least four major activities: (1) examination of ideology and political alertness of Party members; (2) review and criticism of individual work;

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16. Ibid., February 11, 1955, p. 5.
17. Survey of Mainland Press Supplement, No. 1008, March 16, 1955, p. 6.

665 (3) mobilization of mass participation in the criticism; and (4) promotion of political education and increased study.

Apart from constant overhauling, which begins upon the completion of a drive (a drive is differentiated from a campaign or a movement in that a drive is carried out on a much smaller scale and is perhaps only one part of a movement), major Party overhauling is sometimes launched. In East China, at least two major instances of Party overhauling can be cited: the 1950 rectification and the 1952 nationwide rural Party rectification campaigns.

A speech made by Mao Tse-tung in June 1950, calling for rectification, climaxed the reorganization and renovation of Party units in the East China Region. Jao Shu-shih's speech in March 1950,[18] and resolutions adopted at the First Party Congress of the General Branches of the East China Military and Political Committee and of the Shanghai Municipal Government in May 1950,[19] named Party reorganization as the immediate task of the Party. Reorganization became necessary because of the complexity of political conditions in the region and the need for adjustment after the seizure of power. The

18. Liberation Daily, March 21, 1950, p. 1.
19. Ibid., May 15, 1950, p. 2.

665 1950 rectification movement, which began in July in the East China Region only intensified the process of reorganization.

The nationwide rectification movement launched in 1952 in the rural communities was, however, more vigorous than the 1950 Party reorganization. The campaign was aimed at the elimination of undesirable elements within the Party -- the "new-rich," inactive Party members, and those who had been found guilty of corruption -- and the strenghtening of the agricultural producers' co-operative movement. The campaign did not begin until November 1952 because the Communists spent almost a year in preparation. During the preparatory period, the training of cadres and the conducting of experiments in certain selected areas were the two major tasks. The actual campaign took no more than four months. In the nation as a whole,[20] 75,000 hsiang Party branches concluded the overhauling before the Spring of 1953; some 1,200,000 Party members were reported to be involved in this process. In the province of Shantung alone, 60,360 members of Party units were selected for overhauling. Of this number, 2,363 were expelled, 5,892 inactive members were either asked to resign from the Party or were forced to resign, and 1,846 members were punished.

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20. People's Daily, February 2, 1953, p. 1.

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665 3. Indoctrination and Training. The Communist Party maintains Party unity and discipline by constant indoctrination and training. This practice is aimed at the revitalization of individual adherence to Party doctrine, and gives each member additional training in his own field. In the East China Region, Party training is generally conducted in two types of schools -- a cultural school to raise the level of education and political alertness and an ideological school to strengthen adherence to doctrine.

A cultural school system was instituted in East China in 1951. It is jointly administered by the Party and the government. A directive of Central Committee of the Communist Party issued in January 1954 reaffirmed the need.[21] for such a school system. The directive reminded Party members of the fact that in the country as a whole, one-half of the cadres (mostly Party members) have had less than a junior high school education, and a portion are actually illiterate. To remedy this, nationwide cultural school system were instituted, and bringing both the individual members and the responsible secretaries below county and ch'ü levels into the plan. The plan called for the completion of cadre education to a level equivalent to that of grade school and/or that of junior high school. Also

21. Ibid., January 22, 1954, p. 1.

665 included in the program, and to be completed in three to four months, was a class for the illiterate. The secretaries and administrative personnel of the Party who were unable to take time off during the day for schooling were to attend evening school, a twenty-week course, six hours per week. This program has been established throughout East China, and the responsibility for it rests mainly upon the county Party organizations.

The ideological school has a dual function -- to train Party members and to serve as a center for ideological training for candidates and members of other mass organizations. To organize and to carry on the teaching assignments is the job of the propaganda departments of the Party at all levels. Ideological schools were established in the major cities of Shanghai, Nanking, and Hangchow of Chekiang Province, Foochow of Fukien Province, and in Tsinan of Shantung Province. By 1953, it was reported[22] that there were 78 ideological schools with an enrollment of 42,000 persons in the East China Region. They were concentrated in the Shanghai area, where 74 schools were reported with a total enrollment of 33,000.

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22. Ibid., January 27, 1953, p. 1.

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II. AFFILIATED PARTY ORGANIZATIONS

A. New Democratic Youth Corps (NDYC)

668 883 1. The Party and the Corps. The relationship of the Party to the New Democratic Youth Corps is such that the latter is controlled by the Party, as provided by the Constitution of the corps.[23] Party members are in charge of corps agencies above the county levels, thus placing the direction of all corps activities in the hands of the Party. The first function of the NDYC is to provide a reservoir of potential Party members. Its second task is to supply needed activists in all organizations. The corps membership in Shanghai in 1949, for example, stood at 37,889 and was distributed in all key organizations.[24] Of this number, 18,348 were workers, 14,599 were students, and 4,942 were teachers and office workers. The final task of the NDYC is to engage in the broadest possible range of activities in order to reach sections of society where formal Party organization is lacking.

•665 883 2. Organization. The organization of the NDYC in the East China Region is patterned after the Party. While national agencies

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23. The Constitution of the New Democratic Youth Corps, ibid., July 7, 1953, p. 3.

24. Liberation Daily, January 1, 1950, p. 10.

665 maintain an East China Working Committee as
883 the representative of the Central Committee of the NDYC in the region,[25] local corps, agencies are established at the provincial, municipal, and county levels. The local corps are empowered to establish representative working committees in the administrative district and ch'ü.

With the exception of those working committees at district and ch'ü levels, the constituent corps agencies rest upon a dual authority. Each level is to have a congress and a committee elected by it. These committees are the executive agencies of the corps and their component members are approved by the upper-level committee.

The corps branch, like the Party branch, is the link to the masses. It is formed in any factory, mine, enterprise, farm station, village, government agency, company (of the army), school, or street where there are three or more corps members. A general corps branch and corps committee may be formed, depending upon the size of the branch. These basic-level branches serve as forces of agitation, help to mobilize youth and the masses, and act as substitutes where Party agencies are lacking.

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25. Ibid., August 22, 1952, p. 1; The East China Committee was officially organized in August, 1952.

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B. The Young Pioneers

The relationship between the corps and the Young Pioneers is governed by the provisions in Chapter 7 of the Constitution of the NDYC. In the East China Region, efforts to organize youth between the ages of 9 and 15 into the Yount Pioneers were made in January 1950, a decision made by the Central Committee of the corps in October 1949. By April 1952, membership in the Young Pioneers in East China[26] was estimated at 1,200,000. Members were concentrated in the city of Shanghai, and their programs were patriotic. Since 1953, emphasis has shifted to recruitment of more members. National membership as of March 1955 was estimated at 70 million, or about 15 per cent of the youth in the 9-15 age group.[27]

SECTION TWO

POLITICAL DYNAMICS: POLITICAL CONTROL

• 665

Communist power in the East China Region is supported by three pillars -- the Party, the bureaucracy, and instruments of control, i.e., the military, public security agencies, and other

26. Liberation Daily, May 4, 1952, p. 3.
27. Kuang-ming Jih-pao [The Enlightenment Daily], March 14, 1955, p. 1.

665 supervisory agencies within and without the Party. In turn, the Party holds ultimate control over these instruments of force, as ensured by the establishment of a network of controls over all state organs and mass organizations. Thus, political control is maintained by placing Communist Party members in key positions in all organizations, by reserving for the Party all policy-making power, and by agitation, through which the Party mobilizes various political and social forces.

I. PARTY CONTROL OVER ADMINISTRATIVE ORGANS

A. Party and Government Fusion

Party control over government organs has been accomplished by the fusion of government and Party in authority, in fuction, and in personnel at all levels. The wide establishment of Party branches in all administrative organs and the subjection of Party members to Party discipline facilitated the fusion. As of 1950, some 251 Party branches had been organized in administrative units in the East China Military and Political Committee and the Shanghai municipal government.[28] Since 1948, at least

28. Libération Daily, May 17, 1950, p. 1.

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•665 two systems within the Party -- the report system imposed upon the lower Party branches and members to report progress and seek instruction, and the inspection system, requiring upper Party organizations to enforce checks on lower Party branches -- have implemented this process.[29]

Another effective means of control is the placement of Party members in key administrative positions. On the regional level, for example, Jao Shu-shih was the first secretary of the East China Party Bureau and the Shanghai Municipal Party Committee in 1950 and concurrently the Chairman of the East China Military and Political Committee and the political commissioner to the Third Field Army under Ch'en I. Under the regional government the several commission chairmen were also Party secretaries,[30] holding key positions in both Party and administrative hierarchies.

At the provincial level, a similar pattern is observed. The then chairman of the Chekiang

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29. People's Daily, May 19, 1954, p. 1.

30. For example, Liu Hsiao, the chairman of the People's Control Commission of the East China Military and Political Committee was also the Second Secretary of the Shanghai Municipal Party Committee, and concurrently the head of the Department of Organization of the East China Party Bureau.

•665 Province, Tan Cheng-ling, was also the first secretary of the Chekiang Provincial Party Committee. So also were Chang Ting Ch'eng of Fukien, K'ang Sheng of Shantung, and Su Yü of Nanking. The newly elected governors in this region in 1955 bear the same qualification. A governor of a province can either be concurrently the first secretary of the Party, as in the case of Yeh Fei of Fukien, or he may be the past first secretary of the Party Committee, as in the case of Sa Wen-han of Chekiang and Hui Yü-yü of Kiangsu. [See the chapter on Biographies of Key Personalities.] This fusion is even more obvious at lower levels.

B. Cadre Utilization

The Communist Party may also exercise control over state agencies through the selection and appointment of faithful and capable cadre (Party members as well as non-Party members) to serve in the judicial and administrative agencies. Such is the case in the East China Region, where the Party secretary was placed in charge of personnel offices of the administrative agencies. For example, Hu Li-chiao, the then deputy of the Organization Department of the East China Party Bureau, was the director of the Personnel Department under the East China Military and Political Committee,[31]

31. People's Handbook, 1952, Shanghai, Ta-kung Pao, 1952, p. 181.

and, at the same time, held positions as deputy chairman of the People's Control Commission in the regional government and second secretary of the Discipline Inspection Committee of the East China Party Bureau.

After the Constitution was promulgated, all offices in charge of personnel were disbanded. This may indicate that the Party wishes to exercise firmer control of personnel policies.

C. Department of Supervision and Other Instruments of Control

The Communist Party exercises direct control over the government bodies through the offices of supervision, formerly the People's Control Commission. The offices of supervision are organized at all levels from the Central Government down to the county government. These offices are strictly controlled by the Party. As a rule, the heads of these offices are either Party secretaries in charge of Party organization or chiefs of public security agencies, a watchful guardian of the Party. Personnel working in these offices are mostly Party members and activists, who carry out only Party directives.

Unlike the people's procuratorate, which is called "judicial organ," the offices of

supervision are administrative agencies[32] and check only government employees to make sure they have correctly executed government policies and orders, and to check officials guilty of misdemeanors, disobedience, and corruption in the administrative organs and state enterprises. As of 1951, some 2,031 cases had been disposed of by the former People's Control Commission under the East China Military and Political Committee.[33] Of these, 324 were accused of "misdemeanors," 523 of "waste," 82 of exceeding authority," and 49 were convicted of "counterrevolutionary activity".

The highest supervisory agency in the East China Region before 1954 was the East China People's Control Commission, established in March 1950.[34] Similar commissions were organized in the provinces and administrative districts in this region between 1950 and 1951. The Shanghai People's Control Commission, for example, was established in June 1951. Presumably the Discipline Inspection Committee, established in May 1950 in all administrative units in the Shanghai municipal government, performed the control function.

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32. T'an Cheng-wen "Chien-ch'üan Jen-min Chien-ch'a Chih-tu, Kung-ku Kuo-chia Fa-chih", "Make the People's Procuratorate System Sound and the State Judicial System Secure," New China Monthly, No. 2, Feb. 28, 1955, pp. 28-29.

33. Liberation Daily, November 30, 1951, p. 2.

34. Report of the Commission, ibid., July 19, 1950, p. 1.

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665 Among the established control offices in this region, some were not performing their duties properly. The Tsinan Municipal People's Control Commission, organized in August 1950, is a case in point. As late as March 1955, this organization was not completely organized and its duties were neglected.[35]

Supervisory branches,[36] composed of 2-4 workers, have been established in state enterprises, financial and economic offices, transportation agencies, notably the railways, and post offices. In addition to their normal control function, they supervise the utilization of funds, the fiscal system, and matters relating to production and purchase.

The supervisory offices operate three networks of their own:[37] reporters, complaint boxes, and reception rooms. People's supervisory reporters are sent out by the respective supervisory agencies or selected within the organization itself. They are organized into small working groups to spy on the individual worker either by making direct accusations or by handling accusations received from the complaint box or the reception room. The complaint box and the reception

35. People's Daily, March 20, 1955, p. 6.
36. Text of the direxive, ibid., January 6, 1953, p. 1.
37. Ibid., March 11, 1953, p. 3.

665 room are means of encouraging accusations and complaints against government employees. All government agencies are required to have these facilities. During 1954, the Kiangsu provincial government was reported to have received an estimated 100,000 letters of complaint.[38]

II. PARTY CONTROL OVER MASS ORGANIZATIONS

668 Communist policies toward mass organizations have been well calculated and effectively carried out. From the Party point of view, mass organizations are political assets: they serve as links between the Party and the masses and they are the means by which the Party succeeds in organizing all sections of society. Each of these mass organizations represents a specific segment of the populace and is itself a social and economic force.

After the Communist seizure of power in East China, mass organizations were immediately organized. Not until 1952, however, were they placed upon a permanent basis. Mass organizations are represented in this region by branches in key cities and appropriate places, depending upon their type of service. The most influential are discussed here to illustrate the pattern of Party control.

38. Ibid., February 5, 1955, p. 3.

C. Election Campaign and Fund

666 The practice of joint nomination of candidates eliminates the need for election campaigning. Candidates from other parties and organizations so selected must, of course, first meet the approval of the local organs. Once approved, election is assured. If any campaigning is involved, it takes place only at the Party meetings and discussion group meetings, where the individual's qualifications may be questioned and some interrogation may become necessary. Article 8 of the electoral law permits disbursement of funds by the national treasury for election expenses. Since campaigning is rare, no provisions are made for the collection and use of campaign funds. Article 62 of the electoral law singles out bribery as an offense. Other unlawful practices, including violence, intimidation, and fraud, are regarded as offenses liable to fine or imprisonment.

II. POLITICS OF MINOR PARTIES

665 After 1950 minor parties were established gradually in the key cities of the East China Region. They include the Revolutionary Committee of the Kuomintang (RCKMT), the China Association for Promotion of Democracy (CAPD), the Democratic League (DL), the Chinese Peasant Workers' Democratic Party (CPWDP), and the Chih Kung Tang (CKT).

665 The RCKMT, a party composed of former Kuomintang officials, forms the largest group participating in the government. The next largest is the Democratic League. As a party made up of petty bourgeoisie and intelligentsia, it serves as a symbol of coalition. The CAPD is a party of national bourgeoisie, including industrialists and capitalists. Its services are called upon for active support of the nation's economic programs. Minor parties having lesser political importance are drafted for other activities.

The status of the minor parties in this region is determined ultimately by their status in the central government. The status enjoyed by the minor parties changed after the promulgation of the Constitution. It is true that the Constitution also calls for the continued functioning of the people's democratic united front led by the Communist Party and composed of various democratic classes, parties, groups, and People's organizations; however, these democratic elements in China, particularly the minor parties, are rapidly sinking into obscurity.

In the first place, the local consultative committees of the Chinese People's Political Consultative Conference (P.C.C.) which are the organizational forms of the United front, have ceased to be organizations of any political importance. The more than ten tasks

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665 assigned to them since 1951,[68] ranging from assistance to local governments, reporting public opinion, examining decrees submitted by the government, to participation in government-sponsored drives, are reduced to mere observance and enforcement of the Constitution of the Chinese People's Political Consultative Conference[69] and the holding of consultations in regard to the local work of the People's democratic united front. (Article 18 of the Constitution of the Chinese People's P.C.C.)

In the second place the participation of minor parties in the government is no longer effective, although minor parties are still able to participate in government affirs either through the nomination of candidates to the People's congresses or through the local consultative committees of the Chinese People's P.C.C. Equally significant is the reduction in the establishment of consultative committees below provincial level. The new constitution of the Chinese People's P.C.C. calls for the establishment of these committees only in provinces and in municipalities directly under the central authority.

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68. Yangtze Daily, September 8, 1951, p. 4.
69. English text of the Constitution of the Conference in Current Background, No. 309, December 25, 1954.

• 665 In the third place, with the consolidation of Communist political power at all levels, the position of minor parties is further endangered. For instance, the liquidation of private capitalists in the transitional stage would certainly reduce, in the end, the political position of the China Association for the Promotion of Democracy. Eventually minor parties will no longer exist as political forces in the ordinary sense because their political influence will be insignificant.

A. Control and Infiltration

665 668 The most effective way of eliminating minor parties and their activities is to exercise strict control over them either through direct subjugation or infiltration. A glance at the guiding principles to be observed by all minor parties participating in the Chinese People's P.C.C. would indicate the degree to which these minor parties have subordinated themselves to the will of the Chinese Communist Party. In addition to acknowleding the position of the Communist Party as the core of the state's power, minor parties "must assist the state organs and set the social forces in motion... maintain close contact with the masses... continue to consolidate and develop the alliance between China and the USSR... study Marxist-Leninist theories on a voluntary basis, study state policy, elevate political levels, practice criticism and self-criticism, and strive for ideological remolding." (General principles of

665 the Constitution of the Chinese People's
668 Political Consultative Conference.)

The infiltration of the Communist Party into the minor parties to compel their final extinction is perhaps the regime's far-reaching design. In the East China Region this will be done by the control of membership policies of the minor parties by the Communist Party and by the training of members of the minor parties in charge of organizations. A training class[70] was held in November 1951. Their curriculum included Chinese Communist history and organizational policy; their instructors were Communist Party members. Certain conditions were established under which the expansion of minor parties was to take place. These parties must be free from "reactionary elements." To date, 55 persons have been expelled from the Revolutionary Committee of the Kuomintang, 76 per cent of this number for political reasons. Expansion has been restricted to big cities, and is not permitted in minority groups. Furthermore, activists were encouraged to enroll during the Resist-America-Aid-Korea Campaign.

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70. Liberation Daily, November 22, 195, p. 1.

B. Minor Parties and "Pressure Politics"

664 In a democracy, the degree of political
665 activity of the minor parties determines the true measure of democracy. Likewise, special interest groups as such can enjoy their political privilege to influence public opinion or, through minor parties, participate in policy-making. In Communist China, where minor parties have only assigned duties to perform and where public information is monopolized by the Party, they exert no "pressure" upon the state organs which the Communist Party of China dominates, nor do they take part in policy-making.

On the other hand, deputies of the minor parties were allowed to make speeches and urged to comment on government policy at each session of the All-People's Conference. However, only praise for the Communist was expressed, with occasional criticism of faults the Communists themselves had already admitted publicly. One cannot tell whether their enthusiasm was, after all, spontaneous or a pretense.

CONCLUSION

665 The Communist Party since assumption of power has succeeded in consolidating its position in the East China Region. It has also succeeded, to a certain degree, in the maintenance of a militant and efficient Party

•665 organization. It is trying its best to stimulate popular enthusiasm toward the regime.

The present tasks of the Party, calling for the rapid industrialization of the region and the administration of the many major municipal centers in East China, are tasks in which the Party must prove its further competency. Perhaps, the Jao Shu-shih purge and the P'an Han-nien expulsion indicated the complication of municipal administration which brought about dissension and personal conflict among the top Communist leaders. Equally serious is the constant Party rectification and the severe demands imposed upon all Party members. These practices plant seeds of discontent and distrust within the rank and file.

The Communist employment of terror and regimentation in the cities meet resistance, and Party members working in the cities are often exposed as inefficient and corrupt. The low educational level of the cadre and general apathy among Party members in the rural communities hamper the execution of Communist rural policies.

668 assigned as if it were a political decision.
578 Managers and workers in a factory are concerned with the attainment of the assigned quota, since a failure to meet the quota may bring severe punishment. To fulfill this quota, every means of control and competitive methods are used. This in turn creates additional tension among the workers. Although some factories have issued false achivement reports in order to reduce government demands for ever-increasing production schedules, the regime is making an effort to stamp out this practice.

• 665 Pressure and tension are most harmful
578 to the morale of the Party. The Party apparatus is the center of power and activity, and all Party directives and government policies are supervised by the Party. Therefore, a Party member is subject to at least two systems of pressure -- the Party and the state. A Party member is subject to an endless program of Party indoctrination and rectification, which results in the high loss of Party members either through expulsion or forced resignation. Indeed, the demands on a Party member are so great that many Chinese are reluctant to join the Party. The fate of the expelled Party members is unknown, but it is presumed that they are generally tried by a People's Court and sentenced to forced labor. Expelled Party members, if still at large, may form a counterrevolutionary group and join with other elements in subversive activities.

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633 tion. Foreign voters were not willing to [illegible] a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition. Following the failure to secure the proposed byelaw, the Council decided that, until the Chinese authorities themselves moved to regulate conditions of industrial employment, it would make no further attempt to concern itself with these issues. Larger forces, however, were at work. While the Settlement authorities were
• 665 attempting to limit the work of children, the Kuomintang, the National People's Party of China, met in Canton and adopted a much more extensive platform of social measures. In the late summer of 1926 the Kuomintang army began its march northward from Kwangtung Province and, by March 1927, had entered Nanking, which was to be the capital of the National Government for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

668 of hsiang governments is the strengthening of
632 rural leadership. The principle of collective leadership was the central theme. It called for redesignation of the Committee jobs, the introduction of new administrative procedures, and the strengthening of Party leadership over other mass organizations. The old practice of concentration of power in one individual and the delegation of power to a few were declared outmoded methods.

C. The Election and the Post-Constitution Period

• 666 The Communists' announcement of nationwide elections in 1953 indicated the degree of confidence in their power at the basic administrative levels. However, the elections held in 1953 and 1954 served again as an instrument to liquidate opposition.

668 In the East China Region, the attempt to
631 abolish the village as an administrative unit and to reallocate hsiang administrations has been designated as one of the tasks involved in the establishment of Communist power in the rural area prior to the elections.[57] However, before 1953 such tasks were restricted to a few places and served to gain experience before

57. Directive of rural political works, ibid., July 9, 1952, p. 1.

668 the government view and that it employs self-criticism as one of its primary techniques.

It seems that the Communist control in the cities is much more rigid and forceful than in the villages. With the spread of Communist domination in many mass organizations, factories and other professional organizations, Communist control in the city is further strengthened. No doubt the public security sub-stations play a leading role in the enforcement of government rules. However, the importance of other organizations, notably the procuratorates and the Peoples' courts, should not be minimized.

SECTION THREE

ELECTION AND POLITICS OF MINOR PARTIES

I. ELECTIONS

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The nationwide election which produced the People's congress at all levels was held in the East China Region between 1953 and July-August 1954. A Communist election is a process whereby organized propaganda is concentrated for purposes of political indoctrination. People are not allowed to choose between policies and candidates. The fact that there is only one political platform removes this

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•466 possibility. Secondly, elections are not merely a political process but a political struggle whereby opposition is liquidated and undesirables are eliminated. This is ensured by the selection of candidates and by the examination of each candidate's qualifications.

A. Election Committee and the Election

Article 3 of the Electoral Law of the People's Republic of China,[62] passed and promulgated on March 1, 1953, stipulates that deputies to People's congresses of a province, county, or a municipality divided into districts shall be elected by a like People's congresses of the next lower level. Deputies to the People's congress of a hsiang, town, municipal district, or municipality divided into districts shall be elected directly by the electors. To administer these elections at all levels, the electoral law provides for the establishment of election committees at all levels down to the hsiang. Members of the committee are appointed by the People's government of the next higher level. Article 3 is further reinforced by assigning to the committee additional functions at the hsiang level, according to a directive issued in April 1953 by the Central Election Committee[63] First, the chairman of the

62. The Electoral Law of the People's Republic of China for the All-China People's Congress and Local People's Congress of all levels, Peking, Foreign Languages Press, 1953.

63. For the directive, see People's Daily, April 6, 1953, p. 1.

666 committee is appointed among the workers from the higher level. Secondly, the committee defines electoral districts. Each district shall have at least two-hundred in order to supply 2-3 representatives. Thirdly, a voter-qualification examination board is established. Only those who pass the examination receive the electoral certificate. Fourthly, committees at the hsiang level have control of the selection of candidates through direct negotiations between the Party and representatives of mass organizations within the election committee.

While the elections to the Peoples' congresses above the county level may be conducted by secret ballot, the election of deputies to the People's congresses of a hsiang, town, municipal district, and the election of hsiang or a town deputy to a county People's congress may be conducted by a show of hands or by secret ballot (Article 55). In such a case, election meetings are held under the supervision of the election committee. On that day, all efforts are made to force full participation. In 521 hsiangs and 44 towns in East China, 90 per cent of the voters went to the polls.[64]

Elections at the basic levels in the East China Region were held in several groups. The

64. People's Daily, August 13, 1953, p. 3.

666 initial step involved the holding of experimental elections in selected areas. At the end of September 1953, in the thirty-two cities in the East China Region,[65] 36 municipal ch'ü, 645 election districts, and 74 public security sub-station areas had completed elections. The experience gained served to facilitate the conduct of elections in all cities in the region. A large number of cadres were trained to assis In the province of Shantung, the first group of trainees numbered 7,000 plus 5,000 technical people.[66] These people were organized into election teams and were the responsible cadre in the election committees at the lower levels.

The reallocation of election districts in the city and the examination of voters' qualifications were the two most tedious tasks involved in the election. In the city, the reallocation of election districts were based on the distribution of public sub-stations. In the second ch'ü of Tsinan,[67] Shantung, 44 election districts were allocated from six public sub-stations, with a total of 67,697 people. Each election district included 1,538 people; from each district 2-5 representatives were chosen. The examination of voters' qualifications was

65. Ibid., November 21, 1953, p. 3.
66. Ibid., May 26, 1953, p. 3.
67. Ibid.,

carried out either by the organization to which they belonged or by the urban inhabitants' committees. In the latter case, the public security sub-stations played a decisive role, especially within the examination board, where the final deicision regarding qualification was determined. Similar procedures were observed in the village; however, simple conditions in the rural communities made the tasks easier.

B. Selection and Nomination of Candidates

Article 47 regulates the nominations of candidates. Members of the Communist Party, the various democratic parties, the various People's organizations, and elector or representatives who are not affiliated with the above-mentioned parties or organizations may be nominated as candidates for election as deputies, either jointly through negotiation among the groups or separately by each party, according to electoral districts and electoral units. In all cases, however, joint nomination is the rule and the caucus is adopted. Negotiations on the nominations of candidates above the provincial and municipal level is made through the consultative conference at each respective level. In county and smaller bodies where such a conference is not held, negotiations are carried out by the election committee. A preliminary list of the candidates is given to the electors' discussion group for approval and return to the election committee. The final list is then published five days before the election.

C. Election Campaign and Fund

666 The practice of joint nomination of candidates eliminates the need for election campaigning. Candidates from other parties and organizations so selected must, of course, first meet the approval of the local organs. Once approved, election is assured. If any campaigning is involved, it takes place only at the Party meetings and discussion group meetings, where the individual's qualifications may be questioned and some interrogation may become necessary. Article 8 of the electoral law permits disbursement of funds by the national treasury for election expenses. Since campaigning is rare, no provisions are made for the collection and use of campaign funds. Article 62 of the electoral law singles out bribery as an offense. Other unlawful practices, including violence, intimidation, and fraud, are regarded as offenses liable to fine or imprisonment.

II. POLITICS OF MINOR PARTIES

665 After 1950 minor parties were established gradually in the key cities of the East China Region. They include the Revolutionary Committee of the Kuomintang (RCKMT), the China Association for Promotion of Democracy (CAPD), the Democratic League (DL), the Chinese Peasant Workers' Democratic Party (CPWDP), and the Chih Kung Tang (CKT).

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/For details of Communist policies toward various sociological, political, and economic aspects of present-day China, see the entire text in category 116./

669 and the Fengtien (South Manchuria) Clique led by Chang Tso-lin. After 1923, Feng Yü-hsiang, until then the chief lieutenant of Wu P'ei-fu, became an independent and additional element in the dominance of Peking. Both Tuan and Feng were natives of Anhwei but operated largely outside the East China Region.

F. Shanghai and the Nationalist Revolution

669 668 During 1923, the founder and leader of the Kuomintang, Sun Yat-sen, reached agreement with representatives of the Soviet Union for its material help in reorganizing the Kuomintang on Communist Party lines and aiding it in the achievement of national unification and independence. Members of the Chinese Communist Party, founded two years before in Shanghai, were admitted into the Kuomintang and permitted to conduct the major share of the propaganda and grass roots organizational campaigns. In the East China Region, these efforts were most heavily concentrated on the industrial workers of Shanghai. Particular attention was paid to organizing them into unions, propagandizing for labor benefits, and indoctrinating labor in nationalistic and

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669 anti-imperialistic ideas.[35]

•668 In the course of this campaign, a demonstration held May 30, 1925 to protest the death of a worker in a strike against one of the city's Japanese-owned mills was fired on by police of the International Settlement, killing several marchers. Communist labor leaders took advantage of natural Chinese resentments to promote a general anti-imperialist movement marked by strikes, boycotts, and demonstrations against Britain and Japan. This action aided greatly in stirring up enthusiasm for the radical Kuomintang program then being disseminated in Canton and for the Northern Expedition which set out from that city a year later to unite all

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35. The history of the reorganization of the Kuomintang, its alliance with the Soviet Union, the beginnings of the Communist Party and subsequent events is recounted from a number of points of view in MacNair, op. cit.,; T'ang Leang-li, The Inner History of the Chinese Revolution, London, G. Routledge and sons, 1930; Harold Isaacs, The Tragedy of the Chinese Revolution, rev. ed., Stanford, Stanford University Press, 1953; Robert C. North, Moscow and Chinese Communists, Stanford, Stanford University Press, 1953; and Benjamin I. Schwartz, Chinese Communism and the Rise of Mao, Cambridge, Mass., Harvard University Press, 1951.

669 China and free it from foreign control. The
• 668 May 30th incident helped to swell the ranks of the Communist-led unions. On Marcy 22, 1927, the unions were able to seize control of Shanghai as a small Nationalist army approached the city. The Kuomintang army was welcomed into the city by the labor forces, but it was evident that they intended to maintain at least a hand in controlling the city and that they were in sympathy with the Communist-dominated left-wing of the Kuomintang government at Wuhan, which had split with the more conservative majority of the party elsewhere. On orders from Chiang Kai-shek, the reinforced army within Shanghai struck without warning at the labor forces on April 12, 1927, slaughtering thousands of labor union members, their Communist and leftist leaders, and their worker army, which had buried its arms on Comintern orders. The action was preceded by a conference between Chiang and the business leaders of Shanghai, who had been shocked by the excesses of the Wuhan Government's appeal for peasant and labor uprisings. With the support of the business element and the warlords within the ranks of the Kuomintang, Chiang was able to achieve leadership of the party and drive the left-wing government from Wuhan. He turned the revolution to the right. The Russian advisors were expelled from the country and the Communists from the Kuomintang.

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G. Shanghai and Opposition to the Kuomintang

668 As the Kuomintang turned toward the right and shortly afterward became the governing power in China, Shanghai became one of the principal centers for movements out of sympathy with the one-party government. Many of Shanghai's business and professional men were leaders of the Nationalist Salvation Movement, which from 1935 to 1937 condemned the government's policy of appeasement toward Japan and failure to institute democracy in the country.[36] Shanghai was also a primary center of the leftists, socially oriented literary expression of the late twenties and the thirties. Among its most noted exponents were two natives of Chekiang -- by which Shen Yen-ping, better known by the pen-name of Mao Tun, and Chou Shu-jen, who has become universally famous under his pen-name of Lu Hsün (Hsin). Mao Tun is currently one of the leading Chinese Communist authors. Lu Hsün at the time of his death in 1936 was the most popular writer in China, especially among the students. His novel The Story of Ah Q is a major classic of modern Chinese literature.

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36. See P.M.A. Linebarger, The China of Chiang K'ai-shek (sic): A Political Study, Boston, World Peace Foundation, 1941.

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•668 Though Lu Hsün never joined the Communist Party, he had become sympathetic with it in the last years of his life. The anniversary of his death is celebrated and publicized by the Communist regime; he and his works are lauded in the Communist press; and his home in Shao-hsing, Chekiang, and his grave in Shanghai have become national shrines.[37]

648 H. Shantung and the Boxer Rebellion

From the end of the nineteenth century until 1929, Shantung was repeatedly the object of foreign aggression. Initially and for the most part, the aptest pupil of the West, Japan, was the aggressor. But the inroads of Western powers themselves were the first to rouse Chinese hatred and reaction.

The Shantung peninsula was bombarded and occupied by Japanese forces during the Sino-Japanese War (1894-1895). They had not been withdrawn when Germany seized the pretext of the murder of two German missionarie in Shantung to sieze Tsingtao as a naval base in November 1897. Railway and mining concessions in the province were also wrung from the Chinese government. When the Japanese forces in Wei-hai-wei (Weihaiwei) were withdrawn in May 1898, the British moved in

37. See, for example, the translation of an article from the Communist press by Feng Hsüeh-feng, "Lu Hsün: His Life and Thought," Current Background, 217.

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648 Versailles Treaty negotiations, Japan skillfully maneuvered the other Allied representatives into officially confirming her special position in Shantung. When news of the Versailles Treaty provision validating Japanese control of Shantung reached China in 1919, the students instituted a protest demonstration that constituted a turning point in modern
• 668 Chinese history. Known as the May Fourth Movement, the demonstration grew into a national protest and anti-Japanese boycott joined by bankers, merchants, and other articulate sections of the country. It forced the resignation of the warlord government of Tuan Ch'i-jui, moved the Chinese delegation at Versailles to refuse to sign the treaty, instigated a rising tide of nationalism at home, and turned China away from trust and hope in the Western powers and toward a search for salvation through the aid of the Soviet Union and the use of Communist organization and methods. From the May Fourth Movement can also be traced the injection of strength and substance into the Kuomintang and the birth of the Communist Party. The current Communist regime recognizes its debt to the May Fourth Movement, and views it as the watershed of the revolutionary stream which

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668 carried the Communists to victory.[38]

648 Though China won back control of Shantung through negotiations initiated at the Washington Conference (1921-22), Japan maintained her economic interests in the province. On the basis that these and her citizens were threatened, Japan moved troops into Shantung in 1927 and thwarted the Nationalist army's drive through the province toward Peking in 1927 and 1928. Only after a full-scale battle at Tsinan in 1928 did the Japanese give way and permit part of the Nationalist forces to move north and seize the old capital of China. Japan withdrew her troops on May 20, 1929, but the widespread Chinese boycott on Japanese goods which had been instigated by the Tsinan incident continued through the summer of that year.

Shantung was once more subject to Japanese military assault and occupation in 1937. Before Chinese troops were driven out of the province the following year, they won one of China's few World War II victories, at T'ai-erh-chuang.

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38. The student role in the May Fourth Movement and subsequent events are described in Kiang (Chiang) Wen-han, The Chinese Student Movement, New York, Kings Crown Press, 1948. On the reorientation of the Kuomintang, the rise of the Chinese Communist Party, and Russia's role in both, see references, footnote 35.

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642 Wang Ching-wei was established with its capital at Nanking as the political authority for all China. In reality, the new government like the old ones it displaced had no real power, attracted no important Chinese leaders to its standard other than Wang, and derived no real support or recognition from the Chinese people.[42]

IV. THE RISE AND VICTORY OF COMMUNISM

A. Birth of the Party in Shanghai

•668 The East China Region and particularly Shanghai played an important part in the rise of Communism in China. Approximately midway between two other centers of intellectual ferment and radical thought in the early republican period -- Peking and Canton -- Shanghai was the natural meeting place of 665 representatives of the new ideas. In September 1920, a meeting of some eight intellectuals discussed the formation of a Communist Party in China, and at a larger gathering the next year in the same city, the Chinese

42. Linebarger, op. cit., pp. 183-210; and George E. Taylor, The Struggle for North China, New York, Institute of Pacific Relations, 1940, pp. 159-62, 176-77.

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•668 726 The fall of Shanghai to Japan in 1937 and of the rest of the East China Region the following year created a new situation for the Communists. They had become experts at guerrilla warfare in the countryside, and the Party seized the opportunity of the war to establish guerrilla bases in the rural areas where neither the Kuomintang nor the Japanese exerted any real control. At the end of 1937, remnants of the former soviets in Fukien and Kiangsi became the nucleus of the New Fourth Army. Largely Communist-led, it was sanctioned by the Chungking Government to operate in the area against the Japanese. Suspecting with good cause that the Communist leadership was at least equally interested in laying the groundwork for a post-war comeback as in fighting the Japanese, the Central Government ordered the army to move north of the Yangtze River at the end of 1940. While the army was enrouted, it was attacked by Kuomintang troops in January 1941. The action resulted in heavy casualties, capture of the army commander Yeh T'ing, and the end of what little co-operation had existed between the Kuomintang and Communist parties.[51]

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51. See Linebarger, op. cit., pp. 110-21, Gunther Stein, The Challenge of Red China, New York, Whittlesey House, McGraw-Hill Book Co., Inc., pp. 20-21, 314-15, and Agnes Smedley, Battle Hymn of China, New York, Alfred Knopf, 1943, pp. 247-398.

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Following this incident, the Central Government disbanded the New Fourth Army, but it continued to operate and expand under Communist aegis in the East China Region and west of it along the Yangtze River until the end of the war. The army functioned not as a unit but as a collection of separate bands maintaining scattered rural bases isolated from one another by Japanese forces concentrated in the cities and communication centers. In Shantung and northern Chekiang, a similar pattern of Communist operation was effected by the Communist Eighth Route Army from 1938 on.[52]

The nature of these armies' existence and lack of independent finances necessitated that the guerrilla forces cultivate close relations with the people. They were encouraged to participate in Communist-sponsored local governments.

Rents due absentee landlords were suspended; taxes on the poorer peasants were lowered; and producer co-operatives were organized for the benefit of the armies and

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52. See Stein, op. cit., pp. 324, 328-30, and map facing p. 458.

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726 local population.[53]

669 E. Victory of the Communist Party

At the end of the war, Communist forces were scattered throughout the East China Region with the exception of southern Chekiang and Fukien. These troops immediately began to expand their areas of control by accepting the surrender of Japanese occupying forces and came into conflict with Kuomintang troops bent on the same mission. Central Government orders to the Communists to desist in this operation had no affect, and a full-scale civil war was soon in progress throughout China.[54]

A Kuomintang offensive from July 1946 to July 1947 drove the bulk of the Communist

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53. See Linebarger, op. cit., pp. 116-23, 159-75; Stein op. cit., pp. 333-41; and U. S. Office of Strategic Services, The Guerrilla Front in North China, Washington, D.C., 1943 pp. 14, 20-21.

54. The names, dates, and campaigns connected with the Communist victory are largely taken from a Communist source, which is accurage in regard to these facts insofar as can be determined by checking against other, scattered sources: Liao Kai-lung, From Yenan to Peking, Peking, Foreign Language Press, 1954, pp. 3-4, 8-11, 15116, 18, 21, 32, 36-38, 49-54, 60-65, 89-91, 101-04, 107.

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unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

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III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

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A. Class Differentiation among the Chinese Population

In his book On the People's Democratic Dictatorship (1949), Mao Tse-tung divided Chinese nationals into those who because of their anti-revolutionary character and their "crimes against the Chinese nation" were deprived of the right to be numbered among the People, and those who were to enjoy all the rights of the People. In the first group were included the Kuomintang leader Chiang Kai-shek, "bureaucratic capitalists" such as H. H. Kung and T. V. Soong, "feudalistic" landlords, and a host of other anti-Communist leaders. The second group consisted of workers, peasants, the petty bourgeois, and the national bourgeois. Workers were considered the elite of the nation; the peasants were to be converted into rural workers through collectivization of agriculture, or into urban workers through the development of industry; the petty bourgeois were needed during the New Democratic Stage and were to be "re-educated" in the process of reconstruction; and the national bourgeois, once "enslaved" by bureaucratic capitalism, were now "free" to contribute to the industrialization of China. Mao's classification of the Chinese population and his stipulation of the task of each class at the New Democratic Stage formed the conceptual basis from 1949 to 1954 for the Communist policy toward each of the classes.

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The convocation of the National People's Congress in 1954 is considered by the Chinese Communists as the conclusion of the New Democratic St age and the beginning of a transitional stage which will lead China to socialism. Land reform is completed and the landlords as a class are eliminated, the wings of the bourgeois industrialists and merchants have been clipped by the Three-Anti and Five-Anti campaigns, and the "ideology of the working class" has been established in all sectors of China.

B. The New Social Ladder

The Communists distinguish between persons "from the working class" and those "possessing the ideology of the working class." They acknowledge that not all Communists are from the working class but that those who have accepted its ideology belong to it. By the same logic, the working-class character of the People's Liberation Army is fixed. The Communists say that, since the People's Liberation Army is led by the working class, viz., the Communist Party, although the bulk of the soldiers and commanders may not be from the working class, the army remains of the working class. Conversely, many workers may not possess the ideology of the working class. The Communists explain that most Chinese workers are fresh from the villages where "feudalistic ideas" abound and therefore have not had time to acquire the ideology of the working class.

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The classification of people according to the ideology they profess is one of the underlying principles governing the activities of Communist-sponsored organizations where membership cuts across class lines. The New Democratic Youth Corps, the Federation of Democratic Youth, the Young Pioneers, the Sino-Soviet Friendship Association, the Democratic Women's Federation, the labor unions, and the study circles at schools and in factories help to disseminate Communist ideology.

Participation in these mass organizations, whether voluntary or compulsory, serves to separate the individual from his family, absorbing his time and energy outside the family circle. Enforcement of the Marriage Law, principally through the promotion and supervision of the Democratic Women's Federation, encourages women to leave the confines of the family. The recruitment of candidates for institutions of high learning and the assignment of jobs to graduates when they have completed their education also serve to uproot the individual from his immediate environment and make him dependent for advancement on the Communist regime. The weakening of family loyalty forces the individual to look toward the mass organizations sponsored by the Communists, who regard the Party itself as a desirable substitute for the traditional social structure. Since the

•668 individual relies on mass organizations for
156 political advancement, which is the prerequisite for economic and social betterment, the mass organizations are most important for the stabilization of society under the current regime. The regime exercises the power to control the career expectancies of the members of mass organizations, reward the achievement of those who work for the goals of the Party leadership, and punish with ostracism or more severe penalties those who rebel against the order For the first time since the abolition of the imperial examination system, a main channel of social advancement has emerged. The mastery of an officially approved body of doctrine is the quickest road to social advancement. The Communist channel of social advancement leads to the selection of conformists. This state of affairs resembles, to some extent, that which prevailed in monarchical times when the mastery of dogmas contained in the classics and their commentaries was the prerequisite to success in the imperial examinations.

668 The Communist regime has found it
178 necessary to promote as replacements for the old ruling group Communist-reformed and Communist-trained administrative, technical, and scientific personnel. Compared with traditional social mobility, the new social mobility does not spring from ideals embodied in Chinese culture but from expedient manipulation by the Communist Party.

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The development of industry, waterway and irrigation projects, the settlement of the Northwest, and the nationalization and collectivization of many enterprises may conceivably absorb a good portion of the ambitious younger generation. If social mobility continues to depend on Party loyalty, purges may be used to secure loyalty, to provide a flow of scapegoats for grievances which accumulate under a totalitarian system, and to furnish opportunities for advancement for the coming generation, whose continued devotion to the regime is crucial to its survival. But to date in the East China Region the purge of local cadres and officials at the regional level has been mainly limited to the elimination of "old social elements" rather than to the "revolutionaries" themselves.[13]

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13. Consult the chapter on Political Dynamics in this handbook.

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(1)...The abolition of arbitrary and compulsory marriage and the putting into effect of freedom of marriage for men and women.
(2)...The abolition of the feudal system of marriage...based on the superiority of man over woman, and the putting into effect..of monogamy, and equal rights for both sexes.
(3)...The abolition of the feudal system of marriage, which neglects the interests of the children, and the putting into effect of the New Democratic system of marriage, which protects the lawful interests of women and children.[11]

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In propagandizing and implementing the Marriage Law, the regime struck against the old authoritarianism of the family head, child marriages, mistreatment of women and discrimination against them as inferior to men, and the mistreatment of children by parents. Wives, especially wives of arranged marriages, were encouraged to seek divorce from intolerant, unrepentant husbands. However, if husbands could be made to adopt the new attitude toward women, partners of arranged marriages were urged to remain united.

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9. (continued) magazines and newspapers, and should be evaluated accordingly.
10. See comment of American editors of C.B., 136, p. 3.
11. "Document 7," C.B., 236, pp. 22-29.

684 To help traditionally-minded families
669 attain the new Communist-established goal of "democracy" and "harmony," family "struggle" meetings were arranged under cadre supervision. Each member was pressed to confess his own past sins and suffering and to help other family members to remember theirs. The particular transgressions sought out for exposure, condemnation, redress, and rectification were the mistreatment and beating of wives by husbands, similar behavior by mothers-in-law against daughters-in-law, and interference by parents in young people's free choice of marriage partners. Much was made in the Communist press of the suicides or murder of women and young people, attributed to the old feudal system of marriage."[12]

668 Whatever the humanitarian by-products,
462 the Marriage Law aimed at a basic change in Chinese society with two utilitarian purpose in view. One was to change the popular basis of loyalty from the family to the state. The other was to free the Chinese woman from her preoccupation with the home and children so that she might become a laborer in the field and factory. These aims were quite openly expressed.

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12. See especially C.B., 273, pp. 1-3; 236, pp. 4-14; and Survey of the China Mainland Press, Hong Kong, American Consulate, 932, p. iv; hereafter cited as S.C.M.P. The same conditions apply to this source as to Current Background; see footnote 8.

668 For instance, an article in the Peking
462 Chung-kuo ch'ing-nien pao [China Youth] on the correct attitude toward parents, asserts that under the Confucian system with its emphases on filial piety, parents had the right to regard their children as private property and demand sacrifices of them. Under the new regime, the article pointed out, "children are not the private property of their parents, but belong first of all to the state and to the people, and... the interests of the people should be the highest criterion governing our actions toward our parents."[13]

562 An editorial in the People's Daily in
668 March 1955 notes that remnant feudal ideologies still obstructed "the participation of women in Socialist construction and various political activities." The editorial then goes on to state that it is in order to promote the political and production zeal of women that their rights must be promoted and protected and the Marriage Law implemented.[14] Various comments on the Marriage Law inspired by the regime stress Lenin's dictum that sex relationships and family problems are not individual or small affairs but matters of great social, economic, and political significance.

13. S.C.M.P., 973, p. 31.
14. Ibid., 106, p. 15.

457 596 family income derived from labor or property in the home village. The usual source of income at home was from agriculture.[53]

457 668 596 Although the economic status of emigrant families ranged from poor to wealthy, the overseas communities were on the whole wealthier than non-emigrant neighboring villages. The excess of the wealthier families' dual income was largely invested in land and houses.[54] When the Communist took over the area, they were faced with the problem of what attitude ought to be taken toward these landlord families whose income from abroad was a vital source of foreign exchange for the government.

457 668 Evidently, no special privilege or status was initially allowed members of these families, and their real property was expropriated on the same basis as that of any other element considered to be exploitive by the regime. On the other hand, the government exerted every effort to influence members of overseas families to write letters to their relatives abroad, setting forth the benefits of land reform and Communist reconstruction in order to woo overseas sympathy and investments in every way possible.[55]

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53. Ibid., pp. 58-85, 106-23.
54. Ibid., p. 110.
55. C.B., 211, p. 40.

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457 668 The Communists did gain a favorable response from a part of the overseas element, but it was apparently not up to Communist needs and expectations, for various experiments and temporary shifts have marked the regime's subsequent policy toward the overseas Chinese and their dependents in China. New efforts to attract their sympathy were initiated in early 1955. Much publicity was given to the reclassification of overseas landlords as "no longer enemies of the state" before the expiration of the five-year probationary period. Buildings expropriated from overseas Chinese for government use were reportedly being returned to their former owners or paid for. The press reiterated the theme that measures were being taken to assure the right to ownership of overseas remittances and their delivery into the proper hands.[56]

D. The Pace of Reform

185 596 In the pace of family reform, the East China Region is probably not as far behind the North and Northeast regions as in other changes instututed by the Communist regime. Although the North and Northeast regions have been longer under Communist control, industrialization and modern city life with their influences for change in family form and function have a longer history in Shanghai than elsewhere in China. The rural

56. See section entitled "Overseas Chinese," in S.C.M.P. during the first six months of 1955; for instance, 1024, pp. 13-15.

527 national holidays were increasingly observed --
369 and like the town dwellers city workers tried to return to their family villages for at least one of the holidays. Another link to one's native place
515 was the system of clubs composed of those city-
369 dwellers who had a common provincial origin; the clubs operated hostels and sometimes arrangements for mutual-aid. Secret societies provided another focus of social life, particularly in the towns and cities. Their rituals passports and secret signs of greeting were all subordinate to their basic aim, which was to provide members with security-through assosi ation with an insurance against the hazards of a disintegrating and increasingly predatory society.

369 It will be noted that the ties of kinship and custom were strong even between the large modern cities and the farm villages. The ways of life tended increasingly to diverge yet one of the strongest cohesive forces of all was the common set of attitudes and values which even when change has been accounted for held together all Chinese of village and town and city.

II. THE INFLUENCE OF COMMUNISM

• 668 In discussing Communist efforts to alter the Chinese way of life, it should be stressed that our material is unsatisfactory. Statistics, declarations, news releases -- all give few realistic details of life in the villages under Communist domination, and most refugees from Communist China have come from the cities.

First of all, the farmer's annual routine is basically unchanged. Pilot collectives are in

668 operation, but these are few and have no immediate bearing on the farmer's work year. The most striking change in the farmer's life is the new network of associations which the government has imposed upon him and the daily barrage of advice and exhortation to which he is subjected. No longer does he cultivate his land in the manner of his ancestors with the assistance of his family, his clan, and his neighbors. He no longer sets the periods of work and of rest. The Communist leadership is determined that the peasant shall be transformed in three ways: (1) he must be made to produce more, (2) he must become a politically conscious, active supporter of the Communist regime and (3) his attitudes and values must be radically changed.

668 241 The instrument of this transformation, which is visible and active in the villages is the Party cadre. Party cadres act as the eyes, the ears and the mouths of authority.[14] They are called upon to take the leadership in organizing production and to participate in all types of farm work, such as mobilizing the peasants for cultivation, teaching new farming methods distributing new seed performing grain requisitioning helping in plant building and repairing dikes etc."[15] The village cadres have been mainly outsiders "foreigners," but the Party has recently been recruiting youths from specific localities and training them to return there as cadres. The

14. Walter E. Gourlay, The Chinese Communist Cadre: Key to Political Control, Harvard Russian Research Center 1952. p. 25.

15. Gourlay op. cit., p. 28.

668 241 cadre was the instrument of land redistribution and brought into the countryside the first major change decreed by Peking. The cadre organized the Peasants' Association in the village and manipulates its meetings and its officers It was the cadre who worked up sentiment and organized the "speak bitterness" meetings in the days of the Land Reform Movement -- occasions used to the full to attack the old familial order in the villages. It is the cadre who organizes the "struggle meetings" in which villagers are made to engage in criticism and self-criticism in order to undermine the old values and instill the new.

The cadres also pushed the organization of "mutual-aid teams" for the sharing of labor and equipment, an effort that struck at the familial organization of farm labor and apparently met with serious difficulties.[16] More recently the cadre has been the instrument for the concerted attempt to build producer co-operatives in the countryside. In such major efforts as the attempt to put Hunan rice farming on a two-crop basis (hitherto only done further south), the cadres were reportedly responsible for training 100,000 farmers.[17]

8B 208 The cadre carried on the effort to destroy traditional mores. He publicizes the new marriage law, discourages or prevents arranged marriages,

16. W. W. Rostow The Prospects of Communist China, Cambridge, 1954, p. 84.

17. Reported by New China News Agency, Changsha, April 20 1955; Survey of China Mainland Press (SCMP), No. 1036, April 28, 1955.

208 lectures on sanitation, and. sometimes with the
873 help of radio, films, and mobile theatrical units dramatizes the issues of the day, the need for the farmer to sacrifice, to send his sons to the army, to contribute labor to community projects, to inform on his neighbors, to buy bonds, and so forth. The cadre establishes "winter schools" in which the peasants are given intensive political indoctrination practical training, and instruction in reading and writing. Hunan reported that 2.500,000 peasants were enrolled in these schools in the winter of 1955.[18]

425 The age-old drive of the vigorous peasant to
668 increase his family's land holdings is checked by fear lest he be re-classified as a "rich peasant" and be subject to higher taxes and other pressures. Yet what the Communists deplore as the peasant's "spontaneous capitalistic tendency" has not been crushed and the landholdings of the more enterprising grow in size.[19]

474 The effort to force various forms of co-opera-
668 tive work has not been completely successful.

> "...when a serious team-use of labor, tools and farm animals was attempted, a variety of unsatisfactory results emerged; quarrels among the families interfered with efficient output; no one assumed responsibility for the upkeep of communal property; the claims of inefficient members violated the sense of equity of the more efficient..."20

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18. People's Daily, Jan. 30, 1955; SCMP 984, pp. 30-31.

19. Rostow op. cit., p. 152, cites the Peking People's Daily, Feb. 15, 1954. [p. 223]

20. Rostow, op. cit., p. 84.

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668 517 369 Yet the villagers' way of life has been greatly altered by the intervention of the government, through the cadres, in all social, economic and political activities. The pressure to conform, at least outwardly, is formidable. Self-chosen leisure-time activities are few, meetings occupy a great deal of time and attendance at harangues by Party cadres, entertainment furnished by traveling theatrical groups (all with their ideological message) take up more of his leisure. The slack winter season may now find him in winter school or involved in a community work project directed by the local cadre.

668 369 Settlement of accounts before the New Year holiday means payment of taxes and the sale to the government of most of the balance of the farmer's grain, for which he receives coupons. The cadres carry this out at the village level.[21] The New Year festival itself is characterized by some traditional activities, modified by some new features to help promote government aims. The peasant may buy New Year's pictures to decorate his house, but they will probably be romanticized portraits of Mao and other Communist heroes rather than the colorful deities of former days.[22] He may decorate his gate with paired mottoes but the mottoes will no longer carry the old

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21. SCMP 979, Feb. 2, 1955, p. 30.
22. Enlightenment Daily, Jan. 23, 1955, p. 2.

668 wishes for long life, happines, and wealth, but
369 exhortations to conform to Communist standards.[23]
The government may allow some additional foods for the season, but gambling is forbidden, and social life has been so thoroughly organized that it can be no longer restricted entirely to family and friends. The peasants have been urged to organize their own dramatic troupes to play the approved repertoire. Traveling troupes brought dramas to the villages. and 1500 film projecting teams moved into the countryside. The cadres organized "cultural lectures" for the rural groups. The old exchange of visits with relatives in nearby towns now has its Communist counterpart: interchange of visits between urban and rural workers' groups to observe one another's "progress in Communist reconstruction."[24]

668 The seasonal pilgrimage, in company, to
369 some famous shrine also has its Communist
788 counterpart: mass pilgrimages to Mao Tse-tung's native villages, which is being publicized as a national shrine.[25] Despite its frontal attack on the old familism, the Communist government last year provided special trains to take city dwellers back to their native villages for the holiday; a mass exodus was reported from Peking.[26]

668 Ch'ing-ming is no longer an approved festi-
527 val, presumably because of its function as a celebration of kinship ties and family continuity. The next approved traditional holiday is the Dragon Boat festival in June. The boat races

23. Cf. collection of mottoes in Hua-nan t'ung-shu [South China Almanac] Canton, 1953, p. 32.
24. Enlightenment Daily, Jan. 23 1955, p. 2.
25. Ibid. 26. Ibid., Also, SCMP972, 1954 p. 21.

668 have been revivied, and the poet Ch'ü Yüan, nov
527 a "People's hero martyred in protest against a corrupt feudal regime," is the focus of celebrations.[27] The moon festival in autumn is also celebrated with extra food allowances and "cultural" activities. The various anniversaries of the Chinese Communist and of the World Communist movement probably do not break into the agricultural working year but they may be the occasion for special propaganda arranged by the local cadre. It will be seen that the pattern of living in the villages has been drastically altered; what remains of the old pattern is precisely what the government and the Party permits in the interests of morale or adapts in the interests of their rural program of change and indoctrination.

668 III. CHANGING PATTERNS OF LIVING

156 In the town and cities as in the countryside, the greatest changes in living patterns have been brought about by the network of new associations by which the regime envelops and controls the individual. Workers in various traditional crafts, merchants industrial workers, are all organized by the Party, and it is within these groups, under the guiadance of cadres, that the urban working population is most strenuously indoctrinated. In long and frequent meetings, the city dweller is under intense pressure to manifest "correct attitudes," to show himself free of all "feudal" and "bourgeois" taint, and to demonstrate his complete commitment to Communist goals.

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27 SCMP, 1075, June 23, 1955, p. 25.

668 Through these and other channels he is under
156 continual pressure to step up his efficiency and productivity. The meetings take such a toll of his energy at the end of the working day that they are openly referred to as "fatigue meetings."[28]

City and town dwellers are also organized into street and ward units, and through these they are given further directives on the management of their lives.[29] The townsman more than the peasant, is open to an "around the clock" propaganda barrage From the first call to early morning calisthenics the radio blares in every street until late at night. There is pressure to join sports groups study groups -- all with their ideological purposes. The major Communist holidays are celebrated in the cities with great parades and with endless speeches. Privacy, the chance to be at ease with family or friends, are both rare.

668 The New Year's holiday has some of its old
527 gaiety, although within the same restrictions imposed on the peasant. The cities receive special shipments of seasonal delicacies, as they appear to do at the mid-Autumn and Dragon Boat Festivals, and trips back to the family village may be possible for a minority of the urban population.[30] New Year's activities in East China

28. Rostow, op. cit. p. 160.
29. "Urban Organizations," Current Background 310, Jan. 17 1955. "Regulations of--
30. [See following page.]

668 in 1955 suggest the way in which all p ublic
527 celebrations of the festival are made to serve the Communist purpose. It was reported that, along the East China coastal area, traditional merrymaking was combined "with strict vigilance and celebration of the Yikiangshan I-chiang-shan Island liberation." In Foochow, special exhibitions on the theme "Taiwan Must Be Liberated" drew large crowds. In the Amoy area and along the Chekiang coast, people called on units of the armed forces in their neighborhood "to bring them gifts and thank them for their efforts in national defense." In Shanghai, 40,000 spectators watched military teams play football and Red Army song and dance troupes performed at thirty factories.[31]

668 Cities have been cleaned up and enlarged, and
565 building has apparently proceeded rapidly, although improvements in housing probably mainly affect the industrial workers the favored class

30. [continued] Enlightenment Daily, Jan. 23, 1955 p. 2. In preparation for the New Year exodus from the cities in 1955 the Ministry of Railways estimated that "Over three and a half million more people will travel than on normal days mostly to join in united family celebrations of the holiday." NCNA dispatch, Jan. 19, 1955; SCMP, 972 Jan. 20, 1955, p. 21.

31. NCNA dispatch, Jan. 27, 1955. SCMP, 976, Jan. 28, 1955, p. 15 In all such activities one should remember that the cadre is instigator and manager.

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in the drive for industrialization.[32] Yet the Rostow study indicates that there has been no real increase in wages for the urban worker.[33] His diet remains poor, his work hours long. But since the Party is anxious to recruit from urban workers, he does have opportunity to rise in life through Party work. Many industrial workers probably do feel some sense of identification with the most rapidly expanding sector of the Chinese economy. This identification and the opportunities offered by the Party are probably slowly changing the goals of the urban worker. He may be less interested than he once was in returning to a plot of land in the country, where economic opportunities are increasingly restricted. He knows, after attending one Party meeting, that the peasantry is no longer the favored class in the Chinese economy.

The elite of the towns and cities are the functionaries of the government and Party. We know little of the pattern of their private lives. But, if the badge of the old Chinese bureaucratic elite was a leisurely and cultivated air, the badge of the new is a full briefcase and an air of purposeful, energetic activity. Their incomes permit their families a life somewhat easier than that granted the rest of the urban population, but they are constantly under discipline, watched by their colleagues, obliged to meet work quotas and to submit to continuous indoctrination and re-indoctrination. Part and government workers are urged

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32. Rostow, op. cit., p. 160.
33. Ibid., pp. 160-61.

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•668 to use the New Year holiday to plan their work for
565 the year to come.

The bulk of the old middle class may have survived, but its activities have been increasingly restricted by government controls and by the growth of government-producing and marketing facilities. They are a tough and tenacious group, but their old comfortable life is already threatened and, as a class, they are scheduled for extinction.[34]

369 The growing cities now appear to be replacing the country as the goal of the ambitious. It is likely that, as urbanization and industrialization proceed, the cities rather than the farm villages will determine as the Communists plan, the new mores and patterns of living for society as a whole.

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34. Rostow, op. cit., pp. 162-64.

II. BASIC ATTITUDES

181 One of the principal reasons for the stability and long life of the old order in China was its special homogeneity. The imperial government fostered uniformity of attitudes and values, and Chinese statesmen belived this to be a more binding, durable, and cheaper cement for the imperial order than government coercion. Old China was primarily a way of life, a system of values and attitudes, and on this premise the state was organized. A foreigner who wished to become "naturalized" had only to show that he accepted Chinese attitudes and values; this he did by adopting Chinese dress and speech and patterns of behavior.

181 This characteristic of the old order is one of the reasons why we find no important regional 668 variations in basic attitudes. The other reason is that the Communist government is as determined in enforcing a uniformity of values and attitudes. and far more resourceful than was the imperial government of the past.

There are, however, certain local variations in temperament and ethos which effect, to a minor degree, the basic attitudes and values. ~~A few~~ of these will be noted. For the variant attitudes and values of ethnic and religious minorities, see the chapters on Ethnic Groups and Religion.

181 There have been profound changes in basic attitudes over the last century and particularly
• 668 during the last five years. Change has been brought about by two factors. The first is the dis-
178 integration of the old social and political order resulting from its failure to adapt itself to the problems and pressures of the modern world. Consequently, people became criticial of the older attitudes and, in increasing numbers, adopted newer "modern" attitudes and values which were considered better suited to a modern China. The second is the power of the Communist state, which, in the last five years, has been used to inculcate a new and uniform set of values and attitudes.

181 These two factors are closely interrelated. Thus, the Communists have been making a sympa-
668 thetic use of individual and group-dissatisfaction with the old order to inspire and promote the acceptance of the new attitudes and values; the latter's appeal has been particularly strong with youth -- especially adolescents -- and with women who have been taught to regard the old social order as tyrannical and oppressive. The following will illustrate this point:

> Co-operative agriculture has
> organization,
> and women are not left out.
> In the old society we were badly
> mistreated,
> but the new society teaches
> friendship and love.[29]

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29. Fu-nu San-tzu Ching [Three-character Classic for Women], Hsin-hua Publishing House, 1950, Op. 21. [cont'd next page]

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In addition to capitalizing on discontent, the Communists have been making a peculiar use of traditional attitudes and values. Certain values from the old order still have a strong emotional appeal for the Chinese people. And the Communists seek to make the new order more acceptable by associating some of its elements with selected elements from the traditional culture. For example they insist that as a guiding principle of personal behavior the idea of "struggle" (tou-cheng) must replace that of "harmony"(ho).[30] People are taught to struggle for self-erfection and to engage in class struggle, in the struggle for a new China and in the struggle against deviation even when this involves attacking their friends. This is utterly contrary to the old ideal of harmony in personal relations, an ideal that means in practice a comfortable adjustment to one's natural and human environments. Yet in urging all to struggle, the Communists insist that the ultimate goal of all struggle is the Ta-t'ung-ching-yü -- the traditional utopian ideal of a harmonious, frictionless social order.[31]

[29. from previous page] Three-character rhymed verses were widely used in traditional China for the indoctrination of the young.

30. Cf. Arthur F. Wright, "Struggle vs. Harmony: Symbols of Competing Values in Modern China," World Politics, Vol. VI (Oct. 1953), pp. 31-44.

31. Mao Tse-tung, On People's Democratic Dictatorship, 3rd ed., Peking Foreign Languages Press, 1950, pp. 16-17. For Mao, of course, the term means ultimate world-wide Communist utopia.

181 In discussing certain attitudes and values we should bear in mind that the power of the old and
• 668 the appeal of the new vary not according to regions but according to social groups. It was among the population of modern cities like Shanghai that the old values were first challenged by the pressures of modern problems, but among the peasantry and rural gentry, despite many discontents and tensions, the old ways still prevailed.[32] Intellectuals and members of the new industrial and commercial groups were the first to discard traditional attitudes and dopt Western values; among other groups this process was slower. These variations affect Communist tactors to the extent that different kinds of persuasion are used with different groups. But the final goal is adoption of the attitudes and values decreed by the Communist leadership.

A. Good and Bad

183 In traditional China the prevailing belief was that man was inherently good and that social harm-
577 ful behavior occurred only when men lacked guidance or were placed in adverse circumstances. For example, if the ruler of the state or his officials or the father of the family failed to provide for the basic physical needs of individuals, their dependents were likely to rebel. Or if those in authority failed to provide instruction, particularly if they failed to set an example in conduct, then those subordinate to them would have no guideposts to the good and would fall into evil ways.

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35. For example, as later as 1941-43, one anthropologist found in rural Yunan that the traditional value of hsiao (filial submission) was
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Province	Lay Adherents	Modern Organizations
Shantung	5,730	5
Anhwei	105,300	22
Kiangsu	1,139,540	104
Chekiang	1,367,800	64
Fukien	96,870	21

779 668 Some Buddist schools and institutes as had survived have been taken over by the Communists. Buddhist periodicals have been stopped, publishing houses closed. Two Communist-sponsored Buddhist magazines have been published, one in Peking, one in Shanghai; they are devoted to reconciling Buddhism and Marxism.[16] A new Chinese Buddhist Association was formed in Peking in November 1952, with several leading Buddhist scholars among its leaders.[17] Unlike the earlier Buddhist Association, which was organized by Buddhists to reform and defend their faith, the new body is sponsored, organized. and manipulated by the state and the Party. In China's relations with the Buddhist countries of Asia, it is used as a propaganda device to allay their fear that China is an enemy of Buddhism; it is also used to "soothe" and control Buddhist populations in Mongolia and Tibet.[18] Domestically

16. Atrocities. According to this report, circulation of Communist-sponsored Buddhist magazines is very limited.

17. According to Buddhism in China, Peking, Nationalities Publishing House, 1955, p. 2, the effective date of organization was June 1953, when [continued next page.]

779 668 the new association, like all others in Communist China, will be used primarily for the indoctrination and control of its members. As early as May 1951, a central committeeman of the Party outlined the chief tasks for Chinese Buddhists: (1) participation in land reform, (2) opposition to counterrevolutionaries, (3) participation in the Resist-America-Aid-Korea Movement, and (4) recognition of the duty to construct a new religion in the new society.[19]

In the principal cities, especially those visited by delegations from Buddhist countries like Burma and Ceylon, a few temples are maintained for religious use. But the greatest number of temples have been converted for use by the state. One source, admittedly strongly biased, asserts that the number of Peking temples in religious use has fallen from 1,300 to 3, that in Nanking the number has decreased from 400 to 1, in Shanghai from 600 to 2, and in Hangchow from 300 to 1.[20] Certain Buddhist monuments of

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17. [continued] 93 persons representing "the monks, nuns, laymen and laywomen of different nationalities and Buddhist schools of various regions" were elected to serve as its board of directors.

18. The Dalai Lama, the Panchen Ngoerhtehni, the Chagan Kogen of Inner Mongolia, and the Venerable Hsü Yün have been chosen as honorary presidents of Buddhist Association. Cf., Buddhism in China, p. 20.

19. Richard Walker, China Under Communism, New Haven, 1955, pp. 188-89.

20. Atrocities.

779 historical and cultural importance are being re-
668 stored and preserved.[21]

As we have pointed out, the clergy has been largely secularized. In Shanghai, as in other cities, monks have opened restaurants specializing in Buddhist dishes. Everywhere the clergy has converted temples into small factories in order to produce hand-made articles. Monks of the Fa-tsang temple in Shanghai now work on nearby farms. In Hangchow, some 1,800 monks and nuns have opened restaurants or are working in mills and on farms; they have established an association in order to co-ordinate their enterprises.[22]

There are occasional reports of Buddhist ceremonies, such as the celebration of the Buddha's birthday.[23] But the general impression is that Buddhism is dying out. The old may cling to their beliefs, but their influence on their children is now slight. Buddhist belief is a handicap to youth who must adopt Marxist orthodoxy in order to "succeed" under the present regime.

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21. Buddhism in China, introduction and plates.

22. Chan, op. cit., pp. 90-91. Based on testimony of refugees, 1950.

23. New China News Agency, Peking, May 29, 1955; Survey of China Mainland Press, 1058, p. 48; also photograph of the ceremony of "Bathing the Buddha" on May 20, 1953, in Buddhism in China.

779 668 The cadres in the countryside are attacking "superstition," and their ridicule of old Buddhist-linked observances is further undermining the faith. The clergy, never up to their task of serving a modern religious community, has turned to other pursuits. There is little in Buddhist doctrine to steel the believer to resist totalitarianism or the trend of the times. The willingness of some Buddhist leaders to openly embrace Communist doctrine has probably undermined what little will to resist there may have been.[24]

III. TAOISM

779 Some of the tendencies noted in the modern history of Chinese Buddhism are also to be found in Taoism. But the differences are many, and they spring from fundamental differences between the two religions.

It is convenient for our purposes to consider two levels of Taoism. One is Taoism as an organized religion; the other is Taoism as a folk religion at the village level.[25] The Taoist religion developed as a reaction to the challenge of the imported faith of Buddhism. It borrowed extensively from its alien rival; its scriptures, its clerical hierarchy and organization, its rituals, its heavens

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24. Outstanding example is Chü-tsan -- a modern-minded reformist monk with an excellent background in philosophy, religous and social work, the latter particularly in Hunan. He was one of two Buddhist delegates (out of 585) to the People's Political Consultative Conference. Chan, op. cit., p. 92, records Chü-tsan's willingness as of 1948 to support a Communist regime. Cf., Chü-tsan's article, "A Buddhist Monk's Life," in China Reconstructs, Jan.-Feb. 1954, pp. 42-44.

779 Chinese Mohammedans in the course of the modernist movement, accepted the Chinese translation of the Koran, hitherto only in the sacred language of Arabic, and opened schools which taught general as well as religious subjects. And they began, like modernists of other faiths, to emphasize the compatability between the Koran and modern science.[49] They published modern periodicals, of which there were nine in 1947; circulation, however, was small. In 1936 the first Chinese Moslem to be so honored received a degree from El Ashar University, the great center of Islamic learning in Cairo. By 1950 the Chinese Islamic Association had set up or co-ordinated two-hundred primary schools and twenty high schools; the Islamic Theological College at the Chungking mosque was opened in 1945. All of these institutions, however, were handicapped by the poverty of the Chinese Moslem community and by suspicion of Chinese learning born of religious conservatism.[50]

779 668 What have been Chinese Communist policies toward the problem of Chinese Islam, a problem that involves some areas where they are a major segment of the population and other areas -- such as the East China Region -- where they represent a cohesive, slowly modernizing religious community? (The policies adopted toward major centers of Moslem population, are dealt with in the chapter on Ethnic Minorities.) Communist religious

49. Chan, op. cit., p. 198.
50. Chan, op. cit., pp. 198-205.

779 668 policies toward Mohammedanism have something in common with Communist policies toward other religions. The standard pattern of organization has been established by the Peking government: An All-China Islamic Association which, it should be emphasized, differs from former organizations in being an instrument of control over Chinese Mohammedans operated by a hierarchy ideologically acceptable to the Communists. A Peking propaganda booklet issued in 1955 states that, "The work of education is really tackled seriously now, and the number of primary and secondary school pupils is now double the figure before liberation."[51] This may sound like "progress," but what it undoubtedly means is that the children of Chinese Moslems are increasingly being given the prescribed Communist education.

The cadre is the basic instrument for the Communization of Chinese Islam. Offering the education and prestige inducements of Party work has apparently successfully recruited cadres from among young Chinese Moslems. "In the government organs there have been many Moslem cadres. Some of them have taken up the leadership jobs. In the areas where the Moslems have

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51. Chinese Moslems. A NCNA dispatch dated June 9, 1955, states that Moslem students in Shanghai have increased from 290 in 1949 to 3,000. Government subsidies (and control) might account for this. SCMP, 1068, June 14, 1955, p. 35.

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779 668 been comparatively concentrated, the government has paid attention to foster the basic-level Moslem cadres."[52]

The policy of Communization is well reflected in a speech by Ma Sung-t'ing, Vice Chairman of the Chinese Moslem Cultural Association, on the occasion of the "Second Enlarged Conference" in June 1955. This conference, he said,

> "...will study how to help the government to carry out the ideological education in patriotism, national unity, and Socialist transformation among the Moslems, so as to further strengthen and consolidate national unity and continue to develop and raise the Moslem political, economic and cultural levels in jointly carrying out the construction of the fatherland."[53]

The Chinese Communists' policy towards the Moslems has been affected by two factors which do not influence their policies towards other religions: (1) the Russian pattern of handling integrated minority groups through various types of "culturally autonomous" organizations; (2) Chinese ambitions in Islamic areas of Asia which foster tactical tolerance towards the Islamic minority in China. Thus the glamorized picture publication Chinese Moslems has texts in English, Chinese, Arabic, and Indonesian, and its introduction ends with the greeting "Salaam to all

52. SCMP, 1068, June 14, 1955, p. 35.

53. NCNA dispatch, SCMP, 1067, June 11-13, 1955, p. 24.

54. Chinese Moslems, introduction. [See next page.]

779 peace-loving Moslems."[54] Selections from the
668 works of Mao Tse-tung have been translated into Arabic for the indoctrination of the Ahungs who do not know Chinese; probably these translations will be used in Indonesia and other countries where Arabic is a lingua-franca. Mosques in "show" cities such as Canton, Shanghai, and Peking have been renovated and serve to demonstrate to Moslem visitors the "reality" of Communist China's promise of religious freedom.

We have little reliable information on the Islamic communities of East China today. But some trends should be noted. The education of Islamic youth, although special Moslem schools have been set up by the government, will be in the pattern ordained by the government, and the youth will tend in time to become more Communist than Moslem.[55] Secondly, the break-up of the closely knit communities in East China will probably proceed apace. The Communist government boasts of the increasing number of Moslem youth now classified as "workers";[56] this means integration of the youth into new state-ordained patterns of activity in factories and workers organizations; it means that they will slowly be alienated from their parents' values as well as from their parents' occupational roles. Thirdly, as Moslems increasingly share in government and social activities, there will be less inclination on their part towards a defensive

55. A NCNA dispatch of June 9, 1955 states that there are five primary and one middle school for Moslems in Shanghai and that 90 per cent of the students are not charged full tuition.

56. NCNA, Peking, June 10, 1955; SCMP 1067, p. 23.

779 668 separatism; it is claimed, for example, that 72 Moslems have been deputies to Shanghai municipal and ch'ü congresses, and token participation tends to bring them into new orbits of activity.[57] Among the 29,000 Moslems in Shanghai, measures have allegedly been taken to provide for their special religious dietary needs,[58] and there are references to special food shipments for Ramadan. Such measures would tend to reduce suspicion and resistance among the Moslems and, in the long run, to make integration easier. The Moslems of East China do not have the relative safety in numbers possessed by the large regional communities in the Southwest and the Northwest. The processes of Communization, secularization, and integration will probably advance rapidly in East China. The measures we have noted plus the activity of the Moslem cadre backed by the full force and apparatus of Communist government, will do more to reduce the age-old separatism and resistance of Islam than the measures of earlier Chinese governments.

V. CATHOLICISM

777 The older of the two Christian faiths in China has had 350 years of missionary and organizational experience. It is, in China as elsewhere, resourceful, flexible, and highly disciplined. In modern China, Catholicism has repeatedly come under nationalistic attack because

57. Ibid.
58. Ibid.

confiscation of church property, church schools, and hospitals were accompanied by a steady expulsion of the missionaries. The following figures show the decrease in Protestant missionary personnel between 1935 and 1949 and the almost total elimination of missionaries since that time.[83] In 1935, there were 5,816 Protestant missionaries in China; in 1949, about 3,000; in April 1952, only 100.

It is not possible to document the proportion of Chinese Protestants who have made their peace with the Communist regime, but "modernism," the social gospel, sectarianism, and the lack of such punitive sanctions as excommunication all tend to make the Protestants less resistant to Communist force and persuasion than the Catholics. The "three autonomies" -- in support, government and propagation -- has been a stated goal of Chinese Protestantism since 1851, and the Chinese Protestant community has generally accepted this, when stated by the Communists, as a praiseworthy end.[84]. A leading Chinese Protestant layman -- under what degree of pressure we do not know -- found a number of ways to come to terms with Communism: (1) as far back as the founding of Judaism, men's highest hope has been the establishment of a solidly united, ideal society; the Communists promise such a society; (2) sectarianism has created dissension, but the Chinese have a genius for compromise; therefore there is an opportunity to promote (under the Communist government) "a grand union of the churches"; (3) Christianity is a religion of world revolution, but it has been fettered and frustrated by feudal

83. The first figure is from Handbook of the Christian Movement, reproduced in Damboriena, p. 82. Other figures are from Walker. op. cit. p. 19.

84. Lacy, op. cit., pp. 307-08.

797 and reactionary institutions. The age of Marxism
668 Leninism, therefore, is favorable to the realization of "Christian ideals."[85] Chinese Protestants are barraged by such statements, which even go so far as to assert that Jesus was a "patriotic anti-imperialist" in defending his country against the Romans.[86] How successfully Chinese Protestants are resisting this type of persuasion and the manifold pressures and blandishments of the Communist regime is unknown. Again, as in the case of the Catholics, loss of Protestant youth to the Communist "religion" would mean that the future in China will be dark indeed.

797 The East China Region has had the following distribution of Protestants. The first column gives the percentage of total population which was Protestant in 1938, the second, the gross number of Protestants in 1924.[87]

Province	1938 (per cent)	1924 (gross)
Shantung	12.2	41,821
Anhwei	1.5	5,070
Kiangsu	8.3	29,783
Chekiang	7.3	27,902
Fukien	11.3	38,584

85. Ts'ai Yung-ch'un, "Progressive Road for Christianity in the New China," Hsin Kuan-ch'a [New Observation], Vol. I, No. 8, Oct. 10, 1950; Current Background, 40, Dec. 15, 1950, p. 3.

86. Hsü, op. cit., p. 41.

87. Ku T'ing-ch'ang's percentage figures published in the Collectanea Commissionis Synodalis, XI, 1938, pp. 272, 281. Tables reproduced in Damboriena, pp. 90-91. These percentages are

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II. AFFILIATED PARTY ORGANIZATIONS

A. New Democratic Youth Corps (NDYC)

668 883 1. The Party and the Corps. The relationship of the Party to the New Democratic Youth Corps is such that the latter is controlled by the Party, as provided by the Constitution of the corps.[23] Party members are in charge of corps agencies above the county levels, thus placing the direction of all corps activities in the hands of the Party. The first function of the NDYC is to provide a reservoir of potential Party members. Its second task is to supply needed activists in all organizations. The corps membership in Shanghai in 1949, for example, stood at 37,889 and was distributed in all key organizations.[24] Of this number, 18,348 were workers, 14,599 were students, and 4,942 were teachers and office workers. The final task of the NDYC is to engage in the broadest possible range of activities in order to reach sections of society where formal Party organization is lacking.

665 883 2. Organization. The organization of the NDYC in the East China Region is patterned after the Party. While national agencies

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23. The Constitution of the New Democratic Youth Corps, ibid., July 7, 1953, p. 3.

24. Liberation Daily, January 1, 1950, p. 10.

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B. The Young Pioneers

The relationship between the corps and the Young Pioneers is governed by the provisions in Chapter 7 of the Constitution of the NDYC. In the East China Region, efforts to organize youth between the ages of 9 and 15 into the Yount Pioneers were made in January 1950, a decision made by the Central Committee of the corps in October 1949. By April 1952, membership in the Young Pioneers in East China[26] was estimated at 1,200,000. Members were concentrated in the city of Shanghai, and their programs were patriotic. Since 1953, emphasis has shifted to recruitment of more members. National membership as of March 1955 was estimated at 70 million, or about 15 per cent of the youth in the 9-15 age group.[27]

SECTION TWO

POLITICAL DYNAMICS: POLITICAL CONTROL

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Communist power in the East China Region is supported by three pillars -- the Party, the bureaucracy, and instruments of control, i.e., the military, public security agencies, and other

26. Liberation Daily, May 4, 1952, p. 3.
27. Kuang-ming Jih-pao [The Enlightenment Daily], March 14, 1955, p. 1.

665 room are means of encouraging accusations and complaints against government employees. All government agencies are required to have these facilities. During 1954, the Kiangsu provincial government was reported to have received an estimated 100,000 letters of complaint.[38]

II. PARTY CONTROL OVER MASS ORGANIZATIONS

•668 Communist policies toward mass organizations have been well calculated and effectively carried out. From the Party point of view, mass organizations are political assets: they serve as links between the Party and the masses and they are the means by which the Party succeeds in organizing all sections of society. Each of these mass organizations represents a specific segment of the populace and is itself a social and economic force.

After the Communist seizure of power in East China, mass organizations were immediately organized. Not until 1952, however, were they placed upon a permanent basis. Mass organizations are represented in this region by branches in key cities and appropriate places, depending upon their type of service. The most influential are discussed here to illustrate the pattern of Party control.

38. Ibid., February 5, 1955, p. 3.

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A. Trade Unions

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Trade unions are regarded as the link between the Party and the workers. Since trade unions form the backbone of industrial development, and since East China is one of the most industrialized regions of China, the control of trade unions by the Party is one of the foremost tasks of the Party organizations in East China.

In the East China Region, an East China Trade Union Working Committee was established as the representative body of the All-China Federation of Trade Unions.[39] The chairman of this committee was also in charge of the Shanghai Federation of Municipal Trade Unions, which is no doubt the largest organization in this region. Under the regional committee, local trade union councils reach from the provinces to the towns, an administrative unit equivalent to hsiang; namely, "urban centers" in rural communities.

To destroy the existing labor organizations, the Party associated their elimination with the suppression of counterrevolutionaries and the Democratic Reform Movement. Ever since the Communists seized power in this region,

39. Text of the Constitution of the All-China Federation of Trade Unions, ibid., May 14, 1953, p. 2; English text will be found in Current Background, No. 248, June 22, 1953.

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668 467 they have taken drastic measures to suppress counterrevolutionaries. In larger factories, former labor leaders were singled out for liquidation. They were either accused of being spies in the past or leaders of secret societies. The Democratic Reform Movement directly aimed at the liquidation of old union leadership, was launched at a later date in East China than in other regions. Not as vigorous as in other region it concentrated upon the consolidation of gains after the destruction of the old leadership. The Democratic Reform Movement against privately-owned enterprises in Shanghai did not begin until December 1952.[40]

A trade union organization similar to that of the Party branch is organized by the trade union members working in the same enterprise. As a general rule, a committee is formed whenever the membership reaches twenty-five. The trade union committee sets up a workshop (department) committee to direct the work of its departments. Workshop committees are sometimes divided into trade union teams according to production units and work units. The reason for the closely patterned organization and structure of the trade union is to enhance Party control and, in turn, to convert trade unions into effective and militant organizations.

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40. Report of the Municipal Council of Trade Unions, Liberation Daily, October 1, 1952, p. 1, ibid., December 11, 1952, p. 2.

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•668 467 The methods employed by the Party for political control over other organizations are applicable here, of course. The subjection of trade union affairs to the direction of the Party Commission on trade unions and the placing of Party personnel in key positions in the trade unions are customary practices at all levels.

However, the most effective method of control is the Party directive that Party orders are to be carried out within but not outside of the trade unions.[41] Control involves three steps. First, the Party branch is the starting point for the formulation of directives, working plans, and cadre policies. Secondly, the Party branch suggests to the presidium of the Trade Union Council those policies in need of discussion. Party members elected to the presidium must direct the trade unions meeting and successfully pilot the Party proposal through the presidium. Thirdly, after the resolution is adopted, Party and NDYC corps members must accept it unconditionally and serve as activists to make sure that the resolution is carried out.

C. Federation of Democratic Women (FDW)

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The most active federation in the East

41. People's Daily, May 7, 1953, p. 2.

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China Region was the Shanghai Municipal Federation of Democratic Women,[42] which was organized from the five major women's organizations existing before the Communist seizure of power in 1949. When the federation was formally organized in August 1950, it took in women workers in the trade unions and women students. The membership of the East China Women's Federation[43] stood at 30,000,000 in March 1951. The importance of the federation cannot be judged by its numerical supremacy alone. The position of women in Communist society is such that they constitute an important part of the labor force and their influence is being extended to the entire populace. The federation is a political force and is organized to reach all levels of society.

At the village level, the federation forms the most active part of the rural movement. Particularly, their participation in the Peasnat's Association should be mentioned. During the land reform period, the Women's Federation in South Anhwei mobilized 180,000 women to participate in the Peasant's Association, constituting one third of the total membership.[44]

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42. Liberation Daily, October 22, 1949, p. 7.
43. Ibid., March 8, 1951, p. 1.
44. Ibid., February 17, 1950, p. 3.

• 668 Such a political role has evolved for the Women's Federation as a result of participation in all farm drives and the full support given the hsiang government and Party apparatus.

In the cities, women also play an important part. Women's Federation teams are organized in the streets and alleys. They engage in urban inhabitants' committee work and in carrying out propaganda among the female populace. In addition to their active participation in all movements in the cities, the federation also co-operates with the Department of Women Workers of the trade unions.

Party control over the Women's Federation follows the same pattern as that over other mass organizations. The Party as well as the New Democratic Youth Corps maintains a commission on women's affairs, which is authorized to formulate policy. Furthermore, Party directives are carried out through Party branches organized within the federation.

D. Other Mass Organizations

A number of mass organizations having a strong influence on society are represented in the East China Region. The Shanghai Student Federation, a member organization of the All-China Federation of Democratic Youth, was very active. The All-China Federation of

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668 Literature and Art Cirlces also had a branch in Shanghai in July 1950. The most enthusiastically supported organization is the Sino-Soviet Friendship Association, which was established in Shanghai in October 1949. Its East China office was formally organized in November 1951. In April 1951, the association claimed a membership[45] of 943,269 people in the East China Region. These mass organizations have their branches in most of the major cities and counties throughout the region. Party control over these mass organizations follows with little variation the same pattern.

III. PARTY CONTROL IN THE RURAL AREAS

Political power in the rural area is the foundation of Communist power in the East China Region. Here lies the strength and the weakness of the region and of the Party; here the pattern of political dynamics is most revealing and Communist power encounters the greatest opposition. For this reason, a thorough discussion of the subject is necessary.

The establishment of Communist power at this level can be divided into three periods (1) The initial construction period -- prior to the completion of land reform, when political power was centered in the peasants' associations and geared to land reform in the rural areas. (2) The consolidation period -- a period of

45. Hopei Jih-pao [Hopei Daily], Paoting, April 15, 1951, p. 1.

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668 repercussion and a trial period for the producers' cooperative movement, marked by the gradual shift of political power from the Peasants' Association to the hsiang government, controlled by the Party. (3) The election and the post-Constitution period. The continuous suppression of opposition during the election fo 1953-54, however, laid the foundation for Communist political power. The post-Constitution period displayed a renewed consolidation of political power in the government and Party.

A. The Initial Construction (1949 to 1952)

The political meaning of the Land Reform Movement has been reiterated by the Communist leaders.[46] They regard it as a political struggle; its very essence lies in the abolition of the land-ownership system and the destruction of old political forces in the rural districts.

Throughout land reform, a number of different measures were taken to accomplish this task. Each of the stages of land reform -- preparation, execution, and re-examination -- displayed its political aim and rendered service to the Party.

46. Liu Shao-ch's report on the land reform, Enlightenment Daily, June 30, 1950, p. 1.

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• 668 During land reform, power centers in the rural area remained with: (1) the Party, (2) the Peasant's Association, (3) the hsiang government, and (4) the militia. Of these, the Peasant's Association and the militia, organized as instruments of terror, were of particular importance.

The organization of peasant associations in the East China Region was determined by the manner in which rural power was established in this region.[47] The fact that many localities in the provinces of Shantung, Anhwei, and Kiangsu were old Communist bases facilitated the execution of land reform in newly-acquired areas. Party veterans from established Communist sources were joined by a large number of cadre selected from the Army. In many areas where the use of force was necessary, soldiers constituted the backbone of land reform work-teams. In the province of Chekiang, for instance, over 10,000 Army cadres were employed.[48] to assist in the organization of poor peasants, the organization of Peasant's Associations, and to help reinforce the local militia. The direct use of force was responsible

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47. In most places in East China, land reform was launched at the end of 1950 as in the other regions, and was 87 per cent complete in September 1951. In Fukien Province, land reform was completed in the spring of 1952; Liberation Daily, November 29, 1951; Fukien Daily, June 28, 1952, p. 1.

48. Liberation Daily, October 8, 1949, p. 4; ibid., May 18, 1950, p. 1.

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668 for the rapid conclusion of the land reform and the establishment of Communist political power in the rural areas in this region. By November 1949, an estimated 800,000 peasants had joined the Peasants' Association in eighteen counties in the special district of South Kiangsu.[49] Even in the province of Fukien, the last province to be seized by the Communists, an estimated membership of nine million was reported.[50]

668 701 The militia is an instrument of terror at the disposal of the Party. An organization of poor peasants and farm laborers (67 per cent) and of youth (aged 18-30), it is strongly class conscious.

At the end of the land reform in November 1951, the strength of the militia in the East China Region[51] was reported at 2,900,000. In addition to the normal duties assigned to the militia in this region, such as guarding granaries, bridges and transportation centers, the militia was also responsible for coastal defense. Militia units in the provinces of Fukien, Chekiang, and Kiangsu were noted for their role in coastal operations. In a twenty-month period

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49. Ibid., November 12, 1949, p. 5.
50. Ibid., July 14, 1950, p. 3.
51. Liu Jui-lung's report on the conclusion of land reform in the East China Region, Ibid., November 29, 1951, p. 1.

668 to April 1951, the Fukien militia fought 5,829
701 "battles" in co-operation with the Communist regular troops, and engaged in 4,514 "battles" on its own.[52] This included many "engagements" in defense of the China coast.

B. Consolidation Period (1952-1953)

668 As the Land Reform Movement came to a close, Communist power was established in the region in spite of serious defects reported. The infiltration of "reactionary" elements into the Party organization and the increase of the "new-rich" among Party members, for example, necessitated the expulsion of an estimated 10 per cent of the Party members in the province of Shantung. The general apathy of Party cadre, as a result of low level of education and the unlimited demand imposed upon the Party members, caused some incidents suggesting political instability. Of particular concern was the Wu-to ("five-too-many") phenomenon.[53] Party members found themselves assigned too many jobs -- an average of four jobs per person. And Party members had to attend

52. Ibid., April 28, 1951, p. 5.

53. The five-too-many included: too many tasks, too many meetings, too many forms, too many organizations, and too many concurrent jobs.

668 too many meetings. Too many jobs and too many meetings resulted in inefficiency and demoralization. It was necessary for the Communists to begin Party rectification and work for the consolidation of the power centers in the rural districts.

Directives issued by the East China Military and Political Committee at the end of the Land Reform Movement prescribed the key tasks for rural work.[54] The theme was the increase of agricultural production through the organization of mutual teams and agricultural producers' co-operatives. This task was assigned to the Party and hsiang government and consequently made possible the transfer of political power from the Peasant's Association to Party and government agencies. This transfer was evidenced in the overhauling of Party units and mass organizations operating in the rural district, the convening of ch'ü and hsiang People's representative conferences and the strengthening of the hsiang government. The overhauling of Party units and mass organization was necessary because on these bases depended the transfer of power from the Peasant's Association to the Party and hsiang government.

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632 The convening of ch'ü and hsiang government People's representative conferences had

54. Liberation Daily, July 9, 1952, p. 1.

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668 been an important task, because the control of
632 the conference by the Party ensured the election of hsiang governments. Such as task was at first limited to a few localities. The experience gained was helpful in other areas. However, in Shantung, the progress was better, due largely to the early conclusion of land reform.

The convening of hsiang People's representative conferences involved the holding of peasant representative conferences and the election of hsiang governments. As of July 1951, some 37 per cent (4,865) of the hsiang governments in Shantung Province had undergone the process of consolidation.[55] At the Second East China Civil Affairs Conference[56] in July 1952, some 2,147 representative conferences were held and 17,128 hsiang governments had been established (34.2 per cent of the total). The newly established hsiang governments were reorganized to include the several commissions on co-operatives, public security, finance and food, culture and education, militia, mediation, relief and irrigation, and forestry.

Equally important to the reorganization

55. Ibid., July 25, 1951, p. 6.
56. Ibid., July 9, 1952, p. 1.

668 of hsiang governments is the strengthening of
632 rural leadership. The principle of collective leadership was the central theme. It called for redesignation of the Committee jobs, the introduction of new administrative procedures, and the strengthening of Party leadership over other mass organizations. The old practice of concentration of power in one individual and the delegation of power to a few were declared outmoded methods.

C. The Election and the Post-Constitution Period

666 The Communists' announcement of nationwide elections in 1953 indicated the degree of confidence in their power at the basic administrative levels. However, the elections held in 1953 and 1954 served again as an instrument to liquidate opposition.

668 In the East China Region, the attempt to
631 abolish the village as an administrative unit and to reallocate hsiang administrations has been designated as one of the tasks involved in the establishment of Communist power in the rural area prior to the elections.[57] However, before 1953 such tasks were restricted to a few places and served to gain experience before

57. Directive of rural political works, ibid., July 9, 1952, p. 1.

668 these tasks were introduced in a wide area.
631 The reallocation of ch'ü and hsiang administrative units increased the number of units and facilitated control. In some places a hsiang was redivided into two parts. A directive[58] issued in May 1953 by the Shantung Party Sub-Bureau on the reconstruction of key counties was a renewed effort of the Party to enforce the reallocation and to prepare for the nationwide election in 1954.

After the promulgation of the Communist Constitution, political power was further strengthened. The hsiang People's Congress now holds highest authority but true power remains with the hsiang People's Council. Since these two institutions have gone through the two stages of construction and consolidation, Communist power is securely entrenched in the rural areas. On the other hand, with rising peasant resistance and maladministration of Communist policies in the rural areas, the Communist have encountered many obstruction. As a result, two drastic measures were taken by the regime in 1955. One measure was to overhaul the agricultural producers' co-operatives,[59]

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58. People's Daily, May 9, 1953, p. 1.
59. "Wei-shen-ma Pi-hsü Chung-shih Nung-yeh Sheng-ch'an Ho-tso-she Ti Kung-ku Kung-tso?" ["Why Should the Work of Solidification of the Agricultural Producers' Co-operatives be Stressed?"], New China Monthly, March 1955, pp. 133-34.

668 and the other was the announcement of the first
631 Rural Basic Level Organization Conference[60] in April 1955. The basic task of the conference was the strengthening of Party leadership in agricultural producers' co-operative organizations and the gradual collectivization of farm production.

IV. PARTY CONTROL IN THE CITIES

668 Following the course that had proved successful in the rural districts, the Communists in the cities established and consolidated their control. The Democratic Reform Movement and the Suppression-of-counter-revolutionaries Movement directed at the trade unions and at the urban population, and the violent and widespread Three-Anti and Five-Anti campaigns, directed at the Party, administration, industrial, and business circles of society in effect performed functions similar to those of the land reform in the rural areas.

However, Communist control in the city is retained through the maintenance of a set of control organizations, extending from workers' trade unions to the students' federation and reaching into every street. Following is a brief discussion of the different organizations.[61]

60. People's Daily, March 9, 1955, p. 1.
61. Ibid., January 1, 1955, p. 1.

668 633 The Urban Inhabitants' Committee is organized with the stated aim of contributing to the welfare of the residents. The basic unit is a family residing in or sharing a house with others, and a committee administers the affairs of from 100-600 families. An attempt was made to organize urban inhabitants in the 6,008 alleys in Shanghai in the winter of 1950. The committee organization was not widely established until 1951. As of June 1954, some 1,852 committees and 36,000 teams had been organized.

The Urban Street Office is the representative of the city government and acts as a liaison between the government and the street. In fact, the office serves to check and impose rules upon the residents. Its jurisdiction parallels that established for the Public Security Sub-Station, thus enforcing a doublecheck among the residents. The Public Security Sub-Station is responsible, in the main, for the maintenance of public order and the suppression of counter-revolutionary activity.

668 The Mediation Committee is a "mass" organization, established both in the city and in the village. Its function is to mediate disputes, propagandize government statutes, and exercise "judicial" power in the village and street for misdemeanors uncovered by the Peoples' tribunals. Although the committee acts as a third party in a dispute, it must not be overlooked that the committee represents

668 the government view and that it employs self-criticism as one of its primary techniques.

It seems that the Communist control in the cities is much more rigid and forceful than in the villages. With the spread of Communist domination in many mass organizations, factories and other professional organizations, Communist control in the city is further strengthened. No doubt the public security sub-stations play a leading role in the enforcement of government rules. However, the importance of other organizations, notably the procuratorates and the Peoples' courts, should not be minimized.

SECTION THREE

ELECTION AND POLITICS OF MINOR PARTIES

I. ELECTIONS

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The nationwide election which produced the People's congress at all levels was held in the East China Region between 1953 and July-August 1954. A Communist election is a process whereby organized propaganda is concentrated for purposes of political indoctrination. People are not allowed to choose between policies and candidates. The fact that there is only one political platform removes this

665 In the third place, with the consolidation of Communist political power at all levels, the position of minor parties is further endangered. For instance, the liquidation of private capitalists in the transitional stage would certainly reduce, in the end, the political position of the China Association for the Promotion of Democracy. Eventually minor parties will no longer exist as political forces in the ordinary sense because their political influence will be insignificant.

A. Control and Infiltration

665 668 The most effective way of eliminating minor parties and their activities is to exercise strict control over them either through direct subjugation or infiltration. A glance at the guiding principles to be observed by all minor parties participating in the Chinese People's P.C.C. would indicate the degree to which these minor parties have subordinated themselves to the will of the Chinese Communist Party. In addition to acknowleding the position of the Communist Party as the core of the state's power, minor parties "must assist the state organs and set the social forces in motion... maintain close contact with the masses... continue to consolidate and develop the alliance between China and the USSR... study Marxist-Leninist theories on a voluntary basis, study state policy, elevate political levels, practice criticism and self-criticism, and strive for ideological remolding." (General principles of

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665 the Constitution of the Chinese People's
668 Political Consultative Conference.)

The infiltration of the Communist Party into the minor parties to compel their final extinction is perhaps the regime's far-reaching design. In the East China Region this will be done by the control of membership policies of the minor parties by the Communist Party and by the training of members of the minor parties in charge of organizations. A training class[70] was held in November 1951. Their curriculum included Chinese Communist history and organizational policy; their instructors were Communist Party members. Certain conditions were established under which the expansion of minor parties was to take place. These parties must be free from "reactionary elements." To date, 55 persons have been expelled from the Revolutionary Committee of the Kuomintang, 76 per cent of this number for political reasons. Expansion has been restricted to big cities, and is not permitted in minority groups. Furthermore, activists were encouraged to enroll during the Resist-America-Aid-Korea Campaign.

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70. Liberation Daily, November 22, 195, p. 1.

Annex "A," Subparagraph 2f,
Political Background

SUBVERSIVE POTENTIALITIES

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578 In view of the present importance of the East China Region to the nation's economy and to the Communist military preparation for offensive action against the Nationalists on Formosa, the Communists have assiduously pursued in this region a series of measures aimed at the suppression of opposition to their regime. Open and "subversive" opposition has its origin in at least three sources: (1) "Counter-revolutionaries" -- armed bandits, landlords, former Nationalist officials, members of the Nationalist armed forces, Kuomintang and foreign agents, and the secret societies -- are regarded by the Communists as "basically hostile elements." (2) Harmful activities which the Communists consider dangerous to the stability of their regime are specified for elimination. This includes corruption, waste, and theft in Party and government organizations, in industrial establishments, and in rural co-operatives. (3) Tension and public discontent among Party members and government employees and among the populace are common in an excessively controlled and centralized state. These conditions, if not checked, may contribute to the demoralization and the eventual disruption of the Communist regime.

578 discontent and tension have not been eradicated.
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656 A. Public Discontent

1. Regimentation and Restriction.

517 The Communist attempt to organize the people
656 and regiment their activities meets the
668 greatest resistance. The forced establishment of agricultural producers' co-operatives in the rural districts and the organization of all urban workers into unions are Communist efforts of note.

The imposition upon the peasants of spare-time activities and duties is perhaps the most objectionable feature. The peasant is required to attend meetings, to attend winter schools, to be advised on all farm activities, and to perform various duties according to his age and sex. Even how he is to spend his money is decided by Party counseling. Such advice is, in fact, a series of propaganda bombardments, which may include interviews, meetings, and classes. This process is both time-consuming and vastly irritating.

Similar restrictions are imposed upon the workers in the city. During working hours, workers are required to observe labor discipline. They are severly punished if they are late to work or leave early. Loafing and belligerence are crimes subject to punishment. During their "leisure time,"

517 workers are required to participate in
656 organizational and cultural activities and to
668 attend technical and cultural classes. Since most workers hold membership in a number of Communist organizations, no time is left for private affairs.

668 2. High Taxation and Public Obligation.
656 High taxation and business restrictions are
[65] other unpopular Communist policies. In the rural districts, the Communist San Ting policy, formulated at the end of 1953, fixes a quota for farm production and for purchasing and marketing. Other measures which regulate the sale of farm surplus products -- mainly rice and cotton -- only to the centralized market, meet resistance. Businessmen are required to pay high taxes, pubchase bonds, and make "voluntary contributions." Other measures taken by the Communists to eliminate private business doubtlessly create great dissatisfaction among the people.

Public obligations imposed upon the people are also a cause for discontent. The peasant, for example, is called upon whenever his services are needed. For major irrigation projects, peasants are enlisted for work in distant areas. The service of the militia is necessary on many occasions, and so the young peasant is required to accept military training in his spare time. When he becomes a member of the militia, he must patrol the

656 key centers in the village area, guard and help
668 to ship government grain, assist in the extermination of "bandits," and attend militia "cultural" and organizational activities. A parallel scheme is instituted in the city. Urban residents are generally expected to render certain services in the areas where they live. In addition to attending regular meetings, they are expected to serve as patrols whenever patrols become necessary.

668 Controls imposed by security agencies
208 and other organizations, including large-scale rationing programs and constant investigations, contribute to public discontent. However, the Communists recognize the limits of public inconvenience and growing dissatisfaction. They stress the employment of a mass-line policy, which, to some extent, will absorb mass complaints, and they mobilize their propaganda machine for better effect.

B. Tension within Organizations

668 Although the various control agencies
578 employed by the Party to supervise and to ensure the execution of Party directives within a government organization help to maintain Party supremacy, their functions and responsibilities often overlap, resulting in confusion

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668 578 and tension among the employees.[58]

Because these control agencies have the same jurisdiction in all organizations, any one department or factory may have four different controls at the same time -- the control committee of the Party, the supervisory offices of the administration, the people's procuratorates, and the public security agencies. Under this multi-control system, each agency of control exerts pressure upon all members of the organization and extends to every part of the organization.

Over-centralization results in tension. In the sphere of politics, for example, transmission of directives from the central government, allocation of work, and the choice of objectives are made at the provincial level. When making government allocations, each level of government has an assigned target in mind; hence, the demand on the subordinate units increases. The result is an accumulation of pressure which creates tension within the system. This is particularly true in the sphere of economic activity. For example, each factory is given a production quota,

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58. Studies on the Soviet Union can be helpful in an understanding of the subject. Merle Fainsod, How Russia is Ruled, Cambridge Harvard University Press, 1953; Barrington Moore, Jr., Terror and Progress USSR, Cambridge, Harvard University Press, 1954.

668 assigned as if it were a political decision.
578 Managers and workers in a factory are concerned with the attainment of the assigned quota, since a failure to meet the quota may bring severe punishment. To fulfill this quota, every means of control and competitive methods are used. This in turn creates additional tension among the workers. Although some factories have issued false achivement reports in order to reduce government demands for ever-increasing production schedules, the regime is making an effort to stamp out this practice.

665 Pressure and tension are most harmful
578 to the morale of the Party. The Party apparatus is the center of power and activity, and all Party directives and government policies are supervised by the Party. Therefore, a Party member is subject to at least two systems of pressure -- the Party and the state. A Party member is subject to an endless program of Party indoctrination and rectification, which results in the high loss of Party members either through expulsion or forced resignation. Indeed, the demands on a Party member are so great that many Chinese are reluctant to join the Party. The fate of the expelled Party members is unknown, but it is presumed that they are generally tried by a People's Court and sentenced to forced labor. Expelled Party members, if still at large, may form a counterrevolutionary group and join with other elements in subversive activities.

668 578 Tension also exists in the mass organizations as the result of pressure imposed upon them by the Party and by higher organizations themselves. The most active mass organizations, such as the New Democratic Youth Corps and the Federation of Democratic Women, are also the most unstable. The key to the maintenance of a safe margin of tension within an organization seems to lie in a balanced approach to the problem, reinforced by constant vigilance and propaganda.

IV. CONCLUSION

578 656 668 No matter how tight a rein the Communists in the East China Region hold upon the populace, there are always three forces in opposition to the Communist rule of terror: the victims of Communism, the traditional resistance groups, and discontented members of the Communist Party.

Among the victims of Communist power are the landlords, former Kuomintang officials, and those who are named by the Communists as counterrevolutionaries. Although most of these elements are confined to forced labor camps or are placed under the surveillance of the police, they continue to offer some resistance. With the increase in peasant opposition to the Communist policies of gradual collectivism in the rural districts, the "new-rich" peasants may appear in renewed strength. However, in view of the Communist policy of

terrorism and violence, a show of open resistance is infrequent.

The traditional resistance group, represented by the rebirth of secret societies, is another force which will not be easy to crush. Because secret societies are attractive to illiterate peasants and laborers, they may create added discontent. The last group of potential subversives is composed of discontented and/or expelled Party members. Party purges in the East China Region were particularly severe during 1955.

Public discontent and tension within all organizations in East China are by no means an indication of the impending collapse of the Communist regime. They are, rather, the counteraction to be expected under a dictatorship in a controlled society. However, evidences of tension and public discontent should be investigated because they may lead to the weakening of Communist power. The loss of morale and Party unity can mean the disruption of the entire system.

468 1950 and early 1951. These cases were handled by the trade unions in an attempt to satisfy both labor and capital.

IV. DEMOCRATIC REFORM AND POLITICAL INDOCTRINATION

467 In the course of labor organization, 668 the Chinese Communists discovered that many "reactionary and feudalistic elements" still existed in the labor organization, and that the trade union leaders practiced "bureaucratism" and "commandism." Labor bosses in factories were given the title "Number One" in Shanghai and "pa-t'ou" in Tsingtao.[15] The Communists urged the masses to aid in the elimination of reactionary elements, bossism, and remnants of feudalism. To this end, they initiated "democratic reform" in Central-South China in May 1951, and later extended it to other regions. In East China, reform was accelerated in September 1951.

To initiate a "democratic reform" movement in a factory or a mine or among a group of workers, the union cadres called "criticism" and "self-criticism" meetings at which everyone present was urged to make complaints and accusations. The purpose was "to weld together by ties of sympathy and understanding all who work together." After the movement had been established, changes were made in factory regulations and working

15. Gang-labor chiefs had unlimited authority to exploit the workers.

467 relations. In the case of textile mills in Shang-
668 hai, Tsingtao, Wu-hsi, and Hangchow, the system abolished the practice of searching workers as they left the mills. At the wharves of Shanghai, Tsingtao, Tsinan, the pa-t'ous (labor bosses) were reported to have been eliminated by "democratic reform." In Huai-nan mining district in Anhwei Province, the gang-master system was abolished. But there were also reports of the persistence of bureaucratic practices among trade union cadres. In Shanghai, the deputy chief of the textile workers' trade union encouraged the workers to register complaints by utilizing a suggestion box. One note dropped in the box suggested that the deputy chief change his habit of pounding tables and using abusive language during union meetings. The next day the deputy chief threatened to burn the box if the anonymous writer did not identify himself.[16] This incident suggests that the "Communist spirit" is never as democratic as it has been ordered to be, and that the legislation of equality will have its abuses.

Other campaigns initiated by the Communists included the Resist-American-Aid-Korea Movement, Suppression-of-Counterrevolutionaries Movement, and Three-Anti and Five-Anti campaigns. These movements and campaigns were to assist in the political awakening of the workers.

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16. Chinese Workers' Monthly, September 15, 1950, p. 11.

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IV. COMMENTS

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Despite the fact that the Chinese Communists strongly insist that the laborers employed on the Hwai River Project are working for their own good, the harnessing of the Hwai River has a very strong political factor behind it. Consequently, the indifference and rebellious acts of the people in the Hwai River areas, in the eyes of the Communists, are as dangerous as the evils of the river itself. The harnessing of the river is the harnessing of the people in that area. In the provinces of Shantung, Anhwei, Kiangsu, in East China (and Honan in the Central-South), there were formerly 3,000,000 persons who belonged to different religious sects such as the Hung-ch'iang-hui [Red Spear Society], the I-kuan-tao [Unity Society], the T'ien-ming-tao [Dawn Society], and others. Some of the sects have several hundred years of history and tradition behind them. On many points they did not agree with the tenets of Marxism and Leninism. The cases of peasants refusing to join the Peasants' Associations and sabotaging land reform were too many to handle individually. In addition to the religious differences, the people of the Hwai River basin are famous for their fierceness and obstinacy. The Communist Hwai River Harnessing Project absorbs these unstable millions into the orbit of the Communist system. The military character of the organization of the labor force and the emphasis on the political indoctrination of the

~~46~~ 68 laborers showed very clearly the real intention of the Chinese Communists.

- It is doubtful that the Communists could in a short time brainwash these millions whose ideology was formed by their religious beliefs through many generations. Given a chance, this portion of the Chinese population might rise against the new regime and go back to their old ways of life.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

submitted to the Authorities twice annually, and a union may be dissolved by the Competent Authority in certain circumstances. 467 668

Between 1927 and 1937, when the Kuomintang Government ruled in Nanking, and the Shanghai Chinese City Government was active in the organisation of labour under the Labour Union Law, leftist unions were vigorously suppressed. Hence it appeared that in organising a labour movement, the parties responsible had been concerned at least in part with forging a political instrument.

During the three and a half years following the outbreak of Sino-Japanese hostilities in 1937, the organisation of labour saw four distinct phases. The influence of the Kuomintang labour organisation persisted until early in 1940. There were few strikes during the first two years, a period of destruction and recovery, and the Kuomintang organisation had little to do with labour disputes. Early in 1939 an organisation appeared with headquarters outside the Settlement and known as the "Chinese Republic Workers' League," which was associated with disputes in two foreign-owned enterprises in the eastern district in the late summer of 1939. It was dissolved shortly after, and was replaced by the "Chinese Workers' Welfare Association," with an eastern district branch. This organisation was very active, and caused strikes in several undertakings of western ownership. The organisation collected fees from many workers, but after October 1939 ceased to function actively in disputes. These organisations were in fact inspired by Japanese. Every possible means was used to embarrass British and American enterprises.

After June 1939 the influence of labour organisations under several names grew steadily. In November 1939 there arose the "China Labour Movement Association," which for a time confined its activities largely to enterprises in the western district Extra-Settlement area. The first significant dispute with which the Association was involved at this period was a strike among mechanics, conductors and chauffeurs of the China General Omnibus Company, one of the public transportation companies in the Settlement. Its success made it more influential. In June 1939 a first reorganisation took place, after which the "Shanghai General Labour Union" emerged, frankly under the direction of the

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CHAPTER VI

LABOUR ORGANISATION

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COHESION OF INDUSTRIAL labour came late to China—not, in fact, until the 1920's. In 1925 in Shanghai, Hongkong and Canton, workers participated in protracted strikes which had a political, then anti-foreign, character. In 1927, when the Kuomintang armies approached Shanghai from the south, and one month before they entered the city, widespread strikes occurred, an intimation that the organisation of workers had preceded the armies. During the Kuomintang regime in the Shanghai City Government Administration (1927-37) the organisation of labour by the party was steadily pursued.

On October 21, 1929, a Labour Union Law was promulgated by the National Government of China. A careful perusal of the Law indicates that a free development of the labour movement was not contemplated. Granting that labour in China, inexperienced in organisation as it is, cannot easily reach the maturity of western labour movements within a short time, the fact nevertheless remains that the official supervision for which the Law provides suggests that a labour movement developed under its aegis would be carefully controlled. The Law declares that "the Competent Authority of a union shall be the provincial government, or the municipal government . . ." To organise a union "an application in duplicate for registration . . . shall be submitted to the Competent Authority," which "shall give decision within two weeks." "Upon obtaining official sanction for registration, the labour union shall submit to the Competent Authority . . . names, addresses and antecedents of the officers elected." After outlining the permitted functions of a union, the Law states: "If a labour union has not carried out any of the activities of mutual aid . . . the Competent Authority may . . . send a person to assist the labour union in organising such activities."[1] Membership lists must be

[1] Translation by Koo Ping Yuen, in *China's Labor Laws*, Second edition, Commercial Press, Shanghai, 1935.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

467 668 Shanghai Branch of the Social Movement Direction Committee of the Ministry of Social Affairs of the Nanking authorities. Under this master union, the organisation of unions in various trades proceeded. In December 1940 this General Labour Union, together with a body with headquarters in another part of the city and a Workers' Welfare Association, merged in the Shanghai Municipality Labour Movement Adjustment Committee, directed by the Social Movement Direction Committee of the Nanking Ministry of Social Affairs. During the first half of 1941 this Adjustment Committee busied itself with the organisation of labour unions in various industries. These organisations were stimulated by the Nanking Chinese authorities with the dual purpose of increasing their own power and troubling the peace.

It is interesting to note that the new Nanking authorities pursued a course not unlike that of the Kuomintang Government a decade earlier. Labour was regarded by the new regime as a factor in the political movement. Once organised it had to act if the organisation were to retain the interest of the workers. Hence newly formed groups were encouraged by their organisers to initiate a positive programme, in short to present demands. If increased earnings were secured through such united action, the workers would then be bound in gratitude to the group which organised the struggle. The political hold of the responsible party increased over that section of the community which the workers represented.

Thus twice in the space of fourteen years, labour in Shanghai was wooed by a political party. There is no denying the existence of generally unsatisfactory working conditions and inadequate earnings. From this point of view labour should in any case press for improved conditions. Yet the interest of a political party in the welfare of the working classes has had in part a political, not wholly a humanitarian inspiration. A spontaneous self-directed labour movement like that in many western countries did not exist in Shanghai.

The diminution of industrial activity following the outbreak of Pacific hostilities lessened also labour union activity, but it was not eliminated. The Social Movement Direction Committee of the Nanking authorities continued its work and stimulated workers in such trades as continued to flourish, as for example in the leather shoe trade. Here a strong union representation of workers

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was able to obtain through the Division's mediation in August 1942, a collective agreement embodying a minimum monthly pay of CRB$200 whether employees worked or not during slack months when otherwise they would not be able to earn this amount. Unions, too, were active in claiming on behalf of their members adequate discharge allowances. 467 668

It can thus be seen that labour was by no means inarticulate, nor did it necessarily await the stimulation of political groups to lend it cohesion and the power to act in concert. When impelled by a sense of economic needs, workers formulated demands which they pressed upon employers. Leaders emerged to conduct negotiations, often with considerable astuteness, and though in many cases they were almost illiterate, they were often keenly intelligent.

How was the division apprised of imminent industrial unrest? Without compulsory powers to require the submission of a dispute to mediation, it nevertheless arrived at the place where few serious disputes occurred which were not brought to it for settlement. There was a gradual building up of confidence in its fair handling of matters in dispute and one group of satisfied workers passed word to another that application to the Division for mediation would have useful results. Disputes could of course be referred by either party; but as a matter of technique the Division mediated most successfully when workers, not management, presented the request. The reason is obvious: workers may distrust a mediator whose help has been sought by an employer. The Division sometimes waited days after a case was referred by management, in the meanwhile trying through other workers whose confidence had been won, to have the workers involved in the dispute request mediation. 468 633

An obvious principle for the Division in mediation was not to break the strength of the workers. If their bargaining power were weakened, the process became not one of mediation between parties of equal strength, but a dictation of its views on the part of a stronger management. This view of the Division did not always correspond with that held by the Municipal police, who also were associated with the settlement of some disputes, usually those where violence or threat of violence had occurred. The police, whose function was primarily to preserve peace and order, 468 633 625

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177 his knowledge and admiration of modern Western civilization, he became as a young man one of the most significant contributors to the reform of Chinese written expression and helped to change the style of modern Chinese literature. As a professor and editor of a journal of opinion in the following decades, he spread the principles of John Dewey's pragmatism the scientific attitude, objective literary criticism, democracy, and material progress. The importance and influence of his work in China may be inferred from the heavy attacks he and his ideas have encountered under the Communist regime.[33]

669 E. The Warlords in the East China Region

One of the negative aspects of the coincidence of the Western invasion of China and the decline of the Manchu Dynasty was the period of warlord rule (1916 to 1928) in the East China Region. Military despots armed with Western

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33. See for instance the comments of the American editors of Current Background, Hong Kong, American Consulate General, 315, p. 2, and translation following of Chinese Communist press reports. Also see "The Campaign against Hu Shih, "Ibid., 167. Citations from Current Background, unless specifically attributed to the American editors, as above, refer to literal translations from Communist newspapers and magazines, and should be treated as such.

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weapons and motivated by the desire for power and wealth arose to fill the vacuum left by the disintegration of central political authority in 1916. As a port through which Western weapons could be smuggled and as a source of vast revenue, China's richest city, Shanghai, was a major attraction to the warlords.[34]

Dominance of the city passed from one to another of them until Sun Ch'uan-fang, a product of Shantung, seized Shanghai in 1925. He took it in the course of carving out a domain for himself which, by 1926, included Kiangsi in the Central-South Region and all the provinces of the East China Region with the exception of his native Shantung. In 1927, he was driven from his realm by the armies of the Kuomintang.

Sun's rise to power was engineered by a series of alliances and betrayals and abetted by another warlord and native of Shantung, Wu P'ei-fu. Wu followed Ts'ao K'un as leader of the Chihli (Hopei) Clique, one of three warlord factions which alternated in control of Peking. The other factions were the Anfu Clique (an for Anhwei and peace; fu for Fukien and good fortune) dominated by Tuan Ch'i-jui;

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34. On the warlords see H. F. NacNair, China in Revolution: An Analysis of Politics and Militarism under the Republic, pp. 46-64, and passim. On their role in the East China Region see Finch, op. cit., passim.

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669 and the Fengtien (South Manchuria) Clique led by Chang Tso-lin. After 1923, Feng Yü-hsiang, until then the chief lieutenant of Wu P'ei-fu, became an independent and additional element in the dominance of Peking. Both Tuan and Feng were natives of Anhwei but operated largely outside the East China Region.

F. Shanghai and the Nationalist Revolution

669 During 1923, the founder and leader of the
668 Kuomintang, Sun Yat-sen, reached agreement with representatives of the Soviet Union for its material help in reorganizing the Kuomintang on Communist Party lines and aiding it in the achievement of national unification and independence. Members of the Chinese Communist Party, founded two years before in Shanghai, were admitted into the Kuomintang and permitted to conduct the major share of the propaganda and grass roots organizational campaigns. In the East China Region, these efforts were most heavily concentrated on the industrial workers of Shanghai. Particular attention was paid to organizing them into unions, propagandizing for labor benefits, and indoctrinating labor in nationalistic and

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anti-imperialistic ideas.[35]

In the course of this campaign, a demonstration held May 30, 1925 to protest the death of a worker in a strike against one of the city's Japanese-owned mills was fired on by police of the International Settlement, killing several marchers. Communist labor leaders took advantage of natural Chinese resentments to promote a general anti-imperialist movement marked by strikes, boycotts, and demonstrations against Britain and Japan. This action aided greatly in stirring up enthusiasm for the radical Kuomintang program then being disseminated in Canton and for the Northern Expedition which set out from that city a year later to unite all

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35. The history of the reorganization of the Kuomintang, its alliance with the Soviet Union, the beginnings of the Communist Party and subsequent events is recounted from a number of points of view in MacNair, op. cit.,; T'ang Leang-li, The Inner History of the Chinese Revolution, London, G. Routledge and sons, 1930; Harold Isaacs, The Tragedy of the Chinese Revolution, rev. ed., Stanford, Stanford University Press, 1953; Robert C. North, Moscow and Chinese Communists, Stanford, Stanford University Press, 1953; and Benjamin I. Schwartz, Chinese Communism and the Rise of Mao, Cambridge, Mass., Harvard University Press, 1951.

669 China and free it from foreign control. The
668 May 30th incident helped to swell the ranks of the Communist-led unions. On Marcy 22, 1927, the unions were able to seize control of Shanghai as a small Nationalist army approached the city. The Kuomintang army was welcomed into the city by the labor forces, but it was evident that they intended to maintain at least a hand in controlling the city and that they were in sympathy with the Communist-dominated left-wing of the Kuomintang government at Wuhan, which had split with the more conservative majority of the party elsewhere. On orders from Chiang Kai-shek, the reinforced army within Shanghai struck without warning at the labor forces on April 12, 1927, slaughtering thousands of labor union members, their Communist and leftist leaders, and their worker army, which had buried its arms on Comintern orders. The action was preceded by a conference between Chiang and the business leaders of Shanghai, who had been shocked by the excesses of the Wuhan Government's appeal for peasant and labor uprisings. With the support of the business element and the warlords within the ranks of the Kuomintang, Chiang was able to achieve leadership of the party and drive the left-wing government from Wuhan. He turned the revolution to the right. The Russian advisors were expelled from the country and the Communists from the Kuomintang.

648 to take over rights wrested from the Chinese in negotiations. After France had been similarly compensated by the lease of Kwangchow Bay in Kwangtung, Italy unsuccessfully demanded a like cession in Chekiang.

• 669 These national humiliations coupled with a disastrous flood raised a wave of anti-Manchu and anti-foreign sentiment among the people of the East China Region in 1899. The membership of secret societies swelled, and bandit gangs became rife throughout the five provinces. These two kinds of groups, often indistinguishable one from the other, were the traditional outlets for grievances against the government and frequently became the nuclei around which ambitious persons organized movements intent on seizing the throne.

Anti-foreign hatred and violence in Shantung finally coalesced in the I-ho-t'uan (The Righteous Harmony Corps), also called the I-ho-ch'üan (Fists of Righteous Harmony). Known to the West as "the Boxers," the membership of this society had originally been organized against the ruling dynasty, but were persuaded to turn their resentment against the foreigner. Beginning with rice riots and raids on Christian missions, the sect soon turned to violence against native Christians, German prospectors and railroad workers, and foreigners generally. The secret society not only had gentry leadership, but was also encouraged by the Manchu

•669 governor of Shantung, Yü-hsien. When under foreign pressure Peking replaced him with Yüan Shih-k'ai in January 1900, the activities of "the Boxers" declined rapidly in Shantung. The sect's scene of operation then shifted northeast to Hopei and was particularly active around Peking, where the sect won open support from the imperial family.

I. Shantung and Japan

648 The eyes of China were again on Shantung from 1915 through 1929. In the former year, Japan entered World War I on the side of the Allies and proceeded to drive the Germans out of Shantung despite the protests of China, then a neutral. Having replaced Germany in the province, Japan forced on China the "Twenty-one Demands." One demand stipulated Chinese recognition of Japan's right to take over Germany's position in Shantung.

China entered the war in 1917, but not with the intent of gaining a hearing for her rights at the peace table. Rather, the declaration of war was forced through over parliament's objections by the warlord Tuan Ch'i-jui with the aim of enriching himself and his cohorts through war loans from Japan. These loans and Japanese agreement with the other Allied Powers recognizaing her "special rights" in China strengthened Japan's position in Shantung by the end of the war. At the

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726 local population.[53]

E. Victory of the Communist Party

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At the end of the war, Communist forces were scattered throughout the East China Region with the exception of southern Chekiang and Fukien. These troops immediately began to expand their areas of control by accepting the surrender of Japanese occupying forces and came into conflict with Kuomintang troops bent on the same mission. Central Government orders to the Communists to desist in this operation had no affect, and a full-scale civil war was soon in progress throughout China.[54]

A Kuomintang offensive from July 1946 to July 1947 drove the bulk of the Communist

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53. See Linebarger, op. cit., pp. 116-23, 159-75; Stein op. cit., pp. 333-41; and U. S. Office of Strategic Services, The Guerrilla Front in North China, Washington, D.C., 1943 pp. 14, 20-21.

54. The names, dates, and campaigns connected with the Communist victory are largely taken from a Communist source, which is accurage in regard to these facts insofar as can be determined by checking against other, scattered sources: Liao Kai-lung, From Yenan to Peking, Peking, Foreign Language Press, 1954, pp. 3-4, 8-11, 15116, 18, 21, 32, 36-38, 49-54, 60-65, 89-91, 101-04, 107.

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•669 armies out of all the East China provinces except Shantung. Despite the government's capture of the Communist capital of the province at Lin-i in February 1947, the Red forces were able to hold on in the province and to organize thrusts cutting the Lunghai Railroad in western Anhwei during early 1947. In the second half of the year, field armies under Generals Ch'en I and Su Yü moved from central Shantung to the periphery of the province, while other units under Hsü Shih-yu and T'an Chen-lin struck toward the east and the Shantung Peninsula.

Elements of these and other armies spread out in the whole region between the Yangtze and Yellow rivers from the sea on the east to the Han River in the west. By the end of 1947, the Communist felt well enough established in the region to form what was called the Central Plain Liberated Area. As in the war against Japan, the Communist did not occupy contiguous territory but rather isolated patches of countryside, particularly along communication routes, leaving the cities and their communication hubs to the enemy.

The Communists' first decisive victory in the East China Region was the capture of Tsinan in September 1948. After the battle, the Communists took time out to reform the armies previously occupied in the Northwest, the Central Plains, the East, and the Northeast into respectively the First, Second, Third, and Fourth Field Armies.

•669 From November 7, 1948 to January 10, 1949 the Second and Third Field Armies engaged in what was called the "Huai-Hai Campaign." It involved the sweeping out of Kuomintang forces between the Yellow and Yangtze rivers by key victories at Hsuchow, in northern Kiangsu, and in eastern Honan. Again, there was a pause while the Communists regrouped their armies along the north bank of the Yangtze and talked peace with the Kuomintang

By April 20, 1949 the stage along the Yangtze was set for the final blow. The following day crossings of the river were made between Nanking and Hankow by the Second and Third Field Armies. Nanking fell to the invaders three days later. The next day Chinkiang, capital of Kiangsu, fell. Hangchow, capital of Chekiang, succumbed May 3, and Shanghai was entered May 27. The remaining Kuomintang troops above the Yangtze were pulled out of Tsingtao by sea transport early in June, giving the Communists claim to all the East China Region above southern Chekiang. Fukien's capital at Foochow was lost on August 17, and one month later the Communist forces took Amoy, the last important city in the East China Region. With all its provinces under Communist control, the conquerors did not consider the campaign ended. The offshore islands, principally Quemoy and Formosa, were included in the East China

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669 Region and still await "liberation" by Communist forces.

The rapid occupation of the four southern provinces of the East China Region indicated the extent of Kuomintang collapse by mid-1949. The people of the region were thoroughly sick of fighting and largely out of sympathy with the Kuomintang regime because of its inability to control graft in its midst and a runaway inflation, which struck particularly hard at the non-farming population of the cities. Any regime that promised peace and stability would have been welcomed. Even many of the private businessmen were willing to take a chance on the Communists, seeing their rule in the moderate terms outlined by Mao Tse-tung in his New Democracy. To the great majority of China's population, the peasants, the struggle for power was none of their business. They stood aside, waiting for the winner to emerge, and accepted the victory of the Red Army as the beginning of a new dynasty which had inherited the "mandate of Heaven" from the discredited Kuomintang.[55]

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55. For a description of the reception of the Communists in the East China Region see Lynn and Amos Landman, Profile of Red China, New York, Simon and Schuster, 1951; and Otto B. Van der Sprenkel, et al, New China: Three Views, London, Turnstile Press, 1950. Both works are generally sympathetic and optimistic concerning the Communist regime, but the eye-witness accounts of the authors indicate that much the same mood prevailed among most of the population of the East China Region.

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I. SUPPRESSION OF COUNTERREVOLUTIONARIES

687 The term "counterrevolutionaries" has been loosely defined by the Communists. It may include bandits, landlords, armed resistance groups, spies, or any person whose activities are deemed detrimental to the Communist cause. The Communist authorities have deliberately avoided a precise definition; any person considered undesirable and harmful to the Communist regime can be accused of counterrevolutionary activity and subject to liquidation.

A. Extermination of "Bandits"

669 727 The term "bandit" is broadly used by the Communists to identify any armed resistance, either from the underground forces or from professional armed robbers. However, prior to 1952, this term was generally applied to remnants of Kuomintang forces on the Mainland and to long-active armed bands.

Immediately after the Communist seizure of power in the East China Region, military campaigns were launched to exterminate these armed bandits. The campaigns were vigorously carried out and rapidly concluded. At the end of 1949, all provinces in the region, with the exception of Fukien, announced the elimination

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669 727 of armed bandits in major areas.[1] Throughout 1950, concentrated effort was exerted in Fukien and Chekiang provinces, where bandit forces could not be suppressed in spite of a series of military expeditions against them. Bandit strength in Chekiang, which was estimated at 8,500 in February 1950, increased to 10,000 in May of the same year.[2] It was not until November 1951 that the completion of the extermination campaign was announced by Su Yu,[3] the then commanding general of the East China Military District. He placed the total number of bandits annihilated in the region of East China at 225,000. This number was appreciably smaller than those reported from other regions, perhaps due to the relatively smaller number of Kuomintang troops who had to be sought out.

Military campaigns in this region were generally divided into three stages;[4] each

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1. Report of Jao Shu-shih, Chairman of the East China Military and Political Committee, Chieh-fang Jih-pao [Liberation Daily], Shanghai, Dec. 2, 1949, p. 1.

2. Report of Li Shih-ying, chief of the Department of Public Security of the East China Military and Political Committee, ibid., March 18, 1951.

3. Ibid., Nov. 27, 1951, p. 1.

4. Ibid., Nov. 27, 1951, p. 1. ibid., Oct. 1, 1951, p. 5.

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669 featured different strategic and tactical
727 maneuvers. During the first stage, the strategic aim was the extermination of remnant Nationalist troops and bandits in key economic areas and major transportation points. Throughout these campaigns, military forces were used in the destruction of old political forces in the rural areas. In Chekiang, for example, one Communist unit assisted in the setting up of rural government in 73 hsiang and 247 villages and organized peasants' associations with a membership of 28,000 and a militia of 8,900.[5]

The second stage marked the expansion of military operations to areas adjacent to the key centers, where most armed resistance had been put down during the first stage of operation. Fighting was confined to the pursuit and annihilation of the main bandit forces, thereby making safe from bandit activities the largest portion of the region. At the same time, Communist troops in the provinces were divided into areas of command. In the province of Chekiang, four such areas were organized[6] and each was made responsible for the extermination campaigns in a specific area. There were, in addition to the four area commands, two independent commands in charge of the areas south of

5. Ibid., Nov. 27, 1951, p. 1.
6. Ibid., Dec. 5, 1949, p. 3.

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T'ai Lake and Hang-hsien.

After the dispersion of the remaining bandit forces, military operations were carried out by a minimum use of garrison troops with the help of militia. Garrison troops also rendered direct assistance to the rural Communist governments in the establishment of public security organizations and directed the work of the militia. From January to June, 1951, the militia in the East China Region engaged in 21,625 "battles"[7] -- the Communist phrase for any skirmish or incident involving the militia and armed bands. In coastal areas, the militia was relied upon for coastal defense.

The announcement of the completion of the extermination campaign in the East China Region in November 1951 coincided with similar statements from other regions. The year 1951 marked the conclusion of the Land Reform Movement, and 1952 was spent in the consolidation of political power in the rural communities. Reports of more recent activities are few. However, at least two bandit groups were identified in Chekiang and the Kiangsu area in 1954. One of the groups, Chung Chiang Hang, was reported to have committed 394

7. Ibid., Nov. 27, 1951, p. 1.

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669 robberies, and the other, Shui Huo Pang, was
727 similarly active.[8]

B. Landlords

687 At the conclusion of land reform, many landlords (including those who had received sentences of less than one year's imprisonment) were placed under the surveillance of the local hsiang government and the security agencies. They were either given a small portion of land to work or were sentenced to forced labor. Those landlords who were classified as counter-revolutionaries (within the meaning of the term as provided in the law for the control of counter-revolutionaries[9] issued by the Ministry of Public Security of the Government Administration Council in July 1952) were deprived of their political rights and were subject to surveillance for a period of at least three years. These landlords probably constituted the major portion of forced labor battalions in Communist China.

After the land reform, many peasants and Party members were classified as "new rich," and such were regarded as "potential landlords." These people were accused with the collaboration of former landlords, of attempting to seize

8. Jen-min Jih-pao [People's Daily], Nov. 18, 1954, p. 3.

9. Text of the regulation in Liberation Daily, Feb. 23, 1951, p. 1.

Other Trade Goods

439 Shanghai was fortunate in that as China's monopolies of the tea and silk trade disappeared by about the turn of the century, the Yangtze continued to concentrate there for export a large proportion of the goods which now became the staples in China's more diversified foreign trade (table I). These goods: vegetable oils, hides, skins and bristles, eggs, and fibers, were staple products of the Yangtze basin, and their marketing in Shanghai was as logical as that of tea and silk. In this new trade, Hankow was the principal inland collection and distribution center, but as with tea, its direct exports overseas remained slight, and actually decreased after 1880 when steam navigation on the Yangtze had become firmly established.[85] Hankow sent the bulk of goods destined for export to Shanghai for transshipment.

438 Hankow's water connections enabled it to draw these goods not only from Szechuan, Hupeh, and Hunan along the Yangtze itself but also from Shensi, Honan, Kweichow, and Kwangsi via Yangtze tributaries. Szechuan led all the other provinces in the production of wood oil (t'ung oil), wax and tallow, and bristles, and was a leading producer of hides and skins, fibers, and other vegetable oils. Production of vegetable oils, raw cotton and other fibers, and eggs was also important in the lower Yangtze basin in Anhwei, Chekiang, and Kiangsu. While their production was less localized than was the case with tea and silk, and also because of this scattering, Shanghai had easier, cheaper, and quicker transport connections than any other leading port with these or other producing areas. The Yangtze also enabled Shanghai to exchange its foreign imports (and after 1920 increasingly its own industrial production) for export goods over a wider market and with greater ease and cheapness than rival commercial centers.

669 175 The disruptions of the Taiping Rebellion and attendant local uprisings (1850–1864) were heavy in the Yangtze delta, and the largest military campaigns were fought there. Shanghai itself acted as an invaluable base for the efforts of the Ch'ing government to suppress the rebellion, since with the support of foreign troops and volunteers, the city was able to hold out against a rebel tide which

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engulfed every other delta city of importance. It was from Shanghai 669
that the famous "Ever Victorious Army" (composed of both Chinese 175
and foreigners led by the American Frederick Ward and, after his death from wounds, by the British Major Charles ["Chinese"] Gordon) conducted its decisive campaigns on behalf of the Ch'ing government against the Taipings and retook all the delta cities before the eventual recapture of Nanking in 1864. Shallow-draft boats carrying both bombardment guns and troops and using the pattern of delta waterways leading from Shanghai gave this army a crucial advantage of mobility against the numerically greatly superior Taiping forces.

Shanghai's land and speculative boom and the defense of its 651
boundaries during this period are briefly discussed above in Chapters One and Two, but two other results of the rebellion were of greater significance: the establishment of the Imperial Maritime Customs, with the commercial advantage which this gave to Shanghai (see below, Chapter Eight); and the damage to the tea and silk industries (which were concentrated in the delta and its immediate environs) together with the blocking of the normal trade routes, which was followed after 1862 by new opportunities for the expansion of a more diversified trade. Shanghai suffered substantially from 438
the losses inflicted on its trade in these two key commodities. But the pliability of the Ch'ing government, in recognition of the fact that foreign military assistance from Shanghai was instrumental if not decisive in the suppression of this mass rebellion, played its part in the granting of free navigational rights on the Yangtze, more from apprehension than from gratitude. The foreigners, undismayed by the illogicality of their position from a diplomatic point of view (British naval and land forces were attacking Taku and Peking at the same time that British forces were fighting against the Taipings in the delta area), were encouraged by their military successes to press their demands for wider commercial opportunity. The rebellion revealed Shanghai's vulnerability as long as its trade was so heavily dependent on the two local or semi-local staples of tea and silk, and at the same time re-emphasized possibilities for a broader and larger trade in the Yangtze valley as a whole. Though the trade in tea and silk recovered rapidly after the fighting (see table I),

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438 stopped the marked growth in Shanghai's total trade was due predominantly to the opening of the Yangtze, and it was this new commercial sphere with its new commodities which after 1880 increasingly supported the city.

Shanghai's commanding position for marketing is revealed in the fact that between 1860 and 1930 it accounted for an average of 68 per cent by value of the total re-exports of goods from Chinese ports to Chinese ports. For the period 1925–1935, goods re-exported from Shanghai to Chinese markets went (according to percentages of the total value of such exports) to Kiangsu and other provinces as shown in the accompanying table.[36]

Kiangsu	18	Szechuan	8
Chekiang	17	Honan	6
Anhwei	16	Fukien	3
Hupeh	11	Shantung	2
Hunan	9	Other	1
Kiangsi	9	TOTAL	100

In a largely pre-industrial economy still characterized for the most part by local rather than regional or national markets, these figures show a truly remarkable areal extent over which Shanghai was able to market (and to purchase) its goods, and the degree to which Shanghai served as the dominant place of exchange for China as a whole. They suggest a close relationship between the size and areal distribution of the market and the waterways and sea routes which focus on the city.

669 505 438 Political and military events in 1926, and later during 1937 and after, re-emphasized the importance to Shanghai of this water network for the supply of its trade and industrial goods and for the distribution of its exports. Civil war was widespread in the middle and lower Yangtze basin during the latter half of 1926 as part of the campaign of the Kuomintang against the local and northern warlords. Commandeering of boats, including native craft and 13 out of the 31 Yangtze steamers of the China Merchants Steam Navigation Company by December 1926, led to the suspension of nearly all river sailings between Shanghai and Hankow by Chinese vessels before the end of the year. British and Japanese shipping

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firms continued to operate, but under difficulties, and they could not handle more than a small fraction of the normal volume of trade on the river. As a result, sales of piece textile goods in Shanghai had fallen by January 1927, to one quarter of their August levels. The kerosene trade out of the city was badly hit, and large stocks accumulated in warehouses. Imports of Chinese tobacco leaf to Shanghai virtually ceased by January, and forced the closure of several of the large cigarette factories. Egg imports to the city in January were less than 30 per cent of normal. By the end of 1927, with order restored in the Yangtze basin and navigation no longer interfered with, Shanghai's trade with its hinterland returned to normal levels. Both railway lines serving the city remained in regular operation for all but a few days during this period.[37] 669 505 438

In November 1937, in order to hamper Japanese naval movements on the Yangtze, the Chinese Government placed booms across the river at Kiangyin and Chinkiang, and fighting in the delta area and upstream from Nanking further disrupted traffic. The value of Shanghai's foreign trade fell by 76 per cent between July (hostilities began at Shanghai on August 13, 1937) and December 1937, as much because of the interruptions in transport as because of the local fighting, which ended at Shanghai itself in October. During the same period, the total value of the foreign trade of China as a whole decreased by only 2 per cent. Shanghai's relative decline continued through 1938, with a 49 per cent decrease in imports and a 63 per cent decrease in exports over the 1937 figures, while for the same period the total foreign trade of China increased by 8 per cent.[38] With its water connections disrupted, Shanghai could no longer compete commercially with rival centers, which despite the progress of hostilities over nearly the whole of east China by the end of 1938 increased the total of their trade at the expense of Shanghai. 726 439

But the disruptions of war should not obscure the fact that the Yangtze basin is the economic heart of China, nor that its river system will continue to be a basic element in China's transport pattern. The city at the mouth of the river will remain a metropolis under whatever conditions the future or the Communist Government of China may impose. 505

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with failure among the nation's youth.[8]

IV. THE FAMILY UNDER COMMUNISM

A. The Marriage Law

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In reconstructing Chinese society, the Communist regime has undertaken to change the nature and function of the family. The first step in this direction was the new Marriage Law promulgated in May 1950. It is one of the three legal pillars of the state. The other two -- the Labor Union Law and the Land Reform Law -- were announced at a later date but put into effect within a much shorter time and with greater immediate success.[9]

Essentially, the outward provisions of Marriage Law are comparable to the laws affecting marriage and the family in the civil and penal code announced by the National Government in 1930 and 1931.[10] The basic features of the new law are summed up in its first three articles, which provide for: --

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8. Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology, "Far Eastern Quarterly, August 1955, pp. 515-32.

9. See comment by the American editors of Current Background, Hong Kong, American Consulate, 236, pp. 1-3; hereafter cited as C.B.: Unless editorial comment is indicated, as here, citations from Current Background refer to literal translations of material in Communist

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(1)...The abolition of arbitrary and compulsory marriage and the putting into effect of freedom of marriage for men and women.
(2)...The abolition of the feudal system of marriage...based on the superiority of man over woman, and the putting into effect..of monogamy, and equal rights for both sexes.
(3)...The abolition of the feudal system of marriage, which neglects the interests of the children, and the putting into effect of the New Democratic system of marriage, which protects the lawful interests of women and children.[11]

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In propagandizing and implementing the Marriage Law, the regime struck against the old authoritarianism of the family head, child marriages, mistreatment of women and discrimination against them as inferior to men, and the mistreatment of children by parents. Wives, especially wives of arranged marriages, were encouraged to seek divorce from intolerant, unrepentant husbands. However, if husbands could be made to adopt the new attitude toward women, partners of arranged marriages were urged to remain united.

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9. (continued) magazines and newspapers, and should be evaluated accordingly.
10. See comment of American editors of C.B., 136, p. 3.
11. "Document 7," C.B., 236, pp. 22-29.

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significance.[15]

B. Implementation of the Marriage Law

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As the Nationalist Government had made no attempt to put into effect the marriage and family provisions of its 1930-31 codes among the rural population, the spirit and provisions of the Marriage Law were new and alien to this great majority of the Chinese people. They were still bound to the traditional family and had not encountered the economic experience and education which had pushed the family in Western-influenced cities toward new types of social organization from the beginning of the twentieth century. Moreover, the new law offered no immediate or apparent economic benefits as had the Land Reform Law.

The result was apathy, when not open resistance, toward the reorientation of marriage and family practices among the farming population. These attitudes were as typical of most of the village cadres as of the rural people generally.[16] However, Liu Ching-fan's criticism in 1953 of the use of force by village cadres to achieve acceptance of the new Marriage Law's provisions indicates that up to that time violence

15. See, for instance, C.B., 275, p. 4; and S.C.M.P., 1048, pp. 30-31.

16. See comment of American editors of C.B., 136, pp. 3-4.

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accompanied this measure as it had other measures in Communist China.[17]

The regime became aware only slowly of the failure of the Marriage Law to take automatic effect. A preliminary investigation gave such cause for concern that a thorough investigation was made at the end of 1952.[18] The results impelled the Communists to launch a drive for the thorough implementation of the Marriage Law and intensive indoctrination of the people in its principles. The movement was restricted to Han Chinese areas where land reform had been completed.[19]

Summing up the result of the campaign before the Government Administrative Council on November 11, 1953, Liu Ching-fan reported satisfactory indoctrination of 80 to 90 per cent of the adults in 15 per cent of the nation's hsien and municipalities where land reform had been completed and, to a somewhat lesser degree, 60 to 70 per cent of the people in 60 per cent of similar local areas. Almost no progress was indicated in the remaining 25 per cent of the localities.[20] Assuming the population in these areas to be roughly equal, these figures would mean that on an over-all basis even partial success

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17. C.B., 273, p. 4.
18. See comment of American editors of C.B., 136, pp. 3-4.
19. C.B., 273, p. 1.
20. Ibid., p. 3.

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was claimed for only 48 to 55.5 per cent of the population subjected to the indoctrination process.

C. The Communists' Vague Picture of Success

Unfortunately, we cannot precisely judge how successful the regime has been in implementing the Marriage Law nationally or regionally. Communist evaluations are too generalized to reveal a definite picture, and statistics released by the regime are sketchy and, when available, rarely provide a basis for significant comparison. For instance, in the spring of 1955 the Ministry of Internal Affairs reported on the prevalence of free marriages during the first quarter of 1954, stating that of the 402,205 applications for marriage registration in 562 hsien and municipalities of 15 provinces, only 1.07 per cent were denied because the contemplated marriages had been forced or arranged without the willing consent of the couples concerned.[21] No figures were given on the remaining, roughly three-quarters of the country's hsien and municipalities, nor was any indication given to show whether the figures cited were typical of the whole country, the only figures available, or figures selected for propaganda or other

21. S.C.M.P., 1002, p. 3.

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582 671 purposes. If the figures can be given credence, they indicate a remarkable advance over the situation existing two years earlier. After an investigation of Marriage Law implementation in 1952, a woman minister of justice, Shih Liang, reported that in only three of the country's 2,086 counties were families reformed up to perfect Communist standards, and that in the East and Central-South regions freely contracted marriages and other reforms had gained no acceptance with the people.[22]

582 671 762 674 A further study of figures issued by Communist sources indicates that the regime did not have exact knowledge of the situation in many areas. To cite one example, an announcement of the results of the 1952 investigation of Marriage Law implementation include "incomplete statistics" on deaths attributed to the existence of problems and mistreatment connected with the "feudal family" system. According to these figures, 4,105 women were killed or driven to suicide in the East China Region between January and August 1952; and 356 women and 161 young men suffered the same fate in the Northwest Region during the first half of 1952. In lieu of figures for the Central-South Region, the report mentioned 606 young men and

22. China News Analysis, Hong Kong, No. 5, p. 3.

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women met violent deaths as a result of marriage disputes in 39 hsien (out of a total of 86) in Hunan.[23]

674 It seems reasonable to assume that the figures are incomplete and the categories not comparable because the Communists had no more accurate material to offer. If the incidence of violence in connection with marital and family disputes is truly reflected in these figures, their extension into yearly rates shows these deaths occurred at the rate of less than two per hundred-thousand population in the Northwest Region, less than four per hundred-thousand in the East China Region, and less than nine per hundred-thousand in Hunan. It should be remembered, however, that these ratios are based on incomplete figures and that the incidence of violence may have resulted as much from Communist pressures as from the authoritarian character of the traditional family.

586 Divorce and marriage figures released by the Communists are equally difficult to render meaningful because of gaps in statistics and the different time spans and categories which are given for the figures cited. For the nation as a whole, the number of divorces was reported to have risen from 186,000 in 1950 (the last seven months of it under the new

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23. C.B., 236, p. 5.

625 the entire existing police force.

The police should be distinguished from the security forces, which as a component part of the armed forces, are allegedly under the control of the military district command. However, the latest trend indicates an integration of the security forces into the police force. Such a step has already been taken at the district and county level, where the armed force of the police is organized to perform the functions of its predecessor, the security force.

III. CRIMINAL CODES AND LAWS GOVERNING COUNTERREVOLUTIONARY ACTIVITIES

• 671 Although the compilation of a criminal and civil code is assigned to the State Council's Bureau of Codification, the former Commission on Codification under the Government Administration Council, as yet no report has been made available. However, at different times decrees and orders have been issued by governments of all levels. The examination of some such decrees will help to explain how the Communist regime seeks to maintain "public order and safety."

A. Criminal Code

694 671 The decree[37] promulgated by the Chairman of the People's Republic of China in December 1954 explains the procedures for arrest and detention.

37. People's Daily, Dec. 21, 1954, p. 1.

671 694 As a rule, public security agencies when making arrests must first obtain a warrant from either the People's procuratorate or the People's court. Sometimes there are circumstances under which immediate arrests are permissible. These exceptions in fact, grant the public security agencies more power than the wording of the decree would suggest. For example, a person who cannot establish his identification or has no fixed place of residence is subject to immediate arrest. Although the decree makes provisions to guarantee the right to demand a search warrant, a minimum period of detention, and an early and rapid trial, arbitrary arrests made by the security agencies negate the value of these guarantees.

671 Apart from those decrees relating to the punishment of counterrevolutionaries, which will be discussed below, two other decrees also may be of interest: the decrees on the safekeeping of national security information[38] and on the violation of laws pertaining to the national currency.[39] National security information includes not only national security and military matters in the usual sense but also any data relating to economic and financial affairs, transportation conditions, and matters of a judicial and legislative nature. Hence, any leakage of such information is a criminal offense, subject to severe punishment. In the same fashion, any violation of the laws on national currency committed with the intention of aiding counterrevolutionaries is regarded as an act of counterrevolution and bears severe penalty.

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38. Yangtze Daily June 11 1951, p. 1.
39. Ibid. April 28, 1951, p. 4.

•671 Another important decree issued at the time of the Three-Anti Campaign pertains to the penalties for acts of corruption. Personnel working in government offices, enterprises, schools, and other state organizations who are accused of corruption, and non-governmental workers who are accused of offering bribes or aiding government workers in acts of corruption are subject to punishment under this decree. Crimes held to be instances of corruption are many and the punishment is severe. The decree also grants to individuals the right to accuse others and the protection necessary to avoid retaliation.

B. Decrees for the Suppression of Counterrevolutionaries

687 Counterrevolutionaries include all persons whose activities are inimical to the interests of the state. Specifically the category may include "bandits" of all kinds, inc uding landlords, "despots," spies former Nationalist officers engaging in counterrevolutionary activities, and members of various secret societies.

The provisional regulation for the suppression of landlords who violated land reform policies, issued by the East China Military and Political Committee in September 1950, was the first counterrevolutionary decree of its kind. Landlords who resisted the execution of the agricultural law were subject to this order. "Resistance" included the "spreading of rumors," the illegal sale of land, bribery of officials, and other acts

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23. C.B., 236, p. 5.

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that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary-General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

The Chinese court held that the natural parents of a child in every case have a right to the child, whether exploited or otherwise. Instances occurred where a judge handed back to the care of parents girls who had been sold. The court view is based upon the relevant portion of the Civil Code. There is room for a reconsideration either of the law or of its interpretation by the court.

For the majority of those who either had no immediate relatives or were being exploited by relatives other than their parents, placement in an institution frequently represented the only possible adjustment. Every effort was made at once to find relatives or friends of a young person coming into the hands of the Service. If time was allowed to elapse, the chances of finding that link which would perhaps save the child from being alone and adrift forever might be lost. By newspapers, and by using local Chinese methods of advertising near the place where a child had strayed, the vital link was frequently established.

In 1940, for the first time, a complete picture was obtained of the extent of lawbreaking by young people under 18 years of age. In all, 981 appeared in court on criminal charges—899 boys, 82 girls. Of this number 70 per cent were unemployed; 87 per cent were involved in some form of thieving. Twenty-one per cent had previous convictions. 633 738 674

There was no special procedure in the First Special District Court governing the treatment of juvenile offenders. Regulations for a special procedure of the Ministry of Judicial Administration of the Chinese Government exist, but were not in use in Shanghai, or elsewhere in China, so far as is known.[2] In response to the 633 738 736

[2] In Instruction No. 2237, dated May 9, 1936, the Ministry of Judicial Administration of the Chinese Government instructed the courts to temper justice with mercy and understanding in dealing with juvenile delinquents. The articles of instruction [696]

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582 671 purposes. If the figures can be given credence, they indicate a remarkable advance over the situation existing two years earlier. After an investigation of Marriage Law implementation in 1952, a woman minister of justice, Shih Liang, reported that in only three of the country's 2,086 counties were families reformed up to perfect Communist standards, and that in the East and Central-South regions freely contracted marriages and other reforms had gained no acceptance with the people.[22]

582 671 762 674 A further study of figures issued by Communist sources indicates that the regime did not have exact knowledge of the situation in many areas. To cite one example, an announcement of the results of the 1952 investigation of Marriage Law implementation include "incomplete statistics" on deaths attributed to the existence of problems and mistreatment connected with the "feudal family" system. According to these figures, 4,105 women were killed or driven to suicide in the East China Region between January and August 1952; and 356 women and 161 young men suffered the same fate in the Northwest Region during the first half of 1952. In lieu of figures for the Central-South Region, the report mentioned 606 young men and

22. China News Analysis, Hong Kong, No. 5, p. 3.

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468 not applicable to owners of factories with extra-territorial privileges,
467 to American, British, or Japanese owners.
471 The attitude of the Shanghai Municipal Council toward labour organisation was not specifically formulated. While a procedure of
467 registration of organisations with the Special Branch of the
633 Municipal Police as a means of crime prevention was instituted as an emergency measure after the 1937 hostilities, the registration of workers' groups was not encouraged.[3]

468 As stated elsewhere, industry in the past did not pay adequate
633 wages, many workers being employed at remuneration insufficient to meet the needs of a family.[4] There was no effective legal instrument for enforcement of minimum wage standards, but mediation procedure frequently was useful in achieving earnings adjustments. When a dispute occurred a first step was to request from the management the wage sheet of the preceding month, together, if possible, with the wage sheet of the corresponding month in 1936. It was then possible to find the actual earnings indices, and to compute real wage indices, so that the spending power of earnings became apparent. These earnings were further compared with the minimum subsistence costs regularly published monthly by the Division. By these two procedures the parties became aware of the actual wage situation, and efforts were exerted to have adjustments made so as to meet as nearly as possible the published figures.

468 An important instrument to further betterment of conditions
633 was the signing of a collective agreement to which factory manage-
675 ments, workers' representatives, and the Division, were parties. A written agreement is better than verbal promises. Moreover, being an agreement to which the parties had voluntarily agreed, it had the moral force of a contract.

The agreements covered a wide range of conditions of employment including wage increases, allowances of various kinds, provision of annual bonus and profit sharing, provision of hospital

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467 of their affiliation with the labour union . . . shall not make it a condition of employment that the worker shall not take charge of any business of the union or that he shall not enter a union or that he shall withdraw from the union." Translation by Koo Ping Yuen, *Chinese Labor Laws*, second edition, Commercial Press, Shanghai, 1935.

[3] See Chapter II.

[4] See Chapter III.

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and medical attention and payment of wages to those injured in the course of duty, limitation of hours of work, provision of direct employment by the management and elimination of employment through contractors. Two clauses frequently inserted gave a continuing influence: provision for mediation by the Division in the event of dispute, undertaking of workers not to declare a strike and of the management not to declare a lockout until mediation had been attempted; and provision that a report be first submitted to the Division in the event of necessity for suspension of work and dismissal of workers due to lack of raw materials, trade depression, or other causes. 633 468 675

The aim of the Division was not merely the settlement of an individual dispute, but to use the contact established between workers and management at the time of mediation to permit the exerting of a continuing influence on the employer-employee relations in the firm or trade involved. Most larger enterprises had factory rules to govern these relations. In as many cases as possible, parties to a dispute were asked to submit the existing rules to the Division. Many changes were subsequently agreed upon which contributed to better conditions of work and sounder employment relations. In the absence of a universally applicable law to control conditions of work, wages, hours of work and other matters in employment relations, such piecemeal handling, factory by factory, trade by trade, proved a useful procedure. 633 468

It can be said that, though there was no official encouragement of labour organisation on the part of the Shanghai Municipal Council, and indeed though police discouraged organisation through disallowing registration, there was nevertheless a recognition that workers' group action could not be opposed. The mediation services were undertaken without specific instruction and without specific powers to require that any dispute be submitted to mediation, yet they were in fact a tacit admission on the part of the authorities of the right of group action. In the future when the Settlement comes under the control of the Chinese Government, it is to be presumed that its Labour Union Law will prevail. Under this the right of group action is specifically recognised, though it is hoped that administrative controls over organisation as

369 Shanghai in 1906 and began a crusade especially against American
548 brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese
369 city also after 1911, and into the 1940's). Kidnapping[1] was another
683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

625 Law enforcement was severely handicapped by the complex but
692 ambiguous legal and administrative situation. Chinese police could not pursue suspects into the foreign settlements, and foreign police
648 were similarly excluded from the Chinese areas. Foreigners in
369 Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1 [in Shanghai -- Analyst]

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(1)...The abolition of arbitrary and compulsory marriage and the putting into effect of freedom of marriage for men and women.
(2)...The abolition of the feudal system of marriage...based on the superiority of man over woman, and the putting into effect..of monogamy, and equal rights for both sexes.
(3)...The abolition of the feudal system of marriage, which neglects the interests of the children, and the putting into effect of the New Democratic system of marriage, which protects the lawful interests of women and children.[11]

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In propagandizing and implementing the Marriage Law, the regime struck against the old authoritarianism of the family head, child marriages, mistreatment of women and discrimination against them as inferior to men, and the mistreatment of children by parents. Wives, especially wives of arranged marriages, were encouraged to seek divorce from intolerant, unrepentant husbands. However, if husbands could be made to adopt the new attitude toward women, partners of arranged marriages were urged to remain united.

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9. (continued) magazines and newspapers, and should be evaluated accordingly.

10. See comment of American editors of C.B., 136, p. 3.

11. "Document 7," C.B., 236, pp. 22-29.

684 To help traditionally-minded families
669 attain the new Communist-established goal of "democracy" and "harmony," family "struggle" meetings were arranged under cadre supervision. Each member was pressed to confess his own past sins and suffering and to help other family members to remember theirs. The particular transgressions sought out for exposure, condemnation, redress, and rectification were the mistreatment and beating of wives by husbands, similar behavior by mothers-in-law against daughters-in-law, and interference by parents in young people's free choice of marriage partners. Much was made in the Communist press of the suicides or murder of women and young people, attributed to the old feudal system of marriage."[12]

668 Whatever the humanitarian by-products,
462 the Marriage Law aimed at a basic change in Chinese society with two utilitarian purpose in view. One was to change the popular basis of loyalty from the family to the state. The other was to free the Chinese woman from her preoccupation with the home and children so that she might become a laborer in the field and factory. These aims were quite openly expressed.

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12. See especially C.B., 273, pp. 1-3; 236, pp. 4-14; and Survey of the China Mainland Press, Hong Kong, American Consulate, 932, p. iv; hereafter cited as S.C.M.P. The same conditions apply to this source as to Current Background; see footnote 8.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

ing of the treaty with Nanking on November 30, 1940, it was announced that high Japanese military authorities in Nanking had agreed that, subject to meeting the needs of the army and with certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai. 262 438 722

There were ample stocks of rice in Burma, but there were no ships to bring it to Shanghai. This was well known, not only to rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*. 435 262

It can readily be understood that with such difficulties in feeding the Settlement, major emphasis had to be placed on ensuring supplies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937. 262 579

The distressing effects of high prices were illustrated by the practice of "rice sweeping" (and, indeed, the snatching of other commodities such as raw cotton) which became a frequent sight in the city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled. 685 262 435

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council had intervened to bring rice to Shanghai, it had no desire to interfere with the normal trade in rice unless forced by circumstances to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under 633 438 262

701 an important instrument in public security work. Military authorities are particularly active along the coast where attack from Formosa is possible. Thus, Yeh Fei, present governor of Fukien, is also the commanding general of the Fukien military district and of the 10th Army Corps of the Chinese Red Army, which is deployed opposite the Formosa strait. The Shanghai Military Control Committee, with Ch'en I, commanding general of the old Third Field Army, as its head, has jurisdiction in matters of military and public security.

625 687 2. Public Security in Rural Areas During the land reform, the regime relied upon the Peasants' Association, the militia, and the People's tribunals for the elimination of landlords and "despots" and the enforcement of decrees. According to an order of the East China Military and Political Committee, concerning the punishment of landlords,[21] issued in September 1950, those who were accused of falsifying reports of property, the destruction or sale of property, the killing of cattle, and the destruction of farming implements were given one year's imprisonment. Creating rumors with a view toward misrepresenting government policy, distribution of land without the authority of the Peasants' Association, and other acts tending to lead to the disruption of rural government were crimes justifying a sentence of at least five years' imprisonment. The death

21. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compendium of Law and Regulations Concerning Financial and Economic Policies of the Central Government], Peking, Financial and Economic Committee of the Gov't, Adm. Council, 1952.

625 sentence was given to those who attempted to
687 overthrow the rural government, murdered Communist cadre, sabotaged factories, or engaged in banditry.

Directives from the East China Region with regard to the control of landlords after land reform are not available to us; however, the directives on the same subject issued by the Central-South Military and Political Committee may serve as illustrations of the measures taken by Communist authorities in this region.[22]

Landlords sentenced to imprisonment for five years to life were sent to Reform-through-labor camps. Those receiving sentences of less than one year were placed under the control of the hsiang government, denied the right to travel and the right to receive guests, and were compelled to engage in "productive activities."

625 Another measure taken at the conclusion of and reform was the establishment of security committees in the rural areas to organize mass participation in public security work.[23] The committee is established in each village and has three to eleven members elected at mass meetings and chosen from among activists in various organizations. Under the committee, public security teams of three to five activists are formed to establish a network in the village and in local organizations. In collaboration with the Party, the judicial agencies, and the mediation committees

22. Yangtze Daily, Aug 20, 1952, p. 1.
23. Regulation on committee, issued by Ministry of Public Security, ibid., Aug. 11, 1952, p. 1.

671 Another important decree issued at the time of the Three-Anti Campaign pertains to the penalties for acts of corruption. Personnel working in government offices, enterprises, schools, and other state organizations who are accused of corruption, and non-governmental workers who are accused of offering bribes or aiding government workers in acts of corruption are subject to punishment under this decree. Crimes held to be instances of corruption are many and the punishment is severe. The decree also grants to individuals the right to accuse others and the protection necessary to avoid retaliation.

B. Decrees for the Suppression of Counterrevolutionaries

• 687 Counterrevolutionaries include all persons whose activities are inimical to the interests of the state. Specifically the category may include "bandits" of all kinds, inc uding landlords, "despots," spies former Nationalist officers engaging in counterrevolutionary activities, and members of various secret societies.

The provisional regulation for the suppression of landlords who violated land reform policies, issued by the East China Military and Political Committee in September 1950, was the first counterrevolutionary decree of its kind. Landlords who resisted the execution of the agricultural law were subject to this order. "Resistance" included the "spreading of rumors," the illegal sale of land, bribery of officials, and other acts

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•687 deemed counterrevolutionary. Landlords and other persons who were guilty of armed revolt, robbery, assault, arson, and the sabotage of irrigation projects were liable to penalty, and could be imprisoned for as much as ten years or put to death. The county People's tribunal was authorized to impose sentences up to five years' imprisonment; the provincial People's court was to approve death sentences or imprisonment for over five years. No appeal of any kind was permitted in these cases.

A regulation on the suppression of counterrevolutionaries[40] was first issued by the Government Administration Council in February 1951. Based on the spirit of Article 7 of the Common Program, the regulation announced the determination of the Communist regime to punish all counterrevolutionaries and other criminals and to impose upon them forced labor service. Counterrevolutionaries were subject to trial both by the People's courts and by the military tribunals. Their political rights were forfeit, their properties confiscated. In August 1951, a directive issued by the East China Military and Political Committee required former members of political parties, including the Kuomintang, the Chinese Youth Party, and the Democratic Socialist Party, former intelligence personnel under the Nationalists, and officers above the rank of captain, to register with public security agencies.[41] Their political rights were to be withheld for a period of time according to the degree of their past activities, and they were to be subject to political surveillance.

40. Liberation Daily, Feb. 23, 1951, p. 1.

41. Ibid., January 5, 1951, p. 1.

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•687 Accompanying the regulation for the suppression of counterrevolution was a directive[42] issued by the East China Military and Political Committee in March 1951. It provided for the trial of bandits and Nationalist-armed troops from Formosa by military tribunals and the trial of counterrevolutionaries and spies by military control committees and People's courts. The directive further provided for control of the registered former Kuomintang members and officers and the landlords in the rural areas.

Control of counterrevolutionaries was made possible by at least two laws published by the regime, the law of control of counterrevolutionaries and the regulations governing "labor service for reform." The July 1952 law was issued by the Ministry of Public Security of the Government Administration Council. According to it, control of counterrevolutionaries was the responsibility of the People's court or the public security agencies at the county and municipal levels In the villages, hsiang and ch'ü governments might initiate this control, subject to approval of the public security agencies at the county level. In a similar manner, sub-stations in the city also might initiate control, subject to the approval of public security sub-bureaus. Persons under surveillance were deprived of politica rights, including the right to vote and the right to travel. The period of surveillance was three years or less. During this period the individual was compelled to work in forced-labor camps.

The regulations governing " Labor service for reform, " issued by the Government Administration Council in August 1954, provided a detailed

687 scheme for the establishment of forced labor throughout China.[43] According to the scheme, public security agencies had the chief responsibility for the management of this centralized schem

CONCLUSION

The use of terror is inherent in a dictatorship, where subordination to a single will is required. The imposition of a single will upon an entire society is certain to meet opposition; the more rapid and drastic the change, the stronger the resistance. To crush this resistance and to maintain public order and safety in the East China region, terror and violence are employed. The use of terror and force logically increases the power of the People's courts and the public security agencies.

The increase of counterrevolutionary activities in 1954 and 1955 has increased the problems confronting the Communist regime, particularly since East China has long been an area of unrest and disorder. Since East China is more easily influenced from abroad, the maintenance of "public order and safety" is a very urgent matter. The measures taken in this region are drastic and the control rigid, and the suppression of opposition is a long and harsh campaign. Indeed the state of public order in the East China Region is far from satisfactory. The recent attempt to force one million people to leave the city of Shanghai is evidence of renewed Communist activity in an effort to control growing public disorder.

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43. People's Daily, Sept. 7, 1954, p. 2.

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I. SUPPRESSION OF COUNTERREVOLUTIONARIES

687 The term "counterrevolutionaries" has been loosely defined by the Communists. It may include bandits, landlords, armed resistance groups, spies, or any person whose activities are deemed detrimental to the Communist cause. The Communist authorities have deliberately avoided a precise definition; any person considered undesirable and harmful to the Communist regime can be accused of counterrevolutionary activity and subject to liquidation.

A. Extermination of "Bandits"

669 727 The term "bandit" is broadly used by the Communists to identify any armed resistance, either from the underground forces or from professional armed robbers. However, prior to 1952, this term was generally applied to remnants of Kuomintang forces on the Mainland and to long-active armed bands.

Immediately after the Communist seizure of power in the East China Region, military campaigns were launched to exterminate these armed bandits. The campaigns were vigorously carried out and rapidly concluded. At the end of 1949, all provinces in the region, with the exception of Fukien, announced the elimination

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669 robberies, and the other, Shui Huo Pang, was
727 similarly active.[8]

B. Landlords

687 At the conclusion of land reform, many landlords (including those who had received sentences of less than one year's imprisonment) were placed under the surveillance of the local hsiang government and the security agencies. They were either given a small portion of land to work or were sentenced to forced labor. Those landlords who were classified as counter-revolutionaries (within the meaning of the term as provided in the law for the control of counter-revolutionaries[9] issued by the Ministry of Public Security of the Government Administration Council in July 1952) were deprived of their political rights and were subject to surveillance for a period of at least three years. These landlords probably constituted the major portion of forced labor battalions in Communist China.

After the land reform, many peasants and Party members were classified as "new rich," and such were regarded as "potential landlords." These people were accused with the collaboration of former landlords, of attempting to seize

8. Jen-min Jih-pao [People's Daily], Nov. 18, 1954, p. 3.

9. Text of the regulation in Liberation Daily, Feb. 23, 1951, p. 1.

687 control of the rural government and of attempting to destroy the agricultural producers' co-operatives. One such case[10] was reported in the province of Shantung. Some 20 per cent of the peasants in that province had joined the agricultural producers' co-operatives. According to the Communist report, landlords had shrewdly perfected their infiltration technique; they either bribed Party cadres and responsible people in the co-operatives or employed collaborators to capture the key positions in these organizations. After infiltration, they spread rumors among the peasants in an effort to disorganize the co-operatives and they falsified co-operative accounts and took other action to disrupt the organizations. "Landlords" were accused of killing cadres and activists, setting fires, stealing and killing of cattle, and destroying farm implements.

C. Suppression of Nationalist Elements and Espionage Activities

The Communists launched in the East China Region the longest and the most ruthless suppression of Nationalist elements and spies in the nation. Ever since their seizure of power, the Communists unceasingly singled out

10. People's Daily, Dec. 15, 1954, p. 1.

687 these people for suppression. Cases involving former Nationalist personnel, spies, and other counterrevolutionaries were reported almost every day; the responsibility for suppression of these elements rested upon the public security agencies, the military control committees in the cities, and the People's courts. The nationwide Suppression-of-Counterrevolutionaries Movement of 1951 climaxed the measures already taken in the region.

1. Suppression-of-Counterrevolutionaries Movement of 1951. Unlike previous measures to suppress counterrevolutionaries, the 1951 movement was a mass movement. In the city of Shanghai, the campaign was divided into four stages[11] -- mass meetings, accusations, the signing of patriotic agreements in factories, schools, and among the urban inhabitants, and the organization of counterrevolutionary committees in key areas and streets in the city, including the suburbs. The holding of mass meetings served to disseminate propaganda. After mass emotion was aroused, public and private accusations were made. During the first four months of the movement in Shanghai, 30,000 such accusations were received.[12]

11. Liberation Daily, May 20, 1951, p. 1.
12. Ibid., Aug. 29, 1951, p. 2.

•687 The biweekly publication in local newspapers of the names of several hundred "counter-revolutionaries" who had been arrested continued for several months.[13] The signing of patriotic agreements was again a propaganda device. Through this process, the suppression campaign was carried to factories, schools, and other organizations of society. Finally, the organization of counterrevolutionary committees completed the scheme. As of August 1951, some 1,061 committees had been organized.[14]

The Communists deliberately exaggerated the subversive activities of "counterrevolutionaries." The Communists placed the blame for all of the failures of the regime upon so-called counterrevolutionaries, thus arousing mass hatred against them. As of November 1951, some 14,647 cases were reported in East China.[15] In the city of Shanghai, 43 per cent of the cases involved armed resistance, murder, and robbery; 13.5 per cent, spreading rumors and inciting to riot; and 24.5 per cent, operating secret radios and acts of sabotage in factories.[16]

2. Former Nationalist Troops and Underground Units. "Counterrevolutionaries"

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13. Ibid., March-Sept. 1951.
14. Ibid., Aug. 30, 1951, p. 1.
15. Ibid., Nov. 28, 1951, p. 3.
16. Ibid., May 5, 1951, p. 1.

687 is a term used to describe members of the Nationalist armed forces, officials of that government, and foreign and Kuomintang spies. The remnant forces of the Nationalist armed forces, particularly those in the provinces of Chekiang and Fukien, were the first target of the "bandit" extermination campaign in 1949-50. The Nationalist troops under the former governor Chou Lei in Chekiang and Nationalist units in Fukien were driven away from the Mainland during 1949-50. It was reported by the Communists[17] that 10,000 members of the Kuomintang forces withdrew to the off-shore islands in 1950. Following the evacuation of the Mainland, the Nationalists launched a series of assults along the coast. During 1950, as announced by the Communists, Nationalists made 209 coastal assaults in the East China Region.[18] Guerilla fighting on the Mainland increased in 1951; the Nationalists on Formosa estimated[19] that 1,074 "battles" were fought by guerilla forces throughout the nation in that year. After 1952, coastal assults seemed to decrease; Nationalist sources reported[20] a

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17. Su Yü's report, ibid., Nov. 27, 1951, p. 1.

18. Li Shih-Ying's report, ibid., March 18, 1951, p. 1.

19. China Handbook 1952-53, Taipeh China Publishing Company, 1953, pp. 191-93.

20. China Handbook 1954-55, 1955, pp. 263-65.

687 total of 444 engagements on the Mainland
726 throughout 1953. Recent reports made by deputies of the National People's Congress before the Second Session of the National People's Congress in July-August 1955 indicated the existence of a number of underground forces operating in the province of Chekiang.[21] These units were identified as "Kiangsu-Chekiang Jen I Anti-Communist Save-County Column," "Chekiang People's Chung I Anti-Communist Save-County Column," "Chinese Anti-Soviet Anti-Communist Chung I Save-the-Country Corps" and so on. Although their size is small, their increasing activities do pose a threat to the Communist regime.

687 3. Nationalist Spies. Communist effort toward the extermination of Kuomintang intelligence workers was most thorough in East China, particularly in Shanghai. In 1949-50, some 2,000 espionage cases were reported in the East China Region, and more than 10,000 people were arrested.[22] In Shanghai alone, 900 espionage cases were reported and more than 4,000 people, accused of being Kuomintang intelligence workers, were arrested.[23] In

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21. People's Daily, July 4, 1955, p. 3.
22. Liberation Daily, Nov. 21, 1950, p. 1.
23. Ibid., April 19, 1951, p. 2.

•687 1951, the Communists required the registration of all former Kuomintang officials and army officers with the public security agencies as a measure to check subversive elements.[24] Those who complied were placed under the surveillance of the public security agencies. By April 1951, a few months after the announcement of the regulation governing registration, 23,000 members of the Kuomintang were registered in Shanghai. Although the Communists' efforts at suppression were severe, the elimination of espionage activities were far from complete. The Communists announced at the conclusion of these suppression campaigns that, of the cases prosecuted in East China, 75.5 per cent dealt with bandits and despots, and only a small percentage concerned key intelligence workers.[25] Probably a large number of spies are still at large. The extermination of espionage is a long and tedious process, in spite of the drastic measures taken by the Communist regime.

4. Foreign "Intelligence Agents". Closely connected with the suppression of the Kuomintang

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24. Text of the regulation, ibid., Jan. 7, 1951, p. 2.

25. Lo Jui-ch'ing's report (Minister of the Ministry of Public Security of Communist China), People's Daily, Oct. 1, 1951, p. 3.

687 intelligence system on the Mainland is the suppression of foreign "intelligence agents." During the 1951 campaign, church groups and foreign missionaries were accused of engaging in espionage. The Vatican representative to Nanking, Antonio Riberi, was expelled from Communist China after having been charged with espionage. Many foreign church leaders were also arrested. In Shanghai, Suppo Michele and Count Makco, Italians, were arrested for the same charge.[26] A Catholic organization, the Sheng Mu Chün [Legion of Mary], was singled out for attack.[27] Members of that organization were required to register and were subject to investigation by the public security agencies, and its leaders in Shanghai, W. A. McGrath, G. Predost, and E. Gabrial, were subsequently imprisoned by the Communists.

5. Sabotage. Sabotage cases involving the destruction of factory properties, appropriation of economic information, the spreading of rumors among the workers, and the organization of workers for strikes and other acts of sabotage were frequently reported.

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26. Arrests of missionaries are reported in Liberation Daily, Sept. 4, 1951, Oct. 6, 1951.

27. Ibid., Oct. 8, 1951.

687 During 1950-52 sabotage cases were combatted by the enforcement of union control and the organization of security committees and safety teams. With the launching of the first Five-Year Plan in 1953, regulations on safety and labor discipline were introduced.[28] "To observe labor regulations, to guard state property, to safeguard economic information, and to observe all safety and security regulations" were the duties of every worker.

Such measures to safeguard factories from sabotage, however, failed to prevent sabotage activities in these organizations. Shih Liang, Minister of Justice of Communist China, speaking at the Second Session of the First National People's Congress in July 1955, reported[29] a total of 364, 604 cases of sabotage throughout China between January 1954 and May 1955. In Shanghai, businessmen, were charged with passing security information to Nationalist agents in Hong Kong. A government petroleum station was sabotaged.[30] Arson was reported in Wu-hu, Anhwei Province, where

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28. Text of the Regulation on labor discipline applied in state-owned enterprises, People's Daily, July 14, 1954, p. 2.
29. Full text, ibid., p. 2.
30. Ibid., p. 2.

687 part of the Wu-hu textile factory was burned to the ground.[31]

Although the Communists optimistically declared the conclusion of the Suppression-of-Counterrevolutionaries Movement in 1951, counterrevolutionary activities did not cease in East China. After a lapse of only two years, warnings were repeated by Communist authorities. The convening of the Second Session of the National People's Congress in July-August 1955 reaffirmed the determination of the Communists to renew their campaign against counterrevolutionaries. Shih Liang reported that cases of counterrevolutionary activity were increasing. During 1954, such cases in the nation as a whole accounted for only 1.5 per cent of all criminal cases, but in 1955 the percentage had increased to 4.8.

D. Secret Societies

687 575 That secret societies are rebellious organizations representing resistance to social change determines their fate under Communist rule. Since secret societies, according to the Communists, are apt to be used by the

31. Ibid., p. 2.

687 575 Kuomintang and other "foreign" elements for acts of counterrevolution, they should be regarded as counterrevolutionary elements.

The East China Region, because of its complicated social organization, is a natural birthplace for secret societies. More than forty major secret societies in East China have been outlawed,[32] and the most active secret societies, I Kuan Tao, Chiu Kung Tao, Lao Mu Tao, Ta Tao Hui, T'ien Men Tao, and Fo Chiao Hui, have become the main target of Communist suppression campaigns.

Leaders of secret societies were accused of counterrevolutionary activity and the societies were forced to disband. In 1950 in the province of Shantung,[33] 502 leaders were jailed, 2,425 members were registered, and 725 meeting places were destroyed. More than 100,000 members were forced to withdraw. Similar conditions were reported in North Anhwei where, in the same year, 30,000 members withdrew from secret societies.[34] The great number of withdrawals suggests how strong the

32. Liberation Daily, July 15, 1951, p. 1.
33. Ibid., March 18, 1951, p. 3.
34. Ibid., Jan. 28, 1951, p. 3.

687 influence of secret societies must have been.
575 These societies will not be easily eliminated even in areas where the Communists have ruled the longest.

While the Land Reform Movement was used to destroy the secret societies in the rural districts, various measures to achieve similar objectives were taken in the cities. The case of Wang Sung-t'ao[35] was publicized as an example of an individual charged with being both the leader of a secret society and a spy. Many such leaders were either arrested or evacuated to the rural areas as "despots and gangsters."

687 Still another suppressive measure taken
575 by the Communists was directed at certain
467 labor organizations where the influence of secret societies was the strongest. Secret societies controlled labor organizations such as Ch'ing Pang, Hung Pang, I Kuan Tao, Huang Niu Tang, Ti Hsüeh T'uan, and Lao Kun Tzu. In Shanghai alone 73 of these organizations were known to exist.[36] To eliminate their influence, the Communists placed these labor organizations under state-owned companies established in this region.[37] Wheelbarrow and

35. Ibid., April 12, 1951, p. 2.
36. Ibid., Sept. 19, 1951, p. 2.
37. Directive on the East China Military and Political Committee, ibid., Aug. 30, 1951, p. 1.

687 rickshaw pullers, stevedores, longshoremen,
575 and garbage carriers were organized into
467 unions under strict Communist control. The organization of these service-men was a business transaction between the private owner and the state, similar to that of the "democratic reform movement" in all labor organizations. Three distinct steps were taken: working teams were organized and mass sentiment was aroused for the destruction of "feudal" systems and reactionary elements; preparations were made for the organization of moving companies; and finally the organization and consolidation of all moving companies was completed. During the first stage, the old trade union leaders and the "feudal" bosses were tried, and the activists were encouraged. The qualifications of the workers were checked; "undesirables" were either forced to change their occupations or were evacuated to the rural areas. And finally, qualified workers were organized under new leadership into companies and battalions similar to that of the army.

687 Despite the various measures taken by
575 the Communists, secret societies continued to flourish. Recent reports indicate that their activities are spreading to other parts of China. In the county of Ho-tse, Shantung Province, seven self-styled "emperors" of secret societies were reported active during 1954. Although secret societies base their philosophy on superstition and have often incorporated into their rituals many harmful practices,

687 in today's world, when the individual feels his
575 identity threatened, the appeal of ritual to a depressed people cannot be underestimated.

II. CORRUPTION, WASTE AND THEFT

A. Corruption

661 In large cities and business centers in
687 the East China Region corruption flourishes. Immediately after the seizure of power in urban areas, the Communists launched a series of campaigns against corruption, involving bribery, embezzlement, and misappropriation of funds. Jao Shu-shih, chairman of the East China Military and Political Committee, in his speech at the launching of the Three-Anti Campaign in December 1951, revealed how seriously corruption threatened the East China Region.[38] From January to November 1951, some 179 corruption cases, involving a total of 288 billion yuan (US$ 14,400,000) were brought before the People's courts and the People's procuratorates in the East China Region. Other charges of corruption, involving 1,242 billion yuan (US$ 62,100,000) were tried from June 1950 to November 1951 by the People's Control Commission of the East China Military

38. Full text, ibid., Dec. 30, 1951, p. 1.

661 and Political Committee. Among the 615
687 members of the East China Military and Political Committee involved in these cases, 470 were from government financial and economic agencies, 90 were from the political and legal departments, 29 from the educational and cultural departments, and 26 were from mass organizations. Jao also warned of the appearance of "bourgeois concepts" among governmental personnel, particularly among the Communist cadres. These people were said to regard the bourgeois tradition as "liberal" and "dignified" and thought the Communist ideology "conservative and narrow-minded." Hence, to entertain friends and to pay for gifts with official funds were defended as acts of "revolutionary love."

Many cases of corruption, waste, bureaucracy were exposed during the Three-Anti Campaign. In the factories under the management of the Department of Industry of the East China Military and Political Committee, 157 persons were found guilty of corruption (involving 45 billion yuan, US$ 2,250,000) in 1951.[39] In the Department of Trade, 186 corruption cases, involving 10 billion yuan, were discovered. In other provinces, corruption cases were no

39. Ibid., Dec. 28, 1951, p. 1.

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661 less serious. A single case uncovered in the
687 Shantung Construction Building Company, a state-owned company, involved 42 people and over 7 billion yuan.[40] In both the departments of Forestry and Finance under the Shantung Provincial Government, bribery, embezzlement, and misappropriation of funds involved large sums. The Department of Forestry was guilty of "banking" almost one and a half billion yuan, and the Department of Finance was accused of large-scale misuse of funds. In Fukien Province, corruption in the Bureau of Highways involved 60 billion yuan.[41] Misuse of state funds was also reported. The monthly rent for domitories for the personnel in the Bureau of Public Security of Shanghai amounted to one billion yuan.[42] Likewise, the Shanghai branch of the People's Bank reported fifty instances of misuse of funds during the first half of 1951.[43]

In the Shanghai Railway Administration Bureau, 7,600 people confessed to acts of corruption.[44] Two groups of high officials,[45]

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40. Ibid., Jan. 17, 1952, p. 1.
41. Ibid., Jan. 18, 1952, p. 1.
42. Ibid., Dec. 14, 1951, p. 1.
43. Ibid., Dec. 18, 1951, p. 2.
44. Ibid., Jan. 19, 1952, p. 1.
45. Ibid., March 2, 1952, p. 1; March 10, 1952, p. 1.

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661 687 members of the Party, were exposed. Li Yü, the secretary-general of the Shanghai Municipal Government, Ts'ao Man-chih, secretary of the Party Committee of the Shanghai Municipal Government, and five others were accused of obstructing the Three-Anti and Five-Anti campaigns. Yün I-ch'ün, a Party member since 1926 and head of the East China Bureau of Information and Publication, was found guilty of conducting public business for private profit. Wen Yang-ch'un, the vice president of the Party school under the East China Party Bureau, was found guilty of a similar offense. Yeh Chien-ming, the chief of the Shanghai Public Utilities Bureau, Shih Chen, the deputy-mayor of Tsinan, Shantung, and Chi Ming, the deputy-chief of the Department of Public Security of Shantung Province, were found guilty of accepting bribes, embezzlement, and misappropriation of funds.[46]

During the Five-Anti Campaign, cases of tax evasion and theft of state property were exposed.[47] Wang K'ang-nien,[48] owner of a pharmacy, was found guilty of cheating the Chinese Communist forces in Korea by

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46. Ibid., Jan. 10, 1952, p. 1.

47. Both Three-Anti and Five-Anti campaigns were launched at about the same time. Although they lasted only six months, they were ruthlessly carried out and their impact upon the region was great.

48. Liberation Daily, Feb. 7, 1952, p. 1.

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661 supplying them with medical supplies of poor
687 quality. Pan Pao-ts'ai[49] was found guilty of bribing officials in order to steal property from state-owned factories and firms. The loss was placed at 50 billion yuan (US$ 2,500,000). Many firms were accused of cheating the People's Liberation Army. The Mei Ling Canning Company[50] was accused of profiting from the sale of unedible fish. A firm in Tsingtao,[51] Shantung Province, in conjuction with firms in Tientsin and Peiping, made a profit of 199 billion yuan from a contract to supply raincoats for the Army. These cases will serve to suggest the extent to which corruption and inefficiency exist in Communist organizations. Reports indicate that corruption continues, and the Communists may be impelled at any time to tighten controls and to launch drives similar to the Three-Anti and Five-Anti campaigns.[52]

B. Waste and Theft

687 Theft and waste are two of the "poisons" singled out for prosecution in the Three-Anti and Five-Anti campaigns. "Waste" can include any act resulting in the loss or destruction of state property. Cases of industrial

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49. Ibid., Feb. 20, 1952, p. 1.
50. Ibid., April 2, 1952, p. 1.
51. Ibid., Dec. 13, 1951, p. 1.
52. Ibid., Nov. 22, 1951, p. 1.

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•687 waste reported in 1951 show the loss of large amounts of money and the inefficiency of Communist industrial organizations. The East China Bureau of Textiles reported[53] a loss of 1,500 billion yuan (US$ 75,000,000) as the result of wasteful acts over a period of two years. The No. 1 Warehouse of the Shanghai Branch of the Committee on Inventory and Distribution of Supplies wasted materials worth 110 billion yuan as the result of improper storage.[54] Similar cases were cited elsewhere in this region. In Hangchow, for example, the Hangchow Railway Administration Sub-Bureau accumulated un-needed materials worth more than 300 billion yuan.[55] With the increase in industrialization, acts of waste were also on the upswing. Within a period of a few months in 1954 and early 1955, industrial organizations accumulated excess materials valued at 350,000,000 new yuan.[56] Other wastes, including food spoilage, mismanagement, and wasteful purchasing, are widely reported in all financial and trade organizations.

An accusation of theft is directed at those who are guilty of falsifying or defaulting upon contracts. During the Three-Anti and Five-Anti campaigns, businessmen were accused of

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53. Ibid., Nov. 22, 1951, p. 1.
54. Ibid., Dec. 17, 1951, p. 1.
55. Ibid., Dec. 17, 1951, p. 1.
56. People's China, June 13, 1955, p. 1.

687 stealing from the government and were severely punished. Large-scale theft was on the increase after the expansion of industrialization and the conversion of private-owned enterprises in 1953. Crime syndicates were discovered in major Chinese cities. One of these syndicates,[57] composed of more than 200 men, stole 120 tons of ship-building materials another syndicate, with 290 members, stole 4,000 airplane parts. The most serious activity of these syndicates is their collaboration with "underground factories" reportedly existing in Shanghai. Electrical supplies worth 80,000 yuan (new currency) have been stolen to supply these "underground factories," which sell their products on the black market.

III. TENSION AND PUBLIC DISCONTENT

578 668 656 The tight control and centralization of government economic and social activities lead to tension and public discontent. Discontent results from government restrictions, high taxation, and public obligations. The controls exercised by the Communists over all the Party, state, and mass organizations generate tension within these groups. Despite Communist attempts to seek popular support and to implant belief in a brighter future,

57. Ibid., May 18, 1955, p. 1.

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Bad conduct was not, as in the West, violation of the laws of God but deviation from the age-old norms of acceptable social behavior. Specifically, behavior was categorized as "bad" if it went against such prescribed norms as the following: (1) hsiao, filial submission to fathers and elders; (2) chung, loyal and submissive devotion to superiors; (3) hsin, good faith among friends and associates; (4) jen, benevolence or fellow-feeling which should inform all social relationships; (5) i, righteousness in one's dealings with others; (6) Li (good form), accepted procedures in human relations; (7) lien, integrity; and (8) ch'ih, sense of shame.

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The laws of imperial China provided heavy punishments for violations of these norms; the most heinous crimes were those against hsiao, filial submission. Yet the ideal in the application of law was not blindfold justice but punishment administered with due regard for "human feeling" [jen-ch'ing] and for the specific circumstances surrounding the crime. This attitude is illustrated in the old proverb: "There is one thing worse than a dishonest official and that is an honest official,"

32.[continued] still, as it had been for centuries, "the foundation stone...of social organization,...the measuring stick of all behavior and of the worth of the individual.

183 which expressed disapproval of a rigorous enforcement of rules and regulations, of an enforcement
• 689 that fails to take into account "human feelings."[33]
577 The crteria for judging behavior as good or bad were therefore neither religious nor legalistic, but were the prevailing normas in the community, the customary practices sanctioned by tradition and ratified by a high degree of community consensus.

577 In traditional Chinese goodness could be cultivated through practice, study, and contemplation.
829 Confucianism held that the path to goodness was open to all, that those who attained a high order of goodness should be a moral elite, a group of exemplars for others. This moral elite was also, in Confucian theory, the group which should hold and exercise poltical power and enjoy the rewards of status and wealth. This nation sanctioned the long political dominance of the scholar-official.

577 The Chinese Communists have laid out new standards of good and bad. In the words of their leading theoretician, their aim is "...to reform mankind into the completely selfless citizenry of a Communist society."[34] In setting the new standards the Communists have consciously and unconsciously selected concepts from traditional moral

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33. Ruth Bunzel and John Weakland, "An Anthropological Approach to Chinese Communism Columbia Univ. Research in Contemporary Cultures, New York, 1952, pp. 80-81. Hereafter cited as Bunzel-Weakland.

34. Liu Shao-ch'i, "The Training of the Communist Party Member," first presented as a speech in 1939; cf. trans. in Boyd Compton, Mao s China, Seattle, 1952, p. 146.

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Annex "A," Subparagraph 2d, Political Background

PUBLIC ORDER AND SAFETY

625 692 Because of the large population and the complex society which exists in the East China Region, the Chinese Communists face many difficulties in maintaining public order and safety within its borders. In attempting to achieve this end, and in consolidating their political gains, the Communists have not hesitated to employ a strategy of terror. The Communists employ various means for the suppression of opposition and maintain a rigid control over the population. The People's court system, the People;s procuratorates, and the public security agencies are all instruments of suppression.

The People's court is conceived neither as an institution of justice nor as a protector of individual rights; it is designed to serve as a weapon of the state for "safeguarding the People's democratic system and protecting public property." In a similar manner, in order to insure observance of the law, the local People's procuratorate, although a "judicial organ," exercises procuratorial authority over all local state agencies, over government workers, and over all citizens in general. It also serves as an agency of control by supervising People's courts in matter of adjudication, by exercising a check over public security agencies in investigation activities and in the execution of judgment in criminal cases. The public security agency, the police, and the security forces are instruments of violence. They assume direct responsibility for the maintenance of public order.

625 In addition to the use of violence as their
692 primary means these various agencies of suppression form an integrated system, subject to the control of the Central People's Government and rigidly supervised by the Communist Party, and they all share the responsibility of ensuring the execution of codes and regulations relative to the maintenance of public order and safety. This chapter deals with the People's courts and People's procuratorate, the public security agencies and police, and codes and laws governing counterrevolutionary activities.

I. People's Court and People's Procuratorate

A. People's Court

692 After the establishment of the Supreme People's Court[1] in November 1949, the East China Branch Court of the Supreme Peope's Court was established. Liu Ming-sen was named as its president. The People's Court served as the representative of the Supreme People's Court in this region and as the final court of the region. At about the same time, the Municipal People's Court of Shanghai was also established.[2] However, it was placed under the authority of the Military Control Committee of Shanghai. This fact reduced the Municipal Court to a combination of military and administrative tribunal. Local courts in this

1. Report of Shen Chün-ju, former President of the Supreme People's Court, People's Daily, June 2, 1950. p. 1.

2. Work report of Shanghai Court, Liberation Daily, January 8, 1950; April 31, 1950, p. 5.

692 region remained intact and were permitted to function with only minor changes in personnel. Centralized control over these local courts was subsequently established.

As a political weapon of the state, the People's courts have been subordinated in their judicial function to the support of the Communist program. Indeed, the concept of judicial independence is unknown in the Communist language. Prior to 1952, while the Communists attempted desperately to consolidate their political power and to destroy existing political forces, the People's courts served as instruments of violence, working in co-operation with the land reform in farming communities and other movements in the cities for the suppression of the opposition. During this time, People's tribunals were widely established and their functions were politically apparent. After the system was comfortably entrenched, the People's court underwent reform. In July 1952 a nationwide Judicial Reform Campaign was launched, with a few to the destruction of the existing judicial system, to be replaced by the People's court system. This new system is based upon "socialist" concepts and is characterized by special techniques and methods in adjudication. Since 1953, the People's courts have supported the nationwide program of election and economic construction; at the same time, the People's court undertook further consolidation in preparation for the establishment on a permanent basis of a new People's court system. The nature and the spirit of the People's court is expressed in the newly promulgated Organic Law of the People's Court of the People's Republic of China.

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692 1. The First Stage (1949 - June 1952). The wide use of the People's tribunal was the distinguishing feature of the judicial activities during this period, and, in the East China Region, this not only resulted in the complete subordination of judicial function to political expediency, but facilitated all transfer of judicial authority from the hands of trained personnel to that of Party functionaries. At least three occasions can be cited when People's tribunals were used for the display of violence -- those established during the Land Reform Movement, the Three-Anti Campaign, and the Five-Anti People's Campaign.

According to the regulation of the People's tribunal for land reform issued in 1951 by the Government Administration Council,[3] the county and city tribunals were established directly under the leadership of the People's governments concerned and were component parts of the People's court on each respective level. Below the county tribunals, ch'ü, People's tribunals, were established. These tribunals were given the sole authority in criminal matters and were authorized to impose sentences up to five years imprisonment, to prosecute counterrevolutionaries and to initiate arrests. As of April 1951, some 58 county People's tribunals and 316 ch'ü tribunals

3. Text in Hua-tung-ch'ü Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien, [Compendium of Laws and Regulation Concerning Financial and Economic Policies in the East China Region], Vol. 2, Shanghai, East China People's Printing House, 1951, pp. 1, 950-52.

692 had been established in Fukien Province.[4] It was reported that in the Northern Special District of Kiangsu Province there were 22 county People's tribunals and 59 ch'ü tribunals.[5]

693 The political character of the tribunal can be detected by the composition of the adjudication committee, consisting of a president, a deputy, and several members half of whom were appointed by the People's government and half "elected" by the People's representatives drawn from the public security agencies, the Peasant's Association, and other mass organizations. In most cases, the county head and the ch'ü head were concurrently the presents of their respective tribunals.

692 The tribunal employed mass-trial and on-the-
695 spot judgment as their main technique in adjudication. When cases were heard, the judges bombarded the masses with propaganda. The masses were sufficiently agitated to denounce those whom the Party had previously singled out for prosecution. After denunciations were made, judgment was passed by the masses and sentence rendered at the instigation of the adjudication committee controlled by the Party. Mass trials usually resorted to intimidation and violence. To obtain

4. Liberation Daily, April 4, 1951, p. 6; for their activities in the region, ibid., January 8, 1951, p. 1.

5. Ibid., April 7, 1951, p. 5.

692 wide coverage, "mobile trials," reaching into
695 every village, were conducted by the People's tribunals.

692 During the Three-Anti and Five-Anti campaigns, People's tribunals were organized in the administrative units and in the armed forces Directives issued by the Government Administration Council prescribed the function and power of the Three-Anti People's tribunals and the Five-Anti People's tribunals.[6] The president of the tribunal was generally the head of the office. Members of the committee were either activists of the organizations concerned or representatives from various Party-controlled organizations. The power of the tribunal included the rendering of the death sentence. Organized under the Municipal People's court, People's tribunals were installed in every ch'ü, held mass trials, and enjoyed enormous power.

The People's tribunals as weapons for the suppression of opposition were so effective that they were used again during the nationwide election in 1953-54. The main function of the Election People's Tribunal was to suppress and punish violators and unqualified candidates and voters. They were to work with the election committees and were generally subordinate to the latter. As of February 1954, at least 172 tribunals had been organized among the first group of counties selected for elections in Kiangsu Province.[7]

6. For text of the directives, see People's Daily, March 31, 1952, p. 1; ibid., March 25, 1952, p. 1.

7. Liberation Daily, Feb. 7, 1954 p. 3.

2. The Second Stage: The Judicial Reform Campaign of July 1952.

692 The Judicial Reform Campaign was launched immediately after the conclusion of the Three-Anti and Five-Anti campaigns. Many defects, particularly involving judicial personnel who had previously served under the Nationalist Government had been found within the People's courts. In reality, the campaign was a mass movement aimed at eliminating old judicial practices in the People's courts by the liquidation of old personnel and the introduction of new methods.

The campaign, as violent as other movements conducted during this period, aroused the masses to recognize, accuse and pass judgment upon corrupt judicial officers, called for the use of criticism and self-criticism of ideology and individual work, the reorganization of judicial organs, and the reconstruction of judicial authority based upon the new People's court system.

During the campaign, the influence and the "crimes" committed by the old-established judicial personnel were deliberately exaggerated by the Communists in order to justify liquidation. In the Shanghai Municipal People's Court, for example, among the 104 members of the adjudication committees, 80 were old-established workers, and most of these were committee chairmen.[8] This high percentage was common in all provinces; the higher the court, the higher the percentage.

8. Report of Shih Liang, Minister of Justice; Liberation Daily, Aug. 24, 1952, p. 1. Report on campaign in East China, ibid., August 21, 1952, p. 1.

Corruption cases involving old-established workers were reported to be as high as 59.52 per cent in the Shanghai, Nanking, and Hangchow municipal courts and in courts in the South Kiangsu special administrative district.

As well as seeking the elimination of old-established personnel, the campaign sought the disposition of an accumulation of untried and mistried cases. Mass trials similar to those held by the People's tribunals were led by activists who had carried out the preliminary investigations. In Shanghai, for example, many activitists who had gained positions of authority during the Three-anti and Five-anti campaigns participated in the mass trials. In the county of Ch'ing-p'u in the South Kiangsu special district, 56 cases were disposed of in seven days.[9] In Ch'ang-shu in the same district, 150 mass meetings were held in which more than 113,000 people participated, and another 15,000 are reported to have participated in a period of mass trials in which 970 cases were disposed of in the space of ten days. As of February 1953, in the East China Region, 165,00 such cases had been disposed of; of these cases, 70 per cent were given mass trials.[10] The rapidity of the trials can suggest nothing but the degree of injustice with which they were conducted. To further establish a foundation of mass participation in "judicial" activities, many mediation committees were organized in this region. A total of 45,960 such committees were organized in rural and urban districts, and 294,900 people were actively engaged in committee-work.

9. Ibid., Nov. 11, 1952, p. 1.
10. Ibid., Feb. 1, 1953, p. 1.

692 695 In connection with the elimination of the old system, Article 17 of the Common Program, adopted in October 1949, declared the abolition of all laws, decrees, and judicial systems of the Kuomintang government, the complete abandonment of the Kuomintang code, the Liu-fa Ch'üan-shu [The Compenidum of the Six Codes of the Republic of China],[11] and the establishment of the People's Judicial System. The Communists specifically attacked the old system on four counts: (a) the judiciary had been a weapon employed by one class for the suppression of the opposing class, instead of an instrument of the People's dictatorship to serve the interests of the state; (b) the exceedingly mechanical procedure of the old courts should be condemned as bourgeois and unnecessary; (c) the assumption of a purely legalistic approach to a case did not reflect its economic and social background and was contrary to the socialist view of law; and (d) the use of precedents for the adjudication of a case should be discarded as a bourgeois practice.

On the other hand, the Communists defend their system on "socialist" grounds and by introducing new concepts and techniques into the practice of the courts. They are: (a) the reduction of appellate cases and the concentration of judicial authority among the lower courts; (b) the adoption of adjudication committees and the administration of law by collegia; (c) the review and periodic check of non-appellate cases by the higher courts;

11. Wu Ching-hsiung, Chung-hua Min-kuo Liu-fa Hui-pien [Compendium of the Six Codes of the Republic of China], 6 vols., Shanghai, Hui-wen t"ang, 1947.

692 (d) the conduct of "mobile trials"; (e) the use of
695 People's assessors, which, unlike the Western jury system, include representatives from various People's organizations; (f) the use of "comrade trial meetings" for cases involving ideology and labor discipline among Party members and workers in factories, offices, and enterprises; and (g) other methods, such as oral inquiries, on-the-spot investigations, the people's reception rooms, and mediation committees.

693 3. The Third Stage: (1953-1955). With the
692 gradual introduction of Communist concepts and teachings into the People's courts in the East China Region, new judicial personnel were trained. As a result of the second session of the National Judicial Conference held in September 1953, a directive was issued calling for the training in each region of 200-500 judicial workers.[13] Those who joined the courts during the Judicial Reform Campaign were sent to schools for further training; a reported 205 schools for judicial personnel[14] were in existence in 1952. Students of law and political science were also encouraged to join.

692 Effort was also made to strengthen judicial authority at lower levels and to establish special courts in industrial and mining organizations. As of July 1955, according to Shih-Liang, reporting at the Second Session of the National People's Conference, 3,795 circuit courts,[15] and 157,966 mediation committees had been established at the lowest level; these 3,795 circuit courts were

13. People's Daily, Sept. 10, 1953, p. 1.
14. Liberation Daily, Nov. 10, 1952, p. 3.
15. People's Daily, July 30, 1955, p. 6.

692 to be transformed into People's tribunals. During 1953 and 1955, effort was made to establish special courts within industrial and transportation organizations in East China. As of August 1955, only eleven railway courts and two waterway courts had been established in the nation. Because of the growing number of cases involving economic matters, judicial work in the industrial and business fields was also strengthened. As a result, some 120 judicial organizations were established to settle disputes arising in the fields of business and industry.[16]

After the promulgation of the Constitution and the passage of the new Organic Law of the People's Court[17], the judicial system was placed on a "permanent" basis. The new law formalized the "organizational and operational relationships between the courts -- the Supreme People's Court, the High People's Court, in a province and a municipality, and the basic-level People's Court in a country or a city and municipal ch'ü." The court remained the weapon of the state and continued to subordinate its judicial function to political expediency. At least two measures were taken to ensure this: the sanction of the use of the People's tribunal and the political selection of the judges.

Article 17 of the Organic Law of the People's Courts sanctioned the establishment of People's

16. Report by Tung Pi-wu, the President of the People's Supreme Court, ibid., July 23, 1955, p. 3.

17. English text in Current Background, No. 303, Nov. 5 1954, pp. 8-11.

•692 tribunals on a broad and permanent basis. Wherever necessary they were to hold "mobile hearings in the villages and towns, which the county People's courts could not reach. The selection of judges for the county was another means of extending political control over the judicial agencies. At the provincial and all local levels, although the president of the court was elected by the respective People's congresses, the president and the members of the different adjudication committees were appointed by the People's council. This manner of appointment, while placing the decisive power in the Party-controlled People's council, ensured the political control of the Communist Party over the judicial branch of the government.

B. People's Procuratorate [18]

Although the People's procuratorate is called a "judicial organ," it is in reality a prosecuting agency and an agency of control over both People's courts and public security agencies. Powers exercised by the local offices include the "supervision of decisions, orders, and measures of local state organs, inquiry into criminal activities execution of public prosecutions, supervision of adjudication activities of People's courts, guidance in passing judgment on criminal cases and in the activities of the organs for reform through work, and the right to prosecute criminal cases or to join in the prosecution of important civil cases involving the interests of the state and the people."

18. Ibid.

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692 Prior to the passing of the Organic Law of the People's Procuratorate in 1954, the Supreme People' Procuratorate maintained an office in the East China Region. Now that this office has been abolished, a closer working relationship exists between the central organ and the local offices that remain.

The appointment by the Supreme People's Procuratorate of chief procurators, deputy procurators, and members of the procuratorial committees of the provincial People's procuratorate increases this tendency toward centralization. In the same fashion, the members of city and county ch'ü procuratorial committees are only appointed by the procuratorate at the higher level.

The employment of the People's procuratorate as an agency of terror is further facilitated by its intimate relationship with the Party and the public security agencies. Heads of these People's procuratorates are generally either Party officials or heads of public security agencies. For example, the chief of the East China Branch of the Supreme People;s Procuratorate, Wei Wen-po, was also the secretary general of the East China Bureau of the Central Committee of the Communist Party of China. His deputy, Chou Pi-ch'tian, was formerly in charge of the Department of Organization of the Political Department of the Northeast Military Command and doubtless ly a Party member of long standing. A similar pattern of appointment was observed at local procuratorates. The chief of the Shanghai People's Procuratorate, Yang Fan, was concurrently the

• 692 head of the Department of Public Security of the Shanghai municipal government.[19]

People's procuratorates have co-ordinated their main task with the key drives of the country. The discovery of nationwide corruption and inefficiency together with the urge for renewed suppression of counterrevolutionary activities in 1955 have decided the responsiblities of the People's Procuratorates.

II. PUBLIC SECURITY AGENCIES AND POLICE

A. Public Security Agencies

647 625 As the chief instrument of the Communist regime in its effort to maintain close vigilance over the entire populace and to assume the responsibility for the execution of arrests and punishment, the public security agency is perhaps the Communists' most powerful instrument of violence. In addition to its wide establishment in the rural and urban districts, the public security agency maintains organizations of all types in all government and industrial organizations. These public security agencies are further aided by public security networks organized among the masses, and by the judicious use of informers. Security forces, allegedly a branch of the armed forces, in collaboration with other secret agencies of the Communist Party, are the instruments of violence placed at the disposal of the public security agencies at all levels.

1. Organization Under the direction of the Ministry of Public Security of the Central People's

19. Liberation Daily, Jan. 25, 1951, p. 2.

369 Shanghai in 1906 and began a crusade especially against American
548 brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese
369 city also after 1911, and into the 1940's). Kidnapping[1] was another
683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

625 Law enforcement was severely handicapped by the complex but ambiguous legal and administrative situation. Chinese police could
● 692 not pursue suspects into the foreign settlements, and foreign police
648 were similarly excluded from the Chinese areas. Foreigners in
369 Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1 [in Shanghai -- Analyst]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ments, and extradition was possible only with the approval of the Shanghai Municipal Council (or the French Municipal Council for the French Settlement), which was not often granted. Police expenses accounted for 40 to 50 per cent of the annual budget of the Shanghai Municipal Council from 1855 to 1941, but even this remarkably heavy allotment did not achieve a rule of law and morality. 625 692 648 369

Shanghai was a place where two civilizations met and where neither prevailed. To the foreigners, it was out of bounds, beyond the knowledge or supervision of their own culture, where each man was a law unto himself, or where he easily adjusted to the prevailing *mores* with no qualms of conscience. Morality was irrelevant or meaningless in Shanghai, an atmosphere which was apparent to even the casual visitor. The fact that Shanghai was also a major port of call and naval station helped to prosper this attitude; sailors often formed a majority of the foreign population.* For the Chinese, Shanghai was equally off limits. Those who had chosen this new kind of life, like the merchants, were by that choice cut off from traditional China and from the sanctions which it imposed. Others who drifted to the city during famines or civil wars, or were kidnapped from the country as domestic servants, had by definition lost their family connections, which in traditional China was total physical and moral destitution. Small wonder that many of them turned to prostitution. 177 577 369

On top of this was the continually fluctuating population. Few people, Chinese or foreign, came to the city with the hope of remaining there long; most of them aimed to make a fortune in a few years and then to leave. Many of them did remain, but so did the frenzied atmosphere. The international, intercultural nature of the city added to its excitement. Foreign hotels found it necessary to advertise their ability to speak with patrons in English, French, German, and Russian as a minimum. Concerned missionaries and visiting judges contended with this tempting and stimulating situation in vain. It remained for the Communist administration of the city after 1949 to substitute their familiar order of austerity and 166 369

* The city gave its name to the practice of kidnapping men to work ships whose crews had found Shanghai's attractions too great. Both foreigners and Chinese were "Shanghaied" by roving gangs, often in search of coolie labor for East or West Indian plantations as well as of crews.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

633 1899, when it was finally agreed (largely as a result of diplomatic
651 pressure) that no Chinese taxes could be collected within the foreign settlements except maritime customs dues (administered by an organ of the Chinese Government staffed by foreigners and Chinese) and the land tax (since the land remained Chinese property), while the Shanghai Municipal Council was free to tax both foreign and Chinese residents of the Settlement.

648 Neither the Shanghai Municipal Council nor the foreign consuls
701 at Shanghai were ever legally empowered to hinder the passage of Chinese troops through the foreign settlements, although Chinese troops were successfully excluded by *force majeure* and diplomatic bluff from the time of the first threat to the foreign settlements at the so-called Battle of Muddy Flat in 1853.* However, all of the Western powers having treaty relations with China claimed the right to land their own troops in the Settlements for the protection of the property and lives of their citizens. While this right was never formally enunciated in any treaty or agreement, it was practised on numerous occasions when troops landed from foreign warships in the harbor joined the Shanghai Volunteer Corps in defending the Settlement. The foreign settlements were never invaded by a hostile force (although bombs and shells landed there in 1932 and 1937), nor occupied by Chinese troops, from 1853, when the Volunteer Corps was formed, until Japan's assault on China engulfed all of the city after Pearl Harbor in 1941.

648 The most important right of the foreigners at Shanghai was
692 extraterritoriality, which placed citizens of all powers having most-favoured-nation agreements with China under the jurisdiction of their own national laws wherever they went within China. This principle was first enunciated in the Treaty of Wang Hsia between China and the United States in 1843, and the law was in practice administered to foreigners by their own consular courts. Extraterritoriality gave the foreigners advantages in business and in security of person and property; at Shanghai it was the only solid legal basis

* An incident in the Taiping Rebellion (1850–1864), when Shanghai was for long periods surrounded by rebel or imperial forces. On this occasion, the foreign residents of the city, aided by crews from their ships in the harbor, cleared out a large encampment of imperial troops which had been established within the Settlement boundaries. See F. L. Pott, *A Short History of Shanghai* (1928).

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of real significance for the existence of the city as a foreign enclave. 648
(All special rights of foreigners in China, including extraterritoriality, were renounced by the treaty powers in 1944. Shanghai is now governed as a single unit by the Communist administration.) 692

The practice at many other treaty ports in China differed. At 648
some, outright territorial concessions were made to each important 651
foreign trading power; at others, the Chinese authorities established 439
"international settlements" where foreigners might purchase land; at others, as at Shanghai, certain areas were reserved for foreign leasing (and later foreign purchase), with title deeds issued by the Chinese Government. Altogether, more than forty such treaty ports were established in China (some of them in fact inland centers far removed from navigable waterways), and administrative practice differed widely among them. The one common feature of all the treaty ports was that goods entering the "port" were exempted from all further taxation on their domestic movement by the payment of one inclusive tax. This provision was intended primarily to expedite the foreign trade of the treaty ports, but it also acted to encourage the movement of domestic trade through these cities with the streamlined tax system as compared with the multiplicity of local taxes which otherwise interrupted the movement of goods within China.

At Shanghai, there were three independent political units (map 633
3). First, the original Chinese city, to which were added, as the city grew after its opening to foreign trade, areas of predominantly Chinese occupancy outside the limits of the foreign settlements. This Chinese area was governed by the local Chinese county authorities until 1928, when the Nationalist Government established the Municipality of Greater Shanghai (map 5), a new administrative unit covering all of Shanghai outside the foreign settlements, responsible directly to Nanking and independent of local authorities. (It totalled 320 square miles, most of which remained open rural country outside the conurbation.) Second, the so-called International Settlement, which had originally been British and which was opened to all foreigners in 1854. This was the largest and most populous single political unit within the conurbation, and it included the city's commercial core, most of its manufacturing, and most of its shipping frontage. Third, the French Settlement, usually miscalled the "French

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648 633 722 exercised certain controls in the area of the Settlement north of the Soochow Creek. The Western Extra-Settlement Roads area passed in 1942 completely into the control of the Chinese City Government.

648 633 The governing body of the International Settlement was the Shanghai Municipal Council, of international membership. From 1930, soon after Chinese members first took seats on the Council, until 1941, it consisted of 14 members. Nine foreign members were elected by foreign ratepayers, and the general convention of its composition—five British, two American and two Japanese members—was observed. Five Chinese members were chosen by representative Chinese organisations. The allocation of seats in no way satisfied Japanese aspirations, and on several occasions they sought to increase their representation. In April 1941 a change was made which gave three seats each to British, American and Japanese members, and widened the basis of representation to include one German, one Dutch and one Swiss member. Four seats were allocated to Chinese members. The newly constituted Council proved a success. It pursued vigorous policies and faced many issues, the solution of which political impotence had previously made impossible. Functions formerly exercised by a ratepayers' meeting passed into the hands of the Council.

The administration of the French Concession was under a French Municipal Council appointed by the Consul-General for France. The Chinese City Government was presided over by a Mayor, appointed by the Chinese Government. The Chinese-administered area in Shanghai was a "special municipality," under direct control of the National Government of China, not of the province of Kiangsu in which it was situated.

648 633 692 722 Chinese citizens resident in the two foreign-administered areas were subject to Chinese Courts presided over by officials appointed by the Chinese Government. After the withdrawal of the Chinese Government to Chungking in 1938, the judges of the First Special District Court (in the International Settlement) and of the Second Special District Court (in the French Concession) remained unchanged for a time. In 1940 the Japanese-influenced Nanking Chinese Government obtained control over the Second Special District Court. Chungking-appointed judges were replaced in the First Special District Court when Japanese military occupied the

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International Settlement after the outbreak of Pacific hostilities in December 1941. Under the extra-territorial system foreign residents were subject to the laws of their own country and tried in consular courts. Russia relinquished her rights in 1924; Germany and Austria lost theirs in the war 1914-18. 648 633 692 722

On December 8, 1941 when Japan attacked Great Britain and the United States, the Shanghai Municipal Council agreed to carry on its functions in the interest of the civilian population. At the close of the year, however, the resignations of American, British and Dutch members of the Council were requested. The British chairman was replaced by a Japanese chairman. In the eyes of the Japanese authorities the agreement reached earlier in the year as to the composition of the Council remained in force, but was considered suspended. The places of resigning members were not filled. The Council carried on with four Chinese, three Japanese, one German and one Swiss member. The international character of the Council was technically preserved. 648 633 722

The free exercise of authority by the Council was, however, restricted. During the first eight months of Japanese occupation more than 80 senior British police were replaced by Japanese, and Japanese came to occupy also the ranking posts in the Secretariat, in the Public Health Department and in the Industrial and Social Division. No major question could be decided by the Council without reference to the Japanese authorities, and, further, the Council was given instructions by the Japanese which it had to carry out. In short, while pursuing its normal municipal functions unhampered, it began to be an instrument of Japanese occupying forces.

IT IS CLEAR THAT in a city whose administrative controls have been so divided there would be complications in the carrying out of the most elementary administrative tasks. For many years the dominant feature of Shanghai was its administrative disunity. The absence of plenary powers on the part of the Settlement at any rate created peculiar difficulties in dealing with problems inherent in large cities. 648 633

The authority of the Shanghai Municipal Council derived from the Land Regulations drawn up in 1854 and from Byelaws attached thereto. Later alterations did something to widen initial provisions,

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471 Special District," areas temporarily beyond, but ultimately to be
648 restored to, its own jurisdiction. The claim was made that only the
633 City Government could regulate Settlement industrial conditions,
466 by enforcing the Factory Law of the Chinese National Government.

An event of importance to the whole problem of law enforce-
648 ment was the Court Rendition Agreement of 1930[4] between the
633 Council and the local Chinese authorities, which provided for the
692 return to complete Chinese control of the Provisional Court exer-
471 cising jurisdiction over Chinese citizens of the Settlement and over those residents belonging to nations without extra-territorial rights. From the 1911 Revolution until 1927 there had been a Mixed Court under foreign influence, expressed in part by the sitting of foreign assessors with the Chinese judges in the hearing of cases. Between 1927 and 1930 a Provisional Court functioned, giving place in 1930 to the Shanghai First Special District Court, completely under the direction of the Ministry of Judicial Administration of the Chinese Government. The new agreement provided that the Court should exercise jurisdiction over cases brought in by the Municipal Police of the International Settlement and arising out of infractions of all duly enacted laws of the Chinese Government, together with cases arising from breaches of municipal bye-laws. In limiting the laws which the Court would apply to those duly enacted by the Chinese Government, the agreement excluded the application of regulations promulgated by the various Chinese ministries.

648 Since the labour laws referred to above in each case state that
633 the competent authority is the municipal government in munici-
692 palities and the *hsien* (or county) government in *hsiens*, and since
466 the enforcing municipal authority in Shanghai recognised by the Chinese Government was the Chinese municipal authority, it was logical for the Court owing allegiance to the Chinese authorities to refuse to try a case brought in by a Shanghai Municipal Council organ under any of the labour laws.[5] In the eyes of the Court the

[4] *Municipal Gazette of the Foreign Settlement of Shanghai*, 1930 volume.

[5] All possible means of using the Court as an instrument of enforcement under laws other than labour laws were explored. In 1939 seven workers were burned to death when an apprentice spilled inflammable thinner over a charcoal stove which the owner of the factory had been specifically instructed by Council officials to remove from the workroom. The Municipal Advocate advised that no case would lie under Article 276 of the Chinese Criminal Code which prescribes a five-year

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

Council was not a competent authority within the meaning of the Chinese Government acts. 648 633

The matter was still further complicated by the fact that many owners of industrial enterprises in the Settlement enjoyed extra-territorial rights. While Chinese legalists argued that extra-territorial rights were of the person and not of the undertaking, in practice Chinese law could not be applied against foreign enterprises owned by those with these rights. At the same time the authorities of the countries with extra-territorial rights held in general that the labour codes of their respective countries did not apply in their Shanghai courts.[6] 692 466 471

sentence or heavy fines for negligence causing the death of others by neglecting the degree of care required in an occupation. The proximate agent only is held liable by the Chinese Courts, and in this case he, in the person of the apprentice, was dead. A case was, however, instituted under Article 33 of the Law Governing Penalties for Police Offences, which prescribes detention or fine for one who "undertakes any work or business contrary to mandate or regulations." Judgment was obtained against the factory owner. When, however, later cases were instituted against other factory owners failing to carry out instructions, the cases were dismissed.

[6] Two cases were heard in the United States Court for China in which application of American law was involved. In the first, in 1936, the widow of a linesman brought an action for damages against an American company for alleged negligence on the part of the company which resulted in death by electrocution of her husband. The case was dismissed. In his judgment the Judge stated that cases similar to the one in question were now rare in the United States because of the almost universal adoption of Workmen's Compensation Acts. Counsel for the plaintiff suggested the novel possibility of the Compensation Act of the District of Columbia being applicable. This, the Judge stated, required study. But he expressed the view that "it may not be impossible, even in this difficult jurisdiction, through reasonable construction and elimination of unsuitable portions to preserve the substance of the law in some fair and workable system which would be welcomed by both employers and employees."

A second case arose later in the same year. A non-American employee of an American corporation slipped on the floor of the employer's premises sustaining an injury for which damages were sought in a common law action based on the theory of negligence. The plaintiff contended that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in this action from maintaining the defences of contributory negligence and assumption of risk. The defendant contended that the District of Columbia Workmen's Compensation Act was not applicable in the Shanghai jurisdiction on the grounds of inherent unsuitability.

The Court ruled that the literal compliance with the District of Columbia Compensation Act would be impossible in the Shanghai jurisdiction, but expressed its belief that the principle of the law of the United States should not be ignored. The judgment referred to the "congressional will manifest in the passage of the District of Columbia Compensation Act" and believed that the "Court might award remedies to injured employees consistent with the spirit and objectives of federal legislation."

Judgment was entered for the plaintiff in the sum of US $1,200.

The Court later temporarily withdrew its Opinion pending further study. It was later restored, and the amount of the award to the plaintiff increased to US $2,200.

692 had been established in Fukien Province.[4] It was reported that in the Northern Special District of Kiangsu Province there were 22 county People's tribunals and 59 ch'ü tribunals.[5]

693 The political character of the tribunal can be detected by the composition of the adjudication committee, consisting of a president, a deputy, and several members half of whom were appointed by the People's government and half "elected" by the People's representatives drawn from the public security agencies, the Peasant's Association, and other mass organizations. In most cases, the county head and the ch'ü head were concurrently the presents of their respective tribunals.

692 695 The tribunal employed mass-trial and on-the-spot judgment as their main technique in adjudication. When cases were heard, the judges bombarded the masses with propaganda. The masses were sufficiently agitated to denounce those whom the Party had previously singled out for prosecution. After denunciations were made, judgment was passed by the masses and sentence rendered at the instigation of the adjudication committee controlled by the Party. Mass trials usually resorted to intimidation and violence. To obtain

4. Liberation Daily, April 4, 1951, p. 6; for their activities in the region, ibid., January 8, 1951, p. 1.

5. Ibid., April 7, 1951, p. 5.

692 695 (d) the conduct of "mobile trials"; (e) the use of People's assessors, which, unlike the Western jury system, include representatives from various People's organizations; (f) the use of "comrade trial meetings" for cases involving ideology and labor discipline among Party members and workers in factories, offices, and enterprises; and (g) other methods, such as oral inquiries, on-the-spot investigations, the people's reception rooms, and mediation committees.

693 692 3. The Third Stage: (1953-1955). With the gradual introduction of Communist concepts and teachings into the People's courts in the East China Region, new judicial personnel were trained. As a result of the second session of the National Judicial Conference held in September 1953, a directive was issued calling for the training in each region of 200-500 judicial workers.[13] Those who joined the courts during the Judicial Reform Campaign were sent to schools for further training; a reported 205 schools for judicial personnel[14] were in existence in 1952. Students of law and political science were also encouraged to join.

692 Effort was also made to strengthen judicial authority at lower levels and to establish special courts in industrial and mining organizations. As of July 1955, according to Shih-Liang, reporting at the Second Session of the National People's Conference, 3,795 circuit courts;[15] and 157,966 mediation committees had been established at the lowest level; these 3,795 circuit courts were

13. People's Daily, Sept. 10, 1953, p. 1.
14. Liberation Daily, Nov. 10, 1952, p. 3.
15. People's Daily, July 30, 1955, p. 6.

625 the entire existing police force.

The police should be distinguished from the security forces, which as a component part of the armed forces, are allegedly under the control of the military district command. However, the latest trend indicates an integration of the security forces into the police force. Such a step has already been taken at the district and county level, where the armed force of the police is organized to perform the functions of its predecessor, the security force.

III. CRIMINAL CODES AND LAWS GOVERNING COUNTERREVOLUTIONARY ACTIVITIES

671 Although the compilation of a criminal and civil code is assigned to the State Council's Bureau of Codification, the former Commission on Codification under the Government Administration Council, as yet no report has been made available. However, at different times decrees and orders have been issued by governments of all levels. The examination of some such decrees will help to explain how the Communist regime seeks to maintain "public order and safety."

A. Criminal Code

•694 671 The decree[37] promulgated by the Chairman of the People's Republic of China in December 1954 explains the procedures for arrest and detention.

37. People's Daily, Dec. 21, 1954, p. 1.

671 694 As a rule, public security agencies when making arrests must first obtain a warrant from either the People's procuratorate or the People's court. Sometimes there are circumstances under which immediate arrests are permissible. These exceptions in fact, grant the public security agencies more power than the wording of the decree would suggest. For example, a person who cannot establish his identification or has no fixed place of residence is subject to immediate arrest. Although the decree makes provisions to guarantee the right to demand a search warrant, a minimum period of detention, and an early and rapid trial, arbitrary arrests made by the security agencies negate the value of these guarantees.

671 Apart from those decrees relating to the punishment of counterrevolutionaries, which will be discussed below, two other decrees also may be of interest: the decrees on the safekeeping of national security information[38] and on the violation of laws pertaining to the national currency.[39] National security information includes not only national security and military matters in the usual sense but also any data relating to economic and financial affairs, transportation conditions, and matters of a judicial and legislative nature. Hence, any leakage of such information is a criminal offense, subject to severe punishment. In the same fashion, any violation of the laws on national currency committed with the intention of aiding counterrevolutionaries is regarded as an act of counterrevolution and bears severe penalty.

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38. Yangtze Daily June 11 1951, p. 1.
39. Ibid. April 28, 1951, p. 4.

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4. Liberation Daily, April 4, 1951, p. 6; for their activities in the region, ibid., January 8, 1951, p. 1.

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692 wide coverage, "mobile trials," reaching into
695 every village, were conducted by the People's tribunals.

692 During the Three-Anti and Five-Anti campaigns, People's tribunals were organized in the administrative units and in the armed forces Directives issued by the Government Administration Council prescribed the function and power of the Three-Anti People's tribunals and the Five-Anti People's tribunals.[6] The president of the tribunal was generally the head of the office. Members of the committee were either activists of the organizations concerned or representatives from various Party-controlled organizations. The power of the tribunal included the rendering of the death sentence. Organized under the Municipal People's court, People's tribunals were installed in every ch'u, held mass trials, and enjoyed enormous power.

The People's tribunals as weapons for the suppression of opposition were so effective that they were used again during the nationwide election in 1953-54. The main function of the Election People's Tribunal was to suppress and punish violators and unqualified candidates and voters. They were to work with the election committees and were generally subordinate to the latter. As of February 1954, at least 172 tribunals had been organized among the first group of counties selected for elections in Kiangsu Province.[7]

6. For text of the directives, see People's Daily, March 31, 1952, p. 1; ibid., March 25, 1952, p. 1.

7. Liberation Daily, Feb. 7, 1954 p. 3.

692 In connection with the elimination of the
695 old system, Article 17 of the Common Program, adopted in October 1949, declared the abolition of all laws, decrees, and judicial systems of the Kuomintang government, the complete abandonment of the Kuomintang code, the Liu-fa Ch'üan-shu [The Compendium of the Six Codes of the Republic of China],[11] and the establishment of the People's Judicial System. The Communists specifically attacked the old system on four counts: (a) the judiciary had been a weapon employed by one class for the suppression of the opposing class, instead of an instrument of the People's dictatorship to serve the interests of the state; (b) the exceedingly mechanical procedure of the old courts should be condemned as bourgeois and unnecessary; (c) the assumption of a purely legalistic approach to a case did not reflect its economic and social background and was contrary to the socialist view of law; and (d) the use of precedents for the adjudication of a case should be discarded as a bourgeois practice.

On the other hand, the Communists defend their system on "socialist" grounds and by introducing new concepts and techniques into the practice of the courts. They are: (a) the reduction of appellate cases and the concentration of judicial authority among the lower courts; (b) the adoption of adjudication committees and the administration of law by collegia; (c) the review and periodic check of non-appellate cases by the higher courts;

11. Wu Ching-hsiung, Chung-hua Min-kuo Liu-fa Hui-pien [Compendium of the Six Codes of the Republic of China], 6 vols., Shanghai, Hui-wen t"ang, 1947.

692 695 (d) the conduct of "mobile trials"; (e) the use of People's assessors, which, unlike the Western jury system, include representatives from various People's organizations; (f) the use of "comrade trial meetings" for cases involving ideology and labor discipline among Party members and workers in factories, offices, and enterprises; and (g) other methods, such as oral inquiries, on-the-spot investigations, the people's reception rooms, and mediation committees.

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13. People's Daily, Sept. 10, 1953, p. 1.
14. Liberation Daily, Nov. 10, 1952, p. 3.
15. People's Daily, July 30, 1955, p. 6.

446 696 the Chinese Communists point out clearly that the new regime is going to use the forced-labor system to punish political offenders as well as to achieve the nation's economic plan. This system is practiced in East China as in other regions of Mainland China.

Li Shih-ying, director of the Public Security Department of the Military and Political Committee of East China, in his report (November 1951) on the suppression of counter-revolutionaries, said that the public security and judicial agencies at various levels in East China had followed the call of the Central government to suppress the counterrevolutionaries and had made many arrests. Some of the prisoners who had been "guilty of gross betrayal of the people" were executed; others had had their sentences stayed for two years and had been given a chance at "reform-through-labor."[5] It is estimated in Taiwan that the total number of persons undergoing reform-through-labor from 1949 to 1954 totals 42.3 million.[6] The population of the East China provinces is 27.9 per cent of that of the whole country. If we assume that the proportion of those in forced labor is just about the same as that of the population, then, within five years, the number

5. Chieh-fang Jih-pao [Liberation Daily], Shanghai, Nov. 30, 1951.

6. Fei-ch'ü Nu-kung Kai-shu, [A General Account of Forced Labor in Communist China], Taipei, Sixth Section, Central Committee, the

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that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary-General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

The Chinese court held that the natural parents of a child in every case have a right to the child, whether exploited or otherwise. Instances occurred where a judge handed back to the care of parents girls who had been sold. The court view is based upon the relevant portion of the Civil Code. There is room for a reconsideration either of the law or of its interpretation by the court.

For the majority of those who either had no immediate relatives or were being exploited by relatives other than their parents, placement in an institution frequently represented the only possible adjustment. Every effort was made at once to find relatives or friends of a young person coming into the hands of the Service. If time was allowed to elapse, the chances of finding that link which would perhaps save the child from being alone and adrift forever might be lost. By newspapers, and by using local Chinese methods of advertising near the place where a child had strayed, the vital link was frequently established.

In 1940, for the first time, a complete picture was obtained of the extent of lawbreaking by young people under 18 years of age. In all, 981 appeared in court on criminal charges—899 boys, 82 girls. Of this number 70 per cent were unemployed; 87 per cent were involved in some form of thieving. Twenty-one per cent had previous convictions. 633 738 674

There was no special procedure in the First Special District Court governing the treatment of juvenile offenders. Regulations for a special procedure of the Ministry of Judicial Administration of the Chinese Government exist, but were not in use in Shanghai, or elsewhere in China, so far as is known.[2] In response to the 633 738 736

[2] In Instruction No. 2237, dated May 9, 1936, the Ministry of Judicial Administration of the Chinese Government instructed the courts to temper justice with mercy and understanding in dealing with juvenile delinquents. The articles of instruction [696]

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633 suggestion, twice brought forward by the Division, that a special
738 procedure should be instituted, the Court expressed its readiness to co-operate, but the police stated they were unable to undertake
736 the necessary segregation of juvenile offenders. The Division believed that in the meantime the increasing knowledge of juvenile delinquency in Shanghai, which its specialists in child protection work had gained, would be of value whenever they would be called on to play a larger part in the disposition of such cases if a special procedure could later be developed.

In 1940 a qualified social worker with special training in the psychological handling of difficult children began to make frequent visits to the municipal reformatory where she interviewed all young delinquents twice, first after their arrival in the reformatory and again just before their release. Of the 334 persons (293 boys and 41 girls) whom she interviewed in 1940, 91 per cent had been convicted of thieving in some form, and 52 per cent were orphans or had only one parent.

Boys who before or after release from the reformatory had no plans were invited to call on the social worker. Of the 201 boys seen in 1940 before their release, 53 sought help. Twenty-three—for the most part younger boys—were placed in institutions. Sixteen were sent to a vocational training school. But many older boys refused to enter institutions. Since it proved unwise to employ these boys in factories immediately upon their release from the reformatory without any rehabilitation period intervening, they were given some little financial assistance with which to start a simple business like peddling or shoemaking. If these boys showed persistence and good will, they were introduced to regular employment.

THE REMOVAL OF YOUNG PEOPLE from institutions[3] and their placement in employment served two purposes. It relieved institu-

[696] in this memorandum show a sympathetic understanding of the necessity for rehabilitation rather than punishment in the treatment of young offenders.

Article 14 reads in part as follows: "When assigning judges to try juvenile cases, the Presidents of the various Courts may not follow the rules regarding the distribution of duties for a Judicial Year, but they may assign a judge to try them from among the judges or procurators of the respective courts who has sufficient experience and mild temper as well as a profound study of the sciences of criminology, psychology, sociology and education."

[3] Standards of work in children's agencies depend on the calibre of their staffs.

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Annex "A," Subparagraph 3h,
Economic Background

FORCED LABOR

I. INTRODUCTION

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697 "Reform-through-labor" has been the official declared policy since the beginning of the establishment of the Communist regime in China: it is stipulated in the Common Programme[1] of the Chinese People's Political Conference, Mao Tse-tung's On People's Democratic Dictatorship,[2] and in the Constitution of the People's Republic of China,[3] promulgated in September 1954. In these three most important documents[4] as well as in other official documents,

1. Common Programme, Foreign Language Press, Peking, 1950, Article 7, p. 4.
2. Mao Tse-tung, On People's Democratic Dictatorship, Foreign Language Press, Peking, 1950, p. 18.
3. Constitution of the People's Republic of China, Foreign Language Press, Peking, 1954, Article 19.
4. Regulations Concerning the Establishment of People's Court in Five-Anti Campaign, Jen-min Jih-pao, Peking, March 24, 1952; Regulations Concerning the Establishment of People's Court in Three-Anti Campaign, Jen-min Jih-pao Mar. 30, 1952; Agrarian Reform Law, Foreign Language Press, Peking, 1950, Article 10.

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466 in forced labor would be around 11,8 million.
697

According to the "Regulations Governing Reform-through-Labor" passed and promulgated by the Government Administration Council in August, 1954, there are four types of agencies carrying out reform-through-labor: detention houses, prisons, reform-through-labor corps, and institutions for juvenile delinquents. The detention houses and the prisons are to be established on and above the hsien level. There are 448 municipalities and hsien in East China[7] and it is very conservative to say that there are 448 official agencies carrying out reform-through-labor in that region. The movements of the prisoners in the detention houses and prisons are restricted, and they are employed in indoor occupations, while the reform-through-labor corps may be transferred and are allocated according to the needs of national economic planning.

466 The importance of the above policy of "reform-through-labor" is intentionally

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6. (continued) Nationalist Party, December 1954, p. 17.

7. Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung Pao, 1955, pp. 230-39.

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731
653 had been completed in July 1955.[26]

All the reports from Mainland China and some from Hong Kong praised what the project had done for the improvement of living conditions of the people in the Hwai River area. Such reports imply that the millions of peasants who continue to toil on the banks of the river for a few bowls of rice a day have no reason to complain.

III. "REFORM-THROUGH-LABOR" IN EAST CHINA

A. Reform-through-Labor Camps in Shanghai

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466 As a result of the drive for suppression of counterrevolutionaries which started in the Spring of 1951 and the Three-Anti and Five-Anti campaigns which followed, the number of prisoners sentenced to reform-through-labor reached 200,000 in Shanghai by the end of that year. Reform-through-labor camps are scattered all over the suburbs of the big city. Most of the prisoners are employed in municipal constructions, road building, and light industries. The following is an example given by the Communists through the official channel New China

26. Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 5, 1955, p. 2.

697 News Agency showing how much the Communists
466 had done for one ex-prisoner:

Tao Chieh, a criminal in Shanghai, after reform-through-labor, achieved a change in his ideology and cultivated the habit of labor. When he was released at the expiration of his term and returned to his home, his wife wrote to the reform-through-labor organ, saying, "When my husband returned home, all our neighbors declared that he had changed and made progress. I feel that the People's Government had not only changed my husband but has brought happiness to our whole famil."[27]

The fact that reports in Taiwan and Hong Kong about life in the Shanghai reform-through-labor camps differ from this official report shows that the latter may be a Communist falsification. One of the Taiwan reports described the life in the Shanghai labor camp as miserable. The report said that the prisoners had to perform dirty work such as sewer dredging, public-lavatory cleaning, and refuse-removing under bayonets. When the prisoners did not show much liking for their work, they

27. NCNA, Peking, March 30, 1955; quoted from Survey of China Mainland Press, April 1, 1955.

697 were reminded that they were counterrevolutionaries
466 and should work hard.[28]

B. Rebirth Village in North of Kiangsu

North of the Yangtze River in Kiangsu Province, there are millions of acres of alluvial soil forming new land along the sea-coast of that province. The Rebirth Village was started in the spring of 1950 by the People's Government of Shanghai. Within little more than one year, a whole "new town" had been built in this ast, inhospitable region with 10,000 mou (about 1,518 acres) of cultivated land. The center of the Rebirth Village is in Ssu-ch'a-ho with a transportation system of new highways and new canals built by the villagers. Inside the Rebirth Village, there are all kinds of small-scale industries such as blacksmiths, wood and bamboo works, hosiery works, and sewing factories. According to Communist report, the people in the nearby villages have come to call the new- born city "New Shanghai."

28. Li, T'ien-min, Wu-nien-lai Chung-kung P'o-hai Jen-ch'üan Chi-shih [A Factual Account of the Violation of Human Rights by the Chinese Communists in the Last Five Years 1949-54] Taiwan, March 1955, p. 29.

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The labor of the Rebirth Village had been supplied by the criminals and unemployed "vagrants" of Shanghai. Apparently, the latter category includes people who were forced to evacuate from the urban area of Shanghai, then the largest industrial and commercial city in the whole of China, during the slump period after the Communists came in. In addition to light industries, these immigrants were forcibly employed in cultivating cotton fields, drilling wells, and reforesting the seacoast. The main product of the Rebirth Village is cotton. In 1951, the villagers planted 6,800 mou (about 1,143 acres) of cotton fields which produced 3,500 tan [192.5 tons] of cotton with an average of 50 catties (55 pounds) per mou (1/5 acre), 20 per cent above the average in the neighboring villages. With the improvement of irrigation and soil, the Communists hope to supply most of Shanghai's needs in its textile industry in the future.[29]

C. Sung-chiang State Farm

The Sung-chiang State Farm is one of hundreds of state farms spread all over East China, where forced labor is employed. On

29. Chieh-fang Jih-pao [Liberation Daily], Shanghai, Oct. 6, 1951, p. 2.

1:Stanford U. S-4, 5 1956 AF15 East China
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697 466 the farm, the usual Communist methods of increasing production were used, such as emulation drives and elections of model workers for higher achievement in production. The activists among the prisoners offered to take care of nine mou (about 1.3 acres) of land as the norm for each person. Through challenges and responses the norm was raised to 15 mou (about 2.3 acres) for each worker. At first, they had no oxen for plowing. Twelve workers were organized into one plowing team and work with their bare hands. In the first winter, among 360 laborers, 7 of them died of cold and 24 became disabled because of severe frost-bites.[30]

According to a report from Taiwan, most of the reform-through-labor corps in East China are working the 718 state farms, totaling 568,000 mou (about 86,239 acres) of land. Among these farms are the Su-pei Collective Farm in Kiangsu, with 30,000 prisoners; the Yen-shan-hsien Farm in Shantung, with 1,000 prisoners; the Ch'ü-chou District Farm in Chekiang, with 3,000 prisoners;

30. Li Tien-ming, op. cit., pp. 30-31.

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•697 the Ning-po District Farm in Kiangsu, with
466 5,500 prisoners, the Kao-Yu Farm in Kiangsu, with 4,000 prisoners; and the Nantung Farm in Kiangsu, with 1,500 prisoners. The number of reform-through-labor prisoners was estimated to be about 800,000 to 900,000 in 1952.[31]

The reform-through-labor corps had also been employed by the new regime to rebuild the old dikes along the seacoast of Chekiang and Kiangsu provinces, some 586 kilometers (about 370 miles) in length. Behind the dikes nearly 1,000,000 hectares (about 2,471,140 acres) of rice and cotton fields in the coastal areas are being cultivated in safety now.[32]

It was reported in Hong Kong that the Communists are mobilizing 60,000 laborers to start a new railway line connecting Amoy in Fukien and Ying-t'an in Kiangsi. There is no doubt that the labor force of this planned project also belongs to the category of this study.[33]

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31. Cheng Chu-yuan, op. cit., pp. 80-81.
32. Kuan-ming Jih-pao [Enlightenment Daily], May 27, 1952.
33. Asia Foundation News Bulletin, August 11, 1955.

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517 unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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701 During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to [874] power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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668 The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

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668 for the rapid conclusion of the land reform and the establishment of Communist political power in the rural areas in this region. By November 1949, an estimated 800,000 peasants had joined the Peasants' Association in eighteen counties in the special district of South Kiangsu.[49] Even in the province of Fukien, the last province to be seized by the Communists, an estimated membership of nine million was reported.[50]

668 701 The militia is an instrument of terror at the disposal of the Party. An organization of poor peasants and farm laborers (67 per cent) and of youth (aged 18-30), it is strongly class conscious.

At the end of the land reform in November 1951, the strength of the militia in the East China Region[51] was reported at 2,900,000. In addition to the normal duties assigned to the militia in this region, such as guarding granaries, bridges and transportation centers, the militia was also responsible for coastal defense. Militia units in the provinces of Fukien, Chekiang, and Kiangsu were noted for their role in coastal operations. In a twenty-month period

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49. Ibid., November 12, 1949, p. 5.
50. Ibid., July 14, 1950, p. 3.
51. Liu Jui-lung's report on the conclusion of land reform in the East China Region, Ibid., November 29, 1951, p. 1.

668 to April 1951, the Fukien militia fought 5,829
701 "battles" in co-operation with the Communist regular troops, and engaged in 4,514 "battles" on its own.[52] This included many "engagements" in defense of the China coast.

B. Consolidation Period (1952-1953)

668 As the Land Reform Movement came to a close, Communist power was established in the region in spite of serious defects reported. The infiltration of "reactionary" elements into the Party organization and the increase of the "new-rich" among Party members, for example, necessitated the expulsion of an estimated 10 per cent of the Party members in the province of Shantung. The general apathy of Party cadre, as a result of low level of education and the unlimited demand imposed upon the Party members, caused some incidents suggesting political instability. Of particular concern was the Wu-to ("five-too-many") phenomenon.[53] Party members found themselves assigned too many jobs -- an average of four jobs per person. And Party members had to attend

52. Ibid., April 28, 1951, p. 5.

53. The five-too-many included: too many tasks, too many meetings, too many forms, too many organizations, and too many concurrent jobs.

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647 625 Government, similar departments and bureaus are organized at all levels, extending down to the public security commissions in the hsiang. The public security system is one of extreme centralization and is operated entirely by the Communist Party.

In the East China Region prior to 1954, a Department of Public Security under the East China Military and Political Committee was maintained. Because of the need for secrecy, and perhaps because of the sinister role it played, information on its organization and activity is not available. However, a report from the Nationalist Government on Formosa indicated[20] that the organization was composed of eight sections: political security, police, border security, armed security, "Reform-through-labor" (forced labor), intelligence, and personnel. Security cadre schools, security regiments, and other security commands were reported to be under the direct jurisdiction of this department. At the provincial level, the department maintained an elaborate organization, comprised of an administrative office and offices devoted to political security, security administration, police, general service, and Reform-through-labor. Other units such as the security cadre schools, coastal public security bureaus, and forced labor battalions were included.

•701 In addition to the public security agencies in the East China Region, military authorities also shared a considerable responsibility in the maintenance of "public order and safety." The Military Control Committee in the major cities had been

20. Organizational Chart, Communist Military, Public Security and Intelligence Organization, Taipei, 1953.

701 an important instrument in public security work. Military authorities are particularly active along the coast where attack from Formosa is possible. Thus, Yeh Fei, present governor of Fukien, is also the commanding general of the Fukien military district and of the 10th Army Corps of the Chinese Red Army, which is deployed opposite the Formosa strait. The Shanghai Military Control Committee, with Ch'en I, commanding general of the old Third Field Army, as its head, has jurisdiction in matters of military and public security.

625 687 2. Public Security in Rural Areas During the land reform, the regime relied upon the Peasants' Association, the militia, and the People's tribunals for the elimination of landlords and "despots" and the enforcement of decrees. According to an order of the East China Military and Political Committee, concerning the punishment of landlords,[21] issued in September 1950, those who were accused of falsifying reports of property, the destruction or sale of property, the killing of cattle, and the destruction of farming implements were given one year's imprisonment. Creating rumors with a view toward misrepresenting government policy, distribution of land without the authority of the Peasants' Association, and other acts tending to lead to the disruption of rural government were crimes justifying a sentence of at least five years' imprisonment. The death

21. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compendium of Law and Regulations Concerning Financial and Economic Policies of the Central Government], Peking, Financial and Economic Committee of the Gov't. Adm. Council, 1952.

633 651 1899, when it was finally agreed (largely as a result of diplomatic pressure) that no Chinese taxes could be collected within the foreign settlements except maritime customs dues (administered by an organ of the Chinese Government staffed by foreigners and Chinese) and the land tax (since the land remained Chinese property), while the Shanghai Municipal Council was free to tax both foreign and Chinese residents of the Settlement.

648 701 Neither the Shanghai Municipal Council nor the foreign consuls at Shanghai were ever legally empowered to hinder the passage of Chinese troops through the foreign settlements, although Chinese troops were successfully excluded by *force majeure* and diplomatic bluff from the time of the first threat to the foreign settlements at the so-called Battle of Muddy Flat in 1853.* However, all of the Western powers having treaty relations with China claimed the right to land their own troops in the Settlements for the protection of the property and lives of their citizens. While this right was never formally enunciated in any treaty or agreement, it was practised on numerous occasions when troops landed from foreign warships in the harbor joined the Shanghai Volunteer Corps in defending the Settlement. The foreign settlements were never invaded by a hostile force (although bombs and shells landed there in 1932 and 1937), nor occupied by Chinese troops, from 1853, when the Volunteer Corps was formed, until Japan's assault on China engulfed all of the city after Pearl Harbor in 1941.

648 692 The most important right of the foreigners at Shanghai was extraterritoriality, which placed citizens of all powers having most-favoured-nation agreements with China under the jurisdiction of their own national laws wherever they went within China. This principle was first enunciated in the Treaty of Wang Hsia between China and the United States in 1843, and the law was in practice administered to foreigners by their own consular courts. Extraterritoriality gave the foreigners advantages in business and in security of person and property; at Shanghai it was the only solid legal basis

* An incident in the Taiping Rebellion (1850–1864), when Shanghai was for long periods surrounded by rebel or imperial forces. On this occasion, the foreign residents of the city, aided by crews from their ships in the harbor, cleared out a large encampment of imperial troops which had been established within the Settlement boundaries. See F. L. Pott, *A Short History of Shanghai* (1928).

175 since the Mongol conquest of China in 1279,
177 the country had been almost continuously united until the middle of the nineteenth century, when the Taiping Rebellion opened the way for an upsurge of provincial autonomy.

G. The Seaward Orientation of Fukien

Handicapped by a mountainous terrain that increased the normal difficulties of farming and limited communication by land with the rest of China, Fukien tended to breed a highly individualistic and truculent people, strongly drawn toward the sea. They resisted the intrusion into the province of the imperial power and put their seamanship to whatever use promised the most advantage to themselves. Many coastal people emigrated to the South Seas and Southeast Asia, but the majority stayed home to engage in fishing, foreign and domestic trade, and fighting on the sea.

From the time of the T'ang Dynasty, and especially during the Sung Dynasty, what is today the port of Ch'üan-chou was one of the Chinese Empire's principal foreign trade
706 centers.[21] During and after the time of the Sung, natives of Fukien contributed a high proportion of the sailors in China's merchant

21. Latourette, op. cit., pp. 205, 250.

706 and naval fleets. With the beginning of naval modernization in the 1860's, the establishment of a naval shipyard and academy at Foochow enabled natives of Fukien to gain a nepotistic monopoly on the Chinese navy. It was under the command of Sah (Sa) Chen-ping, whose home was in Foochow, during the last years of the Ch'ing Dynasty. He maintained control even after his retirement until his death in 1951, opportunistically placing the navy at the service of the Republic, various warlords, the Nationalist Government, and the Communist regime.[22]

579 Another use to which the people of Fukien put their seamanship and fighting ability was piratical raiding of rich farming and trade centers within access of the sea, particularly the area around the Yangtze estuary. During the Ming Dynasty (1368 to 1644), the natives of Fukien along with Japanese and persons of mixed ancestry operating from bases in Japan constituted a serious menace to the people and wealth of coastal China. When the foreign havens of the freebooters were eliminated by Japan's self-isolation at the beginning of the seventeenth century, the raiders continued their forays from Chinese offshore islands and isolated inlets in Fukien and northern Kwangtung.

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22. Percy Finch, Shanghai and Beyond, New York, Charles Scribners' Sons, 1953, pp. 127-28.

466 the project in the first year. Most of the
653 laborers were peasants, some were refugees from the flood, and still others were unemployed people in the cities. In 1952, the number of workers increased[13] to 2,400,000. In 1953, when the project had been established on a permanent basis, the workers decreased[14] to about 1,500,000. The fact that a total of more than 6,000,000 people had joined at one time or another a public project during a three year period is unheard of in Chinese history.

C. Organization of the Labor Force

466 In addition to recruited civilian workers,
708 large numbers of the People's Liberation Army
653 joined the project. They were supposed to do the harder jobs and act as model workers; in reality, they were to keep surveillance over the recruited workers.

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13. Chin-pu Jih-pao [Progressive Daily], Tientsin, Aug. 3, 1952.

14. Jen-min Jih-pao [People's Daily], Sept. 16, 1955.

1:Stanford U. S-4, 5, 1956 AF15 East China AF15

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Organization of the Labor Force on the Hwai River*

National Committee
of
Hwai River Harnessing

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Headquarters of Provincial Committee
of
Hwai River Harnessing

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Headquarters of Hsien Committee
of
Hwai River Harnessing
(There were five departments under each provincial and hsien unit)

1. Organization Department
2. Propaganda Department
3. Cultural Department
4. Recreation Department
5. Statistics Department

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Regiment (The number of regiments formed in one hsien is in proportion to the number of recruited men in that hsien.)

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Battalion (Four battalions make a regiment.)

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Company (Four companies make a battalion.)

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Platoon (Four platoons make a company.)

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Squad (Four squads make a platoon.)

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Section (Four sections make a squad; one section consists of 17 workers. the total number of workers in one regiment amounts to 43, 520).

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* Chang Chao-feng, Chung-kung Chih-huai Nei-mu [The Inside Story of the Chinese Communist Conservation Works on the Hwai River], Hong Kong, 1953, p. 64.

1:Stanford U. S-4, 5 1956 AF15 East China
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466 The above diagram suggests the military
708 character of the huge labor force organization
653 working on the Hwai River and how different it is from the organization of labor groups in the free world. Besides, all the responsible persons in this organization are either Party members or veterans of the Communist army.

D. Working Conditions

466 The Hwai River Project was planned on
653 the assumption that it would cost the Communist treasury nothing except grains to feed the millions. Recruited workers must bring their own tools, clothing, bedding, and even cooking utensils. The directive mentioned above indicated that the wages of one laborer should be calculated according to the number of cubic feet of earth he digs in one day. But in all the official reports of the Communists about the success of the Hwai River Project, nowhere is there given the amount one worker really received for his day's work. In the directive entitled "Provisions Concerning the Standard Payment of Allowance to the Water Conservation Workers during Rainy Days,"[15] issued by the

15. Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies, Peking, March 1952, Vol. III, pp. 1084-86.

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A.D. 446, ships began to dock at Shanghai, or Hu Tu as it was then called and in 1075 an official was stationed there to administer the customs. In 1279 the town, now called Shanghai (which may be translated as meaning "up from the sea") declared itself independent of Soochow and sent its taxes direct to Peking. It was however still too small in the thirteenth century to be mentioned by Marco Polo, who gave a detailed account of all cities of importance in south coastal China. The city walls were built in 1544 following the sacking and burning of the city in the preceding year by Japanese pirates.[19]

By the beginning of the nineteenth century, Shanghai was the principal port of the Yangtze basin, and was also the center of the coastal trade between north and south China. Southern junks were not permitted to trade north of Shanghai, and vice versa. (This official regulation may have been influenced by the difference in the nature of the coast north and south of the city.) In 1812 the official gazetteer of Shanghai estimated the population of the *hsien* (county), which included an area of about 400 square miles, at 528,000.* Despite its commercial prominence, it did not seriously rival the older delta cities in size because they were in varying degrees administrative centers, a function which Shanghai has always lacked beyond its own metropolitan limits. They were as well or better situated for domestic or regional trade, but administration more than commerce was the consistent basis of urban existence and growth in the bureaucratic framework of traditional China.

Shanghai before 1843 had grown primarily on the trade of its immediate delta hinterland: tea, silk, cotton, and rice, and on its key position in the coasting trade which enabled it to act as an entrepôt and to distribute goods received by sea within the densely populated delta. But the wider water network, both sea and river, of which it stands at the focus was not fully exploited. It remained for foreign traders and foreign economic organization, implemented by the steamship, to realize the geographic potential of Shanghai's location.

* Ch'ing dynasty population figures of this period are, however, suspect, partly because of the practice of padding the census in order to impress the emperor with the prosperity resulting from his reign.

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4 39 dinary advantages which this place possesses for foreign trade it is wonderful that it has not attracted more observation."[7]

●721 175 The lack of attention to Shanghai of which Lindsay complained had been beyond the powers of the foreigners to remedy, as Lindsay discovered for himself when his request for trade privileges there was refused. The tension at Canton finally resulted in open hostilities nine years later. Early in the course of the war of 1841–42 the British occupied the Chusan Islands at the mouth of Hangchow Bay, and interest was revived in making that well-protected site the principal base for British trade, as earlier surveyors, including Lindsay, had suggested.* However the further progress of the war required British occupation of the mainland ports, and a fleet under Sir William Parker, after taking Amoy, Foochow, and Ningpo, arrived off Woosung June 13, 1842, and captured the forts commanding the mouth of the Whangpoo. The British planned to invade the Yangtze valley and by appearing in force on the river and capturing Chinkiang block the movement of rice via the Grand Canal to Peking.

728 648 175 Shanghai was taken, and then evacuated by the troops on June 23, in order to concentrate on the advance to Chinkiang and Nanking. The treaty, signed at Nanking on August 29, created the treaty ports already named, where British merchants and their wives could reside permanently, with their own consuls, and importing goods into China under a fixed and nominal tariff (it averaged about 5 per cent *ad valorem*) without any requirement to trade through a Cohong or under official supervision. Article II of the treaty contained the provision that "British subjects shall be allowed to reside, for the purposes of carrying on their mercantile pursuits, without molestation or restraint, in the cities of Canton, Amoy, Foochow, Ningpo, and Shanghai . . . Her Majesty, the Queen of Great Britain (etc.) will appoint superintendents or consular officers to reside at each of the above mentioned cities to be the medium of communication between the Chinese authorities and the said merchants . . ."[8]

No other mention was made in the treaty about foreign rights of

* This plan was not abandoned in favor of Hong Kong until the very end of the war.

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International Settlement after the outbreak of Pacific hostilities in December 1941. Under the extra-territorial system foreign residents were subject to the laws of their own country and tried in consular courts. Russia relinquished her rights in 1924; Germany and Austria lost theirs in the war 1914-18. 648 633 692 722

On December 8, 1941 when Japan attacked Great Britain and the United States, the Shanghai Municipal Council agreed to carry on its functions in the interest of the civilian population. At the close of the year, however, the resignations of American, British and Dutch members of the Council were requested. The British chairman was replaced by a Japanese chairman. In the eyes of the Japanese authorities the agreement reached earlier in the year as to the composition of the Council remained in force, but was considered suspended. The places of resigning members were not filled. The Council carried on with four Chinese, three Japanese, one German and one Swiss member. The international character of the Council was technically preserved. 648 633 722

The free exercise of authority by the Council was, however, restricted. During the first eight months of Japanese occupation more than 80 senior British police were replaced by Japanese, and Japanese came to occupy also the ranking posts in the Secretariat, in the Public Health Department and in the Industrial and Social Division. No major question could be decided by the Council without reference to the Japanese authorities, and, further, the Council was given instructions by the Japanese which it had to carry out. In short, while pursuing its normal municipal functions unhampered, it began to be an instrument of Japanese occupying forces.

IT IS CLEAR THAT in a city whose administrative controls have been so divided there would be complications in the carrying out of the most elementary administrative tasks. For many years the dominant feature of Shanghai was its administrative disunity. The absence of plenary powers on the part of the Settlement at any rate created peculiar difficulties in dealing with problems inherent in large cities. 648 633

The authority of the Shanghai Municipal Council derived from the Land Regulations drawn up in 1854 and from Byelaws attached thereto. Later alterations did something to widen initial provisions,

2: Murphy G-4 (no date) 1953 AF15 East China AF15

369 morality for the laxity and easy virtue which some Shanghai residents thought would prove a match even for the Peoples' Government.*
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369 Another element which made life in Shanghai exciting, lawless, and profitable for the foreigners was the periodic flooding of the city
166 by refugees from civil disorder in China. Shanghai was a tiny
722 island of relative security at such times, where the presence of foreign
455 consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

Land within the Settlements which sold for an average of £50 an
[529] acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

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This pattern was repeated in most of its details whenever trouble threatened in China, as it did for example in 1884–85 (war between France and China), 1900 (the Boxer Uprising), 1911 (the republican revolution), 1915–18 (the first world war and Japanese intervention in Shantung), 1926–27 (the northern campaign of the Kuomintang), 1932 (Japanese attack on Shanghai), and most of the period of anti-Japanese and civil war from 1937 to 1949. It of course affected the economic life of the city in fundamental fashion, and understandably speculation flourished. It also meant that the foreigners lived in a state of some uncertainty and insecurity, since what brought the city prosperity could also destroy it. A foreign resident complained about this in a letter to the editor of the *North China Daily News* (published in Shanghai) which was printed the day before the Japanese attack on Shanghai in 1937, in a sense the last day of foreign Shanghai's existence: 369 722

Since I arrived in Shanghai some seventeen years ago I have been under arms as a member of the Volunteer Corps on a dozen different occasions in defense of the Settlement. Always these occasions have meant a cessation of business, a period of anxiety and possible danger, and no benefit to us as a community. 'Old stagers' of the mud-flat days will smile when one talks to them on the subject and say they have got used to the idea, but are we content to see this sort of thing continue indefinitely? We should organize ourselves as a community . . . that will enable us to have a more normal life. It is time the old idea that foreigners come to Shanghai for a few years and then go away with a fortune was abandoned. This is a place of permanent residence for most of us and we have a right to demand that same freedom and security which is the common possession of all civilized countries. . .[12]

The city's population, swollen periodically with refugees, was also an excellent source of cheap labor and an opportunity, or invitation, for labor abuses, especially after manufacturing became an important factor in the Shanghai economy during the twentieth century. The refugees had no bargaining power and lived in universal privation. Their presence in the labor force helped to account for the fact that factory conditions, wages and hours, and industrial 369 464 466

Slums were as acutely bad in Shanghai as anywhere else in the world.

from the center of town. The present Communist administration has turned the race course, symbol of the foreign occupation, into its chief parade ground.

439 of Shanghai's rice consumption of something like one billion
435 pounds over the year as a whole. The supply situation was determined by price, and foreign rice was imported not necessarily because local rice was unobtainable but because its Shanghai price at certain periods rose considerably above the Shanghai price of foreign rice.

The price problem posed by the hiatus in local supply during the planting season might have been overcome without bringing in foreign rice, by carefully planned advance buying and by distributing price fluctuations for local rice more widely over the year as a whole. This solution was theoretically in the power of the Shanghai rice merchants, and it has since been applied at least to a degree by the Communist Government (see Chapter Eleven). But it is doubtful whether Shanghai could have existed without foreign rice imports during the periods of civil war and floods which disrupted its water connections with the producing areas. At such times, a high enough price in Shanghai could presumably have attracted to the city from the local areas adequate rice to feed its population despite the difficulties and dangers of water transport, but workers' families and other low-income groups, which constituted the great majority of the population, would have been priced out of the market.

●722 The situation after 1936 was complicated by the Japanese invasion
439 and conquest of the delta in 1937. Japanese military requisitions drained off increasing amounts of the delta's rice crop, and fighting over the area reduced total production and hampered the movement of rice to Shanghai. The city became increasingly dependent on foreign imports of rice, and by 1940 relied almost entirely on what it was able to import from Saigon. The unsettled political situation, in which the foreign settlements remained until Pearl Harbor in theory outside Japanese control but increasingly subject to Japanese influence and threatened with total absorption, en-
435 couraged hoarding and speculation. Curtailment of local supplies created an actual shortage, and these factors together resulted in a tripling of the Shanghai price of rice between 1936 and 1941.

[579] Rice riots in the city became frequent, and Shanghai's normal dependence on its local rice supply areas was increasingly borne in upon all of the cities population.

241 from large Chinese and Japanese cities than in the remainder of the rural districts, into which the green fades off beyond 30 or 40 miles. This is particularly true at Shanghai, and is most clearly seen from the air, but it also strikes the eye on the trip by train from Shanghai to Nanking, or in walking through the country.

Night soil distribution could have provided an automatic increase in crop yields in the immediate vicinity of Shanghai as the city's population grew. In a country where even near the large coastal cities and under a system of relatively commercialized agriculture, chemical fertilizers are beyond the means of the farmers, the heavy use of night soil in the neighborhoods of large cities where it can be purchased at a price even the poorest farmer can afford can be assumed an important factor for agriculture. In the case of Shanghai, it may help to explain the apparent local surplus of rice from the delta which goes to feed the city.

722 433 439 The second problem concerns the future. Shanghai up to 1936 had managed to feed itself largely from its local supply areas. During the disturbed war years, virtually unbroken from 1937 to 1949, it was for long periods forced to depend on imported rice, although the inference is still that under normal conditions the local supply areas remain adequate. But can the city continue to grow on this basis, or will the population not eventually outrun the food supply as it has done repeatedly in the past throughout China? Obviously this is a possibility. It would lead to greater dependence on rice imports, and greater use of railways and highways as these expand and become cheaper carriers, to bring rice and other food into the city from longer distances. In the absence of figures and information for the period since the war with Japan comparable even to the inadequate data for the pre-1937 period, we have no reliable basis for judging whether Shanghai has already entered a new phase in this vital aspect of its economic life. As we can measure it, this huge city is a world anomaly in the pattern and mechanics of its food supply, but as China is increasingly drawn into the world economic pattern, with Shanghai leading and accelerating the change as before, this anomaly, like most of its others, will disappear.

ELEVEN

Shanghai Today and Tomorrow

722 Shanghai, with the rest of China, has lived in a state of nearly unbroken war since 1937. "Normal conditions" has been almost a meaningless phrase since the first Japanese attack on the city in 1932. As of late 1952, the Nationalist blockade and accompanying United Nations embargo continue to reduce Shanghai to a virtual state of siege. For a city whose economy depended closely on free access by sea to a variety of raw materials, producer and consumers' goods, and markets, this situation cannot help but have affected its economic life in fundamental fashion. Shanghai's industrial production and commercial facilities are of the greatest importance to the Communist regime, whose success depends on its ability to raise China's living standards through increased production and easier exchange. As the greatest single producer and exchanger, Shanghai provides tools, machines, and markets for agriculture, transportation equipment, and capital and consumers' goods for the support of a huge economy where such things are otherwise notably lacking.

Since Shanghai's productivity is so vital to the new government, it is understandable that accurate information on the state of the city's economy is difficult to obtain, or difficult to deduce from the mass of propaganda-style news releases on the city in current Chinese periodicals and official statements.[1] The Communist armies occupied on May 27, 1949, a city which had suffered almost no physical destruction, either as a result of the Japanese war or during the civil war and the "battle" for Shanghai (which was in effect fought north of the Yangtze), but whose industrial plant had barely begun to recover its pre-war production levels. In particular, the flow of goods and raw materials into the city by sea was still far below minimum needs, as it had been since at least 1939, due to shipping

[p. 196]

2: Murphy G-4 (no date) 1953 AF15 East China AF15

shortages and to delayed recovery of many of the areas from which the city drew its supplies, especially in north China, where civil war had quickly succeeded international war. 722

The pinch which these conditions imposed on the Shanghai economy was nowhere more apparent or more important than in the case of coal. Coal normally came to the city primarily from north China (Kaiping, Fushun, Shansi, and Shantung), and the acute shortage of this essential and universal raw material slowed Shanghai's industrial recovery to a walk during the four years of Nationalist control from 1945 to 1949.* Other essential supplies were also curtailed, especially industrial machinery, liquid fuels, rubber, chemicals, semi-finished metal goods, and prime movers, all of which normally came to Shanghai for the most part from overseas and had been largely cut off during the Japanese occupation after 1941 as well. Runaway inflation, bred in part of current and forseen shortages, had a disastrous effect on the entire urban economy.

Shanghai's skilled industrial labor force, which before the war had constituted at least half of the China pool, had been dissipated through eight long war years during which many workers migrated to Free China (and to Japan and Manchuria), and technical and managerial personnel were similarly decimated. Inland routes supplying the city were choked off periodically as the civil war progressed. A major part of Communist military strategy was the destruction of railways over which the Nationalist armies could move their originally greatly superior military equipment, and the lines feeding Shanghai were repeatedly cut, both between the city and Nanking, and north of the Yangtze where the interruptions were only slightly less awkward for Shanghai. More importantly, civil unrest and actual fighting in the delta and along the Yangtze recurrently brought water transport there to a halt.

The inland routes the Communists could reopen, and this was 727

* The textile industry enjoyed a brief recovery in mid-1948 (after electric power production had been momentarily restored nearly to its pre-war level), based on the removal of Japanese competition, especially in the southeast Asia market (see Université Aurore, "L'état présent de l'industrie à Shanghai" [1949]. But unlike the earlier boom during and after the first world war, this was extremely short-lived, as the Communist armies closed in on the city in the months before May 1949, and increasingly stifled its vital economic relations with China as a whole.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

AUTHOR'S PREFACE TO THE PRESENT EDITION

On the morning of October 10, 1942, a ship steamed up the Mersey River carrying British and other European repatriates from the Far East recently exchanged for Japanese from the British Empire. For more than three weeks since the ship had left Capetown no radio broadcast had been received aboard. Suddenly down the passages and companionways the voice of the British Broadcasting Corporation was heard. It announced the relinquishment by Great Britain and the United States of the extra-territorial rights held by these countries in China. For everyone on the ship the moment was symbolic. The 18,000-mile repatriation journey's end, at the end of a residence in China, coincided with the end of an era. To those who considered that the special privileges were overdue for abrogation the news was welcome.

Final page proofs of the first edition of this book which had covered the situations it describes down to the middle of 1941, were ready in Shanghai when Pacific hostilities broke out on December 8, 1941. The British printing plant in which it was being published was closed by Japanese orders and remained so until May 1942. Thereafter its operations under Japanese supervision were permitted providing nothing was published without the approval of the Japanese Press Bureau. Consent to the appearance of the first edition was finally given on condition that all references to foreign countries were excised. The final chapter had originally made mention of recent progressive moves in industrially backward countries on the part of Great Britain. These were removed without in any way compromising the thesis of the book. All references to the Institute of Pacific Relations under whose auspices the book was to appear were also eliminated. The publication appeared at the beginning of August 1942, as a document of the Shanghai Municipal Council, but the Japanese Press Bureau would not permit its sale.

For the first eight months after the outbreak of hostilities the Shanghai Municipal Council's Industrial and Social Division went on under my direction. Indeed, some unusual opportunities presented themselves for progressive social developments, arising from the need for emergency measures aimed to control the factors affecting the people's livelihood. I resigned my post to return home, leaving Shanghai on August 17, 1942. For me thus ended a period which had begun in January 1933, during which I had the privilege of building up a

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER I

THE BACKGROUND

648 On October 10, 1942, the governments of Great Britain and the United States announced the relinquishment of their extra-territorial rights in China. The announcement was fittingly made on the "Double Ten Day," the tenth day of the tenth month, anniversary of the founding of the Chinese Republic in 1911. It brought to an end a century of special privileges for citizens of the two countries concerned, and heralded the passing of concessions and settlements. Among these was the International Settlement in Shanghai, where, indeed, at the moment of the announcement, Japanese military exercised actual control. The intention was nevertheless clear that, when the invader had been expelled, the actual government and not only the theoretical sovereignty of the International Settlement in Shanghai would pass into the hands of the Chinese Government.

648 633 The complex administrative composition of the Shanghai which existed in the decade 1933-1942 to which the efforts described in this monograph refer, was well known to students of Far Eastern problems. From 1927 onwards three distinct political administrations exercised jurisdiction over three well-defined areas. The Shanghai Municipal Council, dating from 1845, ruled over the International Settlement, an area of some 8.94 square miles, slightly more than half of which lay north of Soochow Creek and the remainder to the south of it. The French Municipal Council functioned in the French Concession, an area of 3.95 square miles to the south of the International Settlement. Two districts, one west and one north of the Settlement, were known as the Extra-Settlement Roads areas, where the Shanghai Municipal Council owned the roads by right of purchase under treaty provisions, and permitted enfranchised public utilities to use them for transportation and other services, but where the enclaves between the roads 648 were Chinese-administered. Some changes occurred after the out- 633 break of Sino-Japanese hostilities in 1937 when Japanese military 722

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

648 exercised certain controls in the area of the Settlement north of
633 the Soochow Creek. The Western Extra-Settlement Roads area
722 passed in 1942 completely into the control of the Chinese City Government.

The governing body of the International Settlement was the
648 Shanghai Municipal Council, of international membership. From
633 1930, soon after Chinese members first took seats on the Council, until 1941, it consisted of 14 members. Nine foreign members were elected by foreign ratepayers, and the general convention of its composition—five British, two American and two Japanese members—was observed. Five Chinese members were chosen by representative Chinese organisations. The allocation of seats in no way satisfied Japanese aspirations, and on several occasions they sought to increase their representation. In April 1941 a change was made which gave three seats each to British, American and Japanese members, and widened the basis of representation to include one German, one Dutch and one Swiss member. Four seats were allocated to Chinese members. The newly constituted Council proved a success. It pursued vigorous policies and faced many issues, the solution of which political impotence had previously made impossible. Functions formerly exercised by a ratepayers' meeting passed into the hands of the Council.

The administration of the French Concession was under a French Municipal Council appointed by the Consul-General for France. The Chinese City Government was presided over by a Mayor, appointed by the Chinese Government. The Chinese-administered area in Shanghai was a "special municipality," under direct control of the National Government of China, not of the province of Kiangsu in which it was situated.

648 Chinese citizens resident in the two foreign-administered areas
633 were subject to Chinese Courts presided over by officials appointed
692 by the Chinese Government. After the withdrawal of the Chinese
722 Government to Chungking in 1938, the judges of the First Special District Court (in the International Settlement) and of the Second Special District Court (in the French Concession) remained unchanged for a time. In 1940 the Japanese-influenced Nanking Chinese Government obtained control over the Second Special District Court. Chungking-appointed judges were replaced in the First Special District Court when Japanese military occupied the

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

648 but until the occupation of the Settlement by Japanese forces in
633 1941, this document, the Settlement's constitution as it were, remained practically unchanged. Any change in Byelaws required the consent of a special meeting of ratepayers with a stipulated quorum of the Consular Body in Shanghai, of the Diplomatic Body. Changes in the Land Regulations required approval of the Chinese Government. A Chinese Government which resented the existence of areas alienated from its control refused to contribute to the perpetuation of foreign administration by agreeing to changes in Land Regulations. Thus for several decades prior to 1941 the Council had to proceed under an archaic set of constitutional powers. It possessed no specific power to deal with labour and social issues. After the occupation of the Settlement by Japanese
722 forces and the consequent coming under Japanese direction of the
633 whole Council administration, pseudo-changes in the Land Regula-
648 tions were considered. No final information is available on this matter, but presumably the form would be gone through of submitting them to a Council which was under Japanese influence, to a compliant Consular and Diplomatic Body consisting of Axis and neutral representatives, and to the Japanese-sponsored Chinese Government in Nanking, whose consent to changes could, it is assumed, be obtained. By this procedure a semblance of legality would be sought. Whether legally obtained or not, the Nanking-stafed First Special District Court in Shanghai would apply byelaws derived from newly assumed basic powers in the Land Regulations.

The Organic Law Governing Municipalities promulgated by the Chinese Government in 1930 by comparison granted wide powers to municipalities created by that Government. In particular, Sub-section 5, Article 8 of this Law gave to municipalities the power to administer and bureaucratically to enforce provisions relating to labour.

633 Possibly because of the lack of enabling byelaws, but possibly
364 also because concern with industrial and social issues came late in
744 China itself, the Council's consideration of certain types of social
[625] problems was late also. It was natural that the first municipal emphases historically were logically on the maintenance of public order through police services; on the provision of public health services in a country where modern ideas of sanitation have lagged

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A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

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Because of this wider activity, the Council on October 16, 1940, severed the former Industrial Section from the Secretariat and established a separate Industrial and Social Division.[11] Within the Division there were created four Sections. They were the Industrial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection.

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

When pacific hostilities developed in December 1941, industry, which throughout that year had met successively restrictions and steep surcharges in the use of electric power, difficulties in securing raw materials in the United States and elsewhere, controls in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to

[11] In subsequent pages frequently referred to simply as the "Division."

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471 [439] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

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to secure a better arrangement. Indeed, many employees of foreign firms taken over by the Japanese had to accept, under threat, allowances considerably short of this scale. 471 723 [466]

Thus very soon after the commencement of the Pacific hostilities, the former bustling industrial Shanghai died. The air, once polluted with the smoke of countless chimneys, cleared miraculously. Streets formerly grimed with coal dust became strangely clean. But these were improvements which boded ill for the people's livelihood. To the streets instead came to die many who could not find food or shelter.

Little detailed information is available as to conditions in Shanghai after August 1942. But the social problems of the city are substantially the same whether there is Japanese direction of the former administration or not. The Division will probably be forced during the period of isolation from the outside world, and through the proposed pseudo-changes in the Land Regulations referred to above, to use the Japanese-instructed Nanking Government Courts in enforcement. This may have one useful effect, that of removing those dangers of inequity and lack of evenhanded justice which exist when every factory engaged in the same trade is not subject to the same official scrutiny on the basis of clear regulations. The work of the Division in the last decade has shown that specific formal authority is not essential for useful achievement. The power of accurate facts has been very great. The appeal to reason has not been without result. While industrial conditions at the close of the decade were in many cases still thoroughly bad, within the limits of authority and capacity a not inconsiderable progress had been made prior to December 1941, laying the foundations of improvement in the lives and livelihood of workers in Shanghai. 633 648

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the right to know what the situation actually was with regard to 633
the rising cost of living. After Japanese occupation of the environs 466
of Shanghai in 1937, the Council financed the work of producing 511
cost of living statistics begun by the former Chinese City Government. Again quietly and without raising an issue, the Division's figures concerning costs of living of Chinese workers were sent for publication in the *Municipal Gazette,* these statistics appearing monthly from October 1938. Early in 1940, when living costs had begun to rise steeply, and when workers were clamouring for wage adjustments, some operators of larger industrial plants addressed the Council asking that publication of these figures be discontinued. They were "misleading," it was argued, and the cause of unrest among workers. The argument to show the "misleading" nature of the figures was that they could not be correct, because if they were, workers would not be able to live as they did. The fact of the eternal load of debt on most working-class families was incompletely recognised, and met with the objection, "who would lend to workers unable to repay even their old debts?" Continuance of the publication of the figures was, however, ordered, after long discussion in the Council chamber. The Council showed its ability to see the social significance of the statistics. In 1941 the publication of cost of living figures was again challenged, but again was ordered to be continued. In 1942, after Japanese occu- 633
pation of the Settlement, and the institution of a new currency 466
which the Japanese hoped would hide the continuously rising liv- 511
ing costs, a further effort, led this time by Japanese, was made to 722
cut off from the people any accurate information as to the economic situation. Once again the Division succeeded in maintaining publication of the indices even during Japanese occupation.

THE CREATION OF a qualified, devoted Chinese staff was from the 633
beginning considered to be essential and the pivot on which every- 466
thing else would depend. Experienced, wise Chinese men and women with close understanding of problems and with a devotion to people, were sought and challenged to submit themselves to possible misunderstanding of their more nationally minded compatriots by entering the Council's employment. If such persons could be induced to use an administration they did not personally

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approached for their views on an industrial census, the last-named as to their willingness to supply needed information. With world-wide hostilities raging, the usual reluctance to supply confidential information was enhanced in most national groups. It was necessary therefore to abandon the plan, and in consequence no accurate measuring rod exists with which to assess Shanghai's industry. 178

During the first half of 1942, the Asia Development Board, the organ of the Japanese Military which dealt with economic questions, undertook a complete study of all industry, of whatever national ownership, with a view to its use in Japan's war effort. The results have naturally not been made available. 722

The great majority of factories and workshops in the Settlement were, prior to December 1941, of Chinese ownership. The larger plants and those employing the most workers were generally in foreign (Japanese and western) hands; and, of these, western interests owned the comparatively few plants which approximated "heavy industry." In general, foreign-owned plants were modern and well-operated. Except in the textile industry their hours of work were shorter than in Chinese plants. Earnings were somewhat higher also. It is believed that in Shanghai there were some 1,800,000 spindles in 38 Japanese-owned or Japanese-controlled cotton textile enterprises, 240,000 in five British, and 650,000 in 21 Chinese-owned cotton mills.[2] Individual cotton mills employed as a rule from 1,000 to 4,000 workers, some more. There were few other Chinese-owned plants with as many as 1,000 employees, and though a larger number of medium-size Chinese-owned industries existed, many of them were but extensions of domestic industry. 471 466 465

In the absence of sufficient small buildings erected for industrial purposes, hundreds of small Chinese factories and workshops were housed in buildings originally designed as dwellings and converted to industrial use. In the majority of cases, those who worked in these buildings lived in them without sleeping accommodations separate from their working quarters. A workshop by day was a dormitory by night; untying a bedding roll and spreading it out made sleeping quarters of the same few square feet in which the daytime tasks were performed. The housing congestion which is de- 466

[2] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,322,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

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The experiment could not be carried out to its logical conclusion, however, because after the spring of 1939, when the Japanese instituted controls over the cocoon output in the provinces, it became increasingly difficult to obtain cocoons from these areas. By the end of 1940 only two or three filatures were still operating, and the spring of 1941 saw very few cocoons reaching Shanghai. 288 722

DESPITE THE LACK of legal powers, it proved possible radically to reform the manufacture and operation of steam pressure vessels. Prior to 1936, when the institution of controls began, local boiler yards manufactured boilers almost exclusively from metal plate of unknown quality and test, and from designs which did not conform to accepted standards. Neither owners nor workers in the boiler yards had the necessary knowledge for an engineering task requiring special training. The result was that hundreds of initially unsatisfactory boilers had been installed. Regular inspection of them was unknown. Explosions were frequent, at times accompanied by loss of life; and the wonder was that they did not occur almost every day. 633 466 375

In 1936 the Council adopted rules governing vessels and systems under pressure, and for the registration of boiler yards. By the rules all local boiler yards had to employ the services of a Council-approved boiler surveyor who would design and supervise the construction of all vessels. Boilers had to be inspected and registered. Thereafter annual re-inspection was required. A roster of qualified engineers of all nationalities was obtained with the assistance of a specially appointed Boiler Board.

Although the regulations carried no penalty clause, it proved possible to apply them to a very considerable extent. All of the 34 boiler yards in the Settlement were registered, and no boiler after 1936 was manufactured or extensively repaired in them unless a permit therefor had previously been obtained. Qualified boiler surveyors supervised the construction and repair, and submitted copies of certificates describing the metal plate used. Considering the steep rise in the price of imported steel during those years, a result of higher world prices and the lower exchange value of the Chinese dollar, it is noteworthy that tested steel became universally used in pressure vessels manufactured in the Settlement.

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The depression into which industry fell following the outbreak of Pacific hostilities rendered even more difficult the task of obtaining any improvements. The cost of raw materials rose steeply. It was beyond the financial power of factories which could continue operations to buy sheet metal at greatly enhanced prices for machine guards. Even timber reached a price where its purchase was almost impossible. The smallest alteration to a building to render it more suitable cost considerable sums, for, in addition to an increased cost of materials, labour costs greatly increased. Certain commodities were quite unobtainable. To install an exhaust fan cost a large amount. To raise the height of a chimney would in some cases eat the profits of a month's operations. 466 722 435

Obviously progress in the physical betterment of industrial conditions must be measured in decades, not in years. It is dependent on a restoration of the political sovereignty of China; for only with this can there be a sufficient improvement of the economic situation to secure among the industrialists at large a conscious aim of providing more suitable premises, more adequate safety measures, better hygiene, shorter working hours, and all the other factors which contribute to the provision of a better life for workers. 000

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466 standard of the law. In 1941 one enterprise paid the equivalent of nine months' wages. In 1934 a case reached the Court which awarded only the dismissal allowance as provided by the law, but ordered payment of ten months' wages during strike—as the period during which workers refused to accept the conditions of discharge was called. The amount paid usually did not exceed two or three months' earnings. When this was exhausted there was no further fund on which to draw.

464 466 While in some cases workers clung to the opportunity to work by all possible means, refusing to accept discharge, in other cases there was an indifference to loss of employment which can only be explained by the fact that its conditions were such that its loss was not regretted. Many enterprises complained of a great labour turnover. This was particularly true in cotton textile mills where, though no accurate figures are available, the movement in and out constituted in some cases a traffic. A twelve hour day or night might well engender a feeling that loss of the opportunity to work so long was indeed little deprivation. Earnings, too, in many cases were not sufficient to be the cause of struggling to keep an employment which did not reward more completely. There was need of realization by employers that some of their troubles of labour turnover would have disappeared with more favourable, not to say more reasonable, conditions of work and rewards.

633 466 722 Following the outbreak of Pacific hostilities, many enterprises had to close. The question of discharge allowances was then one which affected simultaneously many workers and many factories. The Division exerted every effort to have a uniform and adequate basis of discharge allowance announced, and in a memorandum to the Japanese authorities pointed out the cost of living and the social significance of giving as generous a sum as possible in the absence of any unemployment insurance. Japanese financial authorities, however, refused to permit the announcement as a principle of more than one month's pay as discharge allowance, with a second month's if the worker left Shanghai, the amount to be payable at destination. Even this meagre amount the Japanese supervisors of some former foreign-owned plants would not permit: in some

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Article 29: Factories which terminate a contract in accordance with the provisions of Article 27 shall pay the workers, in addition to their regular wages, half of the wages due for the period of notification as stipulated in the said Article.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

cases a mere $50 was forced on workers and their protests were given no attention. Former foreign owners whose funds were frozen in banks were powerless to help, though in many cases anxious to do so. Many Chinese owners, on the other hand, having access to their funds, made pay-off allowances considerably in excess of the standard which the Japanese permitted to be announced. Some paid six months' earnings. Most of the disputes which the Division mediated in the first half of 1942 were associated with discharge allowances.

THE COMPLETE COLLAPSE of all former earnings standards which resulted from the Pacific war has brought untold suffering. At the time when currency stabilisation will again be effected after Japan has been defeated, it will be well to give some consideration to the relation between earnings and cost of living. New standards of industrial earnings could be set in the reorganised currency, earnings based on careful studies of what it costs to maintain a family on a nutritionally adequate diet. This is not impossible, as subsequent chapters dealing with food and nutrition will attempt to show. Without greatly increasing the cost to the people, and without basically changing the Chinese diet, it should be possible through administrative action to eliminate frank deficiency diseases and to secure freedom from less obvious but real malnutrition. If there is some additional cost, earnings should be adjusted to meet it. Earnings in Shanghai's industry should no longer be determined solely by the fact that earnings on the land nearby are low: indeed, it is hoped that farm earnings also will rise. The excellently equipped cotton mills in Shanghai which will be restored even if they are in part destroyed upon Japanese withdrawal should not be operated in world competition with workers paid less than a subsistence wage. The concept formerly held that wages of principal wage earners could remain low since a second member of a family worked as a rule should find no place as a basis for setting standards of earnings. If no other good can come from the great suffering of the Chinese people in their many years of war it is to be hoped that the shaking to the foundations of old and inadequate standards may, when stabilisation comes, bring with it some new attitudes to what is due to workers. In the industry and quality of her people China has inestimable

CHAPTER VIII

FOOD AND NUTRITION

AT A TIME WHEN Shanghai is militarily occupied following the outbreak of Pacific hostilities, and its food supplies subject to willingness of the Japanese military to provide them, one is apt to think of the problem of food entirely in terms of whether or not there will be any at all. From the moment of the commencement of hostilities in August 1937, the question of food supply held the concern of the Settlement authorities. Two days after the first shot was fired in the Shanghai area, the Supplies Committee of the Shanghai Municipal Council met and through the intervening years dealt with the problem actively and continuously. 262 722

The problem at first was what the city would do when it was cut off from its hinterland, the rice-producing area; when fighting moved back into the provinces and destroyed the autumn rice crop; when rice boats would no longer bring rice to the city. In 1932, when there had been five weeks of fighting in the Shanghai area, rice boats had feared to come into the city, and trucks had been sent out to meet them beyond the fighting zone, to bring in needed food. Rice, which then usually sold at $10 to $12 per *shih* (172 pounds), rose to the high price of $17 to $18 because of fear of shortage, and fell with what at that time seemed a dramatic drop when the supplies were brought in and the feared shortage did not eventuate. Those who had planned the small adjustment needed in 1932 found that more drastic measures were necessary in 1937 and later. 262 438 727 [435]

The provinces nearest to Shanghai are rich rice-producing areas. Through part of Kiangsu province winds Soochow Creek, and from Chekiang province into Kiangsu flows the Whangpoo River, to meet in Shanghai. Down both of these waterways in normal times came a succession of large rice boats, and from Wuhu above Nanking on the Yangtse River larger steamers laden with grain. In general it was a simple trade. Rice was sent on consignment to rice merchants in Shanghai, and payment was later made to the interior

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

438 chiefly in the form of the city's cotton textiles, soap, cigarettes,
262 matches, and rubber shoes. In addition, through importing firms,
722 a certain amount of foreign rice arrived, usually from Indo-China; but Saigon rice was considered inferior, and Chinese rice was preferred when it was available.

It was obvious that when the city was surrounded by Japanese troops, its waterways could no longer be used for the transportation of rice. Immediately after the outbreak of hostilities the Shanghai Municipal Council placed orders in Saigon for 7,000 tons of rice, and chartered ships to bring it to the city. But because fighting was taking place across the Whangpoo River, the ships would not enter it, and it was necessary to send steel lighters by tug out into the Yangtse mouth to off-load the rice. This rice, stored in godowns all over the area south of Soochow Creek, was available when in November 1937, the expected severance of supplies from the interior occurred.

It was then hoped, as time went on and hostilities were removed further from the neighbouring provinces, that normal trade relations with the hinterland might be restored. For a time rice did come into the city in fair quantities. But increasing controls exercised by the Japanese military, who gave Japanese firms the privilege of collecting rice with reservation for military use, and increasing difficulties of obtaining rice in the growing districts due to various factors, by 1940 compelled Shanghai to rely almost en-
511 tirely on rice imported from Saigon. The steep rise in cost of living
439 in Shanghai dates from the commencement of dependence on for-
722 eign sources. It was tragic that Shanghai should be tied to foreign exchange in order to feed its population at a time when the exchange value of the Chinese national currency was falling.

Other factors soon intruded. Freight rates and insurance charges rose month by month following the outbreak of the European war and added their share to the increasing cost of imported rice. But the situation was to become even worse. During the autumn of 1940 Japan was engaged in gaining control of northern Indo-China, with the result that after early February 1941, no orders for rice would be accepted in Saigon until the Japanese demand for 700,000 tons had been met.

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262 WHERE, THEN, WAS Shanghai to get rice? Renewed efforts to obtain
438 rice from Chinese provinces near Shanghai failed. Prior to the sign-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

ing of the treaty with Nanking on November 30, 1940, it was announced that high Japanese military authorities in Nanking had agreed that, subject to meeting the needs of the army and with certain other reservations, rice collection should be a function of the Chinese authorities. Actually little Chinese rice was made available to Shanghai. 262 438 722

There were ample stocks of rice in Burma, but there were no ships to bring it to Shanghai. This was well known, not only to rice dealers in Shanghai, but to the general public. Therefore, despite the presence of a large reserve supply in the warehouses of the city, the retail price of rice rose at an accelerating rate until in May 1941, as a result of private profiteering and public fear, it reached the till then unprecedented height of $145 per *shih*. 435 262

It can readily be understood that with such difficulties in feeding the Settlement, major emphasis had to be placed on ensuring supplies. Even though high prices were undesirable, it was important that there should be supply at any price. Rice riots have occurred more than once since 1937. 262 579

The distressing effects of high prices were illustrated by the practice of "rice sweeping" (and, indeed, the snatching of other commodities such as raw cotton) which became a frequent sight in the city as a consequence of the rising prices. When a truckload of rice halted at a traffic intersection, a dozen waifs, adult and adolescent, appeared from nowhere, moving like lightning. In a twinkling one or more rice bags were pierced with knives, and as the precious grain began to run out, it was scooped swiftly with the dust of the roadway into a receptacle. The "sweeper" would often disappear before any police could act. But if caught, he or she appeared next morning in the First Special District Court, that busy court which dealt with an average of 10,000 cases each month. Detention followed; but the need that prompted the snatching remain unfilled. 685 262 435

ALTHOUGH IN THE CRISIS of 1937 the Shanghai Municipal Council had intervened to bring rice to Shanghai, it had no desire to interfere with the normal trade in rice unless forced by circumstances to do so. When faced with the crisis in March 1941, therefore, the Council decided that it would charter ships, possibly with the assistance of the British Admiralty. Space could then be sold to rice importers. At the end of March the Council announced this intention and appointed a special committee of businessmen under 633 438 262

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should be granted only through the Council; and the Council in turn would allot it only to those merchants who would sell to retailers at a price fixed from time to time by the Council. As a means to control the final sale to the people, the Council sought and obtained from the Consular Body approval of a Byelaw empowering it to control prices at retail. On November 9, 1941, a Proclamation fixed the retail price of all imported rice at $130 per *shih*. The registration of all stocks of rice and flour was called for, and all movement of these commodities without a permit was forbidden as a means to keep them under control.

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THIS WAS THE FOOD situation when Pacific hostilities supervened on December 8, 1941. It was fortunate that controls over essential commodities had begun, for there was thus in being the nucleus of what was, within six months, to become an extensive organisation controlling the issue and price of rice, flour, and other commodities. The Council had even, before December 8, examined in some detail what would be involved in rationing.

633 262 435 439 434 722

Soon after the opening of 1942, the Council issued a notification requiring holders of stocks of imported rice and of flour to deliver them against delivery orders issued by the Council, thus requisitioning at a fixed and fair price the stocks which the city held. It proved fortunate that in the early months of 1941 the hope of gain had induced many merchants to import large stocks of rice, for these proved sufficient to meet the needs of the Settlement and Concession at the reduced consumption rate required by the Japanese authorities during the first five months of the year. Indeed, in this outcome lay some justification for the lack of earlier rigid price controls which might have acted as a deterrent to importers. Stocks of native rice were not taken into consideration since, as has been shown above, the Japanese military had controlled the collection of native rice for the previous two years, using it for their own purposes and allowing virtually none to reach Shanghai.

The methods used in the spring of 1942 for the husbanding of precious stocks of imported rice were: reduction in the number of shops licensed to sell rice, fixing the number of days on which rice could be bought at three each week, limiting the selling hours on these days and reducing the amount of each sale to one *shun* (1.72 pounds) to any one person. There were in consequence long rice

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 queues, and the great urge to obtain rice and fear of being without
262 this staple caused those standing in them to crush closely against
435 the next in line. There were frequent cases of injuries despite the
439 efforts of the police to control the lines. Because of this situation,
434 "rice rustlers" stood in the queues, securing the amount permitted
722 to be bought, which they then sold at more than the official price. It was a relief when the plan for the issue of rice ration tickets finally was approved by the Japanese authorities and was put into effect in July 1942. The distressing rice queues disappeared.

The price of rice rose steadily in the months after the institution of control. The difficulty of getting rice in the queues induced farmers in the nearby countryside to smuggle in native rice which was sold at high prices up to CNC$550 per *shih* of 172 pounds. The Japanese authorities requested the Council to forbid the movement of native rice in the Settlement, as a means, it was claimed, to bring down the price in the provinces. The Japanese authorities had to buy rice there, and, it was argued, the high prices ruling in the city induced higher prices in the provinces. It was contended that Shanghai's future rice supply, when the stocks of imported rice should be finished, must come from the provinces, and it would be to the ultimate advantage of the Settlement population if the purchase could be on reasonable terms. It was known, however, that the native rice must be considerably higher in price than the imported rice when it finally came to be supplied, and therefore at intervals the price of imported rice was raised to ease the ultimate transition to the native rice price, and to build up a fund in the Council's treasury to permit native rice to be sold at a loss if need be. Japanese authorities made available some, but not sufficient, rice from May 1942, when the stocks of imported rice were used up.

435 The fixing of the saleable quantity and of the price of rice and
633 flour and flour products such as noodles, *ta ping* or big flour cakes,
262 and many other items was only part of the emergency measures
511 undertaken to secure essential commodities. Before Pacific hostili-
722 ties developed, through an Association of Importers and Manufacturers, the prices of several hundred packaged goods, foods and drugs chiefly, were fixed. Fixing of the prices of coal and coal briquettes followed. Prices for milk were declared. Stocks of tinned milk were requisitioned and kept for children and invalids. It was

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

a matter of regret that control of vegetable oils, so important in the cooking of a Chinese family, could not be exercised by the Council. The Japanese regarded these commodities as materials of war. But stocks found their way uncontrolled into the market. In the case of sugar also, the Council was not permitted by the Japanese authorities to exercise controls. 435 633 262 511 722

The cost of living continued to rise despite the efforts of the Council to control the prices of the most significant items as indicated in the preceding paragraphs. The rise was particularly evident when, toward the end of May, Chinese National Currency depreciated day by day till two national currency notes were equal to one Central Reserve Bank note issued by the Nanking Chinese authorities. Prices then naturally rose in terms of Chinese National Currency. When, in June, it was announced by the financial authorities that Central Reserve Bank notes would henceforward be the only legal currency, most shopkeepers merely altered the enhanced National Currency prices unchanged into prices expressed in Central Reserve Bank notes, automatically doubling them. The Council attempted to halt this process by issuing a notification that prices should not exceed those of the last week in May, but with little success. Shopkeepers claimed that replacement costs would exceed the prices of the end of May.

It became apparent therefore that extensive machinery to examine the fair selling prices of a wide range of commodities must be set up. Prices for many food items, including milk, were carefully examined: the selling prices for woollen, silk and cotton cloth of standard grades, and of shoes, were studied: and many other items and services came under close scrutiny. 435 434 633

To enforce selling at official prices, the selling of permitted quantities, to penalise those who refused to sell, who did not display price tags, who moved goods without a permit or without a valid permit, or who did not comply with other emergency regulations, some enforcement machinery had to be set up. For a time after December 8, 1940, the Court, formerly staffed by Chungking-appointed judges, did not function. Later it was taken over by Nanking authorities. But enforcement of emergency requirements could not await the re-opening of the Court, nor, it was felt, could the already overworked Court handle the many cases of infraction of new regulations. Accordingly an enforcement machinery was

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was built up. Competent officers were in charge of Sections. A foreign engineer in the Industrial Section, with foreign and Chinese inspection staff, added daily to their knowledge of industrial processes and did what could be done to improve working conditions. Chinese mediation officers in the Industrial Relations Section built up a technique and relationships with both workers and employers. A Chinese statistician, with a staff of assistants, calculated the cost of living indices month by month, and forged instruments to gauge the relative economic position of workers from time to time. And a Chinese woman welfare officer developed, with trained Chinese social workers, programmes in industrial and social welfare including child protection.

Many fundamental issues were not faced by the authorities. Largely this was perhaps because the Council was unduly obsessed by a sense of its lack of constitutional powers. But in imagination it lagged behind the Division—its administrative arm—in making resort to procedures of education and persuasion where force was lacking. Perhaps it was thought politic to leave to the pragmatism of departmental practice—by trial and error—what seemed precluded from enunciation in terms of policy. There was never a Council decision, for example, as to what should be the length of the working day, or how many rest days workers should have each month. No Council committee debated what minimum standards should be recommended to industrial enterprises. Latterly, because of the great rise in living costs, the Council paid close attention to the basis of the people's livelihood; but it did not consider whether any other influence than the publication of facts about the cost of living should be exerted to obtain more adequate wages for workers.

If low standards of employment were in part the result of insufficient capital, this fact should have been recognised. It was not beyond the capacity of Shanghai to supply capital for co-operative enterprise with better conditions of work. A procedure for mediating in disputes existed but its functions were not discussed by the authorities. The attitude of the Council toward labour organisation was not defined, although labour's group activity and power were extensive, even if inchoate. Much more remained to be done in Shanghai.

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AT THE TIME OF writing almost complete silence rules as to the situation in Shanghai as in other parts of Japanese-occupied China

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and East Asia. What the social situation is, is unknown. In Free China, which has been deprived of its contact with the outside world by the usual transport means and is dependent only on an air service over a difficult route from India, there is great social distress. A serious inflation has gravely reduced the former modest standard of living, and the time of deliverance seems far in the future. Yet throughout, the Chinese Government has referred to the war against Japan as the dual one of "resistance and reconstruction." There can be little doubt that when the period of resistance ends, the plan of reconstruction holds within it the aim of restoration to the people of that standard of living and its improvement as the years go on. 722

The renunciation of special rights in China by the United States and Great Britain has meant for these powers that they have given up the share they possessed in the administration in Shanghai. Other powers may be expected to follow suit, and for those that do not the issue will not be one within their power to influence. Thus when the invader shall have been driven out, the Shanghai of the future will be in the hands of the Government of China. None will rejoice in this development more than those who have in the past had part in the administration of the Settlement and who have looked forward to the time when the work being done would gear into the plans of the government of the country. If the ten-year experiment which is herein described has within it any germ of a social programme for the city of the future, those who took part in it will have been fully repaid. They have already had their rewards in the comradeship of the joint endeavour, the working together with able Chinese colleagues and the close co-operation which was achieved with both Chinese employers and workers. 648 633

In sum and in retrospect, despite the large task still unfinished, cut short by the necessity to dissociate from a Council which had become Japanese-controlled following December 1941, certain fundamentals have emerged from the decade of work. The opportunity to pursue an administrative social programme, despite the lack of specific power, for so long a continuous period as ten years, is something which has importance in itself. The Chinese Government which in the decade 1927-37 laid its foundations and had, particularly in the last five years of this time, made such real progress, was unable to remain at its peace-time task and had to 633 722

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 embark on a desperate war of resistance, involving withdrawal to the interior. The steps which it has taken to organise its resistance 722 are, it is true, parts of its total future plan in many respects, but events have not permitted its Ministry of Social Affairs to give continuous and uninterrupted attention to administrative steps designed to achieve social betterment.

000 WHAT ARE THE FUNDAMENTALS which have emerged from the Shanghai experience? Are there any results which are important for the future? Is the organisational pattern which was evolved year by year a useful one from an administrative point of view? What should be modified? What services should be added? In the last resort, on what does successful social effort on the part of the authorities rest? What should be the relation between workers' organisations and the administration? How can the administration assist in the bringing in of suitable employment patterns which will assist in the development of free workers? What is the responsibility of the administration in aiming at more adequate housing? in securing better nutrition? in providing medical care? in caring for its children?

The answers to these questions, to the extent that answers may be ventured based on a decade of experience, have, it is hoped, been indicated in the preceding chapters. They can perhaps be summarised here.

The organisational pattern which was worked out was useful for a city administration of the time and circumstances of the Shanghai of the decade 1933-42. But a Department of Social Affairs in a City Government in the future will, of course, have a direct relation to the relevant Ministry in the National Government. Its policies and programmes must be those of the National Government, enforcing the laws and regulations of the Government, existing and to come. Though complete information is not available of the plans of the Ministry of Social Affairs for the future, some knowledge of its wartime policies and programmes indicates some of the directions which a future city government must travel. There is a considerable body of labour law waiting to be enforced. A Labour Bureau will need to be established which should have sections dealing with factory inspection and industrial welfare; with industrial relations—contact with employers' and

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The fall of Shanghai to Japan in 1937 and of the rest of the East China Region the following year created a new situation for the Communists. They had become experts at guerrilla warfare in the countryside, and the Party seized the opportunity of the war to establish guerrilla bases in the rural areas where neither the Kuomintang nor the Japanese exerted any real control. At the end of 1937, remnants of the former soviets in Fukien and Kiangsi became the nucleus of the New Fourth Army. Largely Communist-led, it was sanctioned by the Chungking Government to operate in the area against the Japanese. Suspecting with good cause that the Communist leadership was at least equally interested in laying the groundwork for a post-war comeback as in fighting the Japanese, the Central Government ordered the army to move north of the Yangtze River at the end of 1940. While the army was enrouted, it was attacked by Kuomintang troops in January 1941. The action resulted in heavy casualties, capture of the army commander Yeh T'ing, and the end of what little co-operation had existed between the Kuomintang and Communist parties.[51]

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51. See Linebarger, op. cit., pp. 110-21, Gunther Stein, The Challenge of Red China, New York, Whittlesey House, McGraw-Hill Book Co., Inc., pp. 20-21, 314-15, and Agnes Smedley, Battle Hymn of China, New York, Alfred Knopf, 1943, pp. 247-398.

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Following this incident, the Central Government disbanded the New Fourth Army, but it continued to operate and expand under Communist aegis in the East China Region and west of it along the Yangtze River until the end of the war. The army functioned not as a unit but as a collection of separate bands maintaining scattered rural bases isolated from one another by Japanese forces concentrated in the cities and communication centers. In Shantung and northern Chekiang, a similar pattern of Communist operation was effected by the Communist Eighth Route Army from 1938 on.[52]

The nature of these armies' existence and lack of independent finances necessitated that the guerrilla forces cultivate close relations with the people. They were encouraged to participate in Communist-sponsored local governments.

Rents due absentee landlords were suspended; taxes on the poorer peasants were lowered; and producer co-operatives were organized for the benefit of the armies and

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52. See Stein, op. cit., pp. 324, 328-30, and map facing p. 458.

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726 local population.[53]

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E. Victory of the Communist Party

At the end of the war, Communist forces were scattered throughout the East China Region with the exception of southern Chekiang and Fukien. These troops immediately began to expand their areas of control by accepting the surrender of Japanese occupying forces and came into conflict with Kuomintang troops bent on the same mission. Central Government orders to the Communists to desist in this operation had no affect, and a full-scale civil war was soon in progress throughout China.[54]

A Kuomintang offensive from July 1946 to July 1947 drove the bulk of the Communist

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53. See Linebarger, op. cit., pp. 116-23, 159-75; Stein op. cit., pp. 333-41; and U. S. Office of Strategic Services, The Guerrilla Front in North China, Washington, D.C., 1943 pp. 14, 20-21.

54. The names, dates, and campaigns connected with the Communist victory are largely taken from a Communist source, which is accurage in regard to these facts insofar as can be determined by checking against other, scattered sources: Liao Kai-lung, From Yenan to Peking, Peking, Foreign Language Press, 1954, pp. 3-4, 8-11, 15116, 18, 21, 32, 36-38, 49-54, 60-65, 89-91, 101-04, 107.

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687 is a term used to describe members of the Nationalist armed forces, officials of that government, and foreign and Kuomintang spies. The remnant forces of the Nationalist armed forces, particularly those in the provinces of Chekiang and Fukien, were the first target of the "bandit" extermination campaign in 1949-50. The Nationalist troops under the former governor Chou Lei in Chekiang and Nationalist units in Fukien were driven away from the Mainland during 1949-50. It was reported by the Communists[17] that 10,000 members of the Kuomintang forces withdrew to the off-shore islands in 1950. Following the evacuation of the Mainland, the Nationalists launched a series of assults along the coast. During 1950, as announced by the Communists, Nationalists made 209 coastal assaults in the East China Region.[18] Guerilla fighting on the Mainland increased in 1951; the Nationalists on Formosa estimated[19] that 1,074 "battles" were fought by guerilla forces throughout the nation in that year. After 1952, coastal assults seemed to decrease; Nationalist sources reported[20] a

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17. Su Yü's report, ibid., Nov. 27, 1951, p. 1.

18. Li Shih-Ying's report, ibid., March 18, 1951, p. 1.

19. China Handbook 1952-53, Taipeh China Publishing Company, 1953, pp. 191-93.

20. China Handbook 1954-55, 1955, pp. 263-65.

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687 total of 444 engagements on the Mainland
726 throughout 1953. Recent reports made by deputies of the National People's Congress before the Second Session of the National People's Congress in July-August 1955 indicated the existence of a number of underground forces operating in the province of Chekiang.[21] These units were identified as "Kiangsu-Chekiang Jen I Anti-Communist Save-County Column," "Chekiang People's Chung I Anti-Communist Save-County Column," "Chinese Anti-Soviet Anti-Communist Chung I Save-the-Country Corps" and so on. Although their size is small, their increasing activities do pose a threat to the Communist regime.

687 3. Nationalist Spies. Communist effort toward the extermination of Kuomintang intelligence workers was most thorough in East China, particularly in Shanghai. In 1949-50, some 2,000 espionage cases were reported in the East China Region, and more than 10,000 people were arrested.[22] In Shanghai alone, 900 espionage cases were reported and more than 4,000 people, accused of being Kuomintang intelligence workers, were arrested.[23] In

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21. People's Daily, July 4, 1955, p. 3.
22. Liberation Daily, Nov. 21, 1950, p. 1.
23. Ibid., April 19, 1951, p. 2.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

firms continued to operate, but under difficulties, and they could not handle more than a small fraction of the normal volume of trade on the river. As a result, sales of piece textile goods in Shanghai had fallen by January 1927, to one quarter of their August levels. The kerosene trade out of the city was badly hit, and large stocks accumulated in warehouses. Imports of Chinese tobacco leaf to Shanghai virtually ceased by January, and forced the closure of several of the large cigarette factories. Egg imports to the city in January were less than 30 per cent of normal. By the end of 1927, with order restored in the Yangtze basin and navigation no longer interfered with, Shanghai's trade with its hinterland returned to normal levels. Both railway lines serving the city remained in regular operation for all but a few days during this period.[37]

In November 1937, in order to hamper Japanese naval movements on the Yangtze, the Chinese Government placed booms across the river at Kiangyin and Chinkiang, and fighting in the delta area and upstream from Nanking further disrupted traffic. The value of Shanghai's foreign trade fell by 76 per cent between July (hostilities began at Shanghai on August 13, 1937) and December 1937, as much because of the interruptions in transport as because of the local fighting, which ended at Shanghai itself in October. During the same period, the total value of the foreign trade of China as a whole decreased by only 2 per cent. Shanghai's relative decline continued through 1938, with a 49 per cent decrease in imports and a 63 per cent decrease in exports over the 1937 figures, while for the same period the total foreign trade of China increased by 8 per cent.[38] With its water connections disrupted, Shanghai could no longer compete commercially with rival centers, which despite the progress of hostilities over nearly the whole of east China by the end of 1938 increased the total of their trade at the expense of Shanghai.

But the disruptions of war should not obscure the fact that the Yangtze basin is the economic heart of China, nor that its river system will continue to be a basic element in China's transport pattern. The city at the mouth of the river will remain a metropolis under whatever conditions the future or the Communist Government of China may impose.

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I. SUPPRESSION OF COUNTERREVOLUTIONARIES

687 The term "counterrevolutionaries" has been loosely defined by the Communists. It may include bandits, landlords, armed resistance groups, spies, or any person whose activities are deemed detrimental to the Communist cause. The Communist authorities have deliberately avoided a precise definition; any person considered undesirable and harmful to the Communist regime can be accused of counterrevolutionary activity and subject to liquidation.

A. Extermination of "Bandits"

669 727 The term "bandit" is broadly used by the Communists to identify any armed resistance, either from the underground forces or from professional armed robbers. However, prior to 1952, this term was generally applied to remnants of Kuomintang forces on the Mainland and to long-active armed bands.

Immediately after the Communist seizure of power in the East China Region, military campaigns were launched to exterminate these armed bandits. The campaigns were vigorously carried out and rapidly concluded. At the end of 1949, all provinces in the region, with the exception of Fukien, announced the elimination

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669 of armed bandits in major areas.[1] Throughout
727 1950, concentrated effort was exerted in Fukien and Chekiang provinces, where bandit forces could not be suppressed in spite of a series of military expeditions against them. Bandit strength in Chekiang, which was estimated at 8,500 in February 1950, increased to 10,000 in May of the same year.[2] It was not until November 1951 that the completion of the extermination campaign was announced by Su Yu,[3] the then commanding general of the East China Military District. He placed the total number of bandits annihilated in the region of East China at 225,000. This number was appreciably smaller than those reported from other regions, perhaps due to the relatively smaller number of Kuomintang troops who had to be sought out.

Military campaigns in this region were generally divided into three stages;[4] each

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1. Report of Jao Shu-shih, Chairman of the East China Military and Political Committee, Chieh-fang Jih-pao [Liberation Daily], Shanghai, Dec. 2, 1949, p. 1.

2. Report of Li Shih-ying, chief of the Department of Public Security of the East China Military and Political Committee, ibid., March 18, 1951.

3. Ibid., Nov. 27, 1951, p. 1.

4. Ibid., Nov. 27, 1951, p. 1. ibid., Oct. 1, 1951, p. 5.

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669 featured different strategic and tactical
727 maneuvers. During the first stage, the strategic aim was the extermination of remnant Nationalist troops and bandits in key economic areas and major transportation points. Throughout these campaigns, military forces were used in the destruction of old political forces in the rural areas. In Chekiang, for example, one Communist unit assisted in the setting up of rural government in 73 hsiang and 247 villages and organized peasants' associations with a membership of 28,000 and a militia of 8,900.[5]

The second stage marked the expansion of military operations to areas adjacent to the key centers, where most armed resistance had been put down during the first stage of operation. Fighting was confined to the pursuit and annihilation of the main bandit forces, thereby making safe from bandit activities the largest portion of the region. At the same time, Communist troops in the provinces were divided into areas of command. In the province of Chekiang, four such areas were organized[6] and each was made responsible for the extermination campaigns in a specific area. There were, in addition to the four area commands, two independent commands in charge of the areas south of

5. Ibid., Nov. 27, 1951, p. 1.
6. Ibid., Dec. 5, 1949, p. 3.

1:Stanford U. S-4, 5 1956 AF15 East China
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T'ai Lake and Hang-hsien.

After the dispersion of the remaining bandit forces, military operations were carried out by a minimum use of garrison troops with the help of militia. Garrison troops also rendered direct assistance to the rural Communist governments in the establishment of public security organizations and directed the work of the militia. From January to June, 1951, the militia in the East China Region engaged in 21,625 "battles"[7] -- the Communist phrase for any skirmish or incident involving the militia and armed bands. In coastal areas, the militia was relied upon for coastal defense.

The announcement of the completion of the extermination campaign in the East China Region in November 1951 coincided with similar statements from other regions. The year 1951 marked the conclusion of the Land Reform Movement, and 1952 was spent in the consolidation of political power in the rural communities. Reports of more recent activities are few. However, at least two bandit groups were identified in Chekiang and the Kiangsu area in 1954. One of the groups, Chung Chiang Hang, was reported to have committed 394

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7. Ibid., Nov. 27, 1951, p. 1.

669 robberies, and the other, Shui Huo Pang, was
727 similarly active.[8]

B. Landlords

687 At the conclusion of land reform, many landlords (including those who had received sentences of less than one year's imprisonment) were placed under the surveillance of the local hsiang government and the security agencies. They were either given a small portion of land to work or were sentenced to forced labor. Those landlords who were classified as counter-revolutionaries (within the meaning of the term as provided in the law for the control of counter-revolutionaries[9] issued by the Ministry of Public Security of the Government Administration Council in July 1952) were deprived of their political rights and were subject to surveillance for a period of at least three years. These landlords probably constituted the major portion of forced labor battalions in Communist China.

After the land reform, many peasants and Party members were classified as "new rich," and such were regarded as "potential landlords." These people were accused with the collaboration of former landlords, of attempting to seize

8. Jen-min Jih-pao [People's Daily], Nov. 18, 1954, p. 3.

9. Text of the regulation in Liberation Daily, Feb. 23, 1951, p. 1.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

shortages and to delayed recovery of many of the areas from which the city drew its supplies, especially in north China, where civil war had quickly succeeded international war. 722

The pinch which these conditions imposed on the Shanghai economy was nowhere more apparent or more important than in the case of coal. Coal normally came to the city primarily from north China (Kaiping, Fushun, Shansi, and Shantung), and the acute shortage of this essential and universal raw material slowed Shanghai's industrial recovery to a walk during the four years of Nationalist control from 1945 to 1949.* Other essential supplies were also curtailed, especially industrial machinery, liquid fuels, rubber, chemicals, semi-finished metal goods, and prime movers, all of which normally came to Shanghai for the most part from overseas and had been largely cut off during the Japanese occupation after 1941 as well. Runaway inflation, bred in part of current and forseen shortages, had a disastrous effect on the entire urban economy.

Shanghai's skilled industrial labor force, which before the war had constituted at least half of the China pool, had been dissipated through eight long war years during which many workers migrated to Free China (and to Japan and Manchuria), and technical and managerial personnel were similarly decimated. Inland routes supplying the city were choked off periodically as the civil war progressed. A major part of Communist military strategy was the destruction of railways over which the Nationalist armies could move their originally greatly superior military equipment, and the lines feeding Shanghai were repeatedly cut, both between the city and Nanking, and north of the Yangtze where the interruptions were only slightly less awkward for Shanghai. More importantly, civil unrest and actual fighting in the delta and along the Yangtze recurrently brought water transport there to a halt.

The inland routes the Communists could reopen, and this was 727

* The textile industry enjoyed a brief recovery in mid-1948 (after electric power production had been momentarily restored nearly to its pre-war level), based on the removal of Japanese competition, especially in the southeast Asia market (see Université Aurore, "L'état présent de l'industrie à Shanghai" [1949]. But unlike the earlier boom during and after the first world war, this was extremely short-lived, as the Communist armies closed in on the city in the months before May 1949, and increasingly stifled its vital economic relations with China as a whole.

● 727 done with dispatch soon after Shanghai had been taken. By the
[496] end of 1949, railways destroyed in the delta area during the civil war had been restored to operation, and by the end of 1950, most of the lines in China as of 1936 had been rebuilt, plus considerable new mileage. Great stress has also been put on maintaining a high level of commodity flow by water transport from the Yangtze and
[503] the delta to Shanghai. Numerous hydraulic improvements were undertaken in 1949, 1950, and 1951, including the widening, deepening, and regulating of existing waterways, the building of additional carriers of all types,* and in November 1950 the commencement of a very large five-year project for the regulation of the Huai River, designed primarily to prevent its disastrous floods, but also to facilitate navigation.[2]

439 But the sea routes, equally vital to the city's economic life, remain largely closed. Political capital has been made of this unfortunate situation, since it has in effect called the Communists' bluff in their repeated assertions that Shanghai was a foreign sore on the Chinese body politic and should be integrated with China rather than with its kindred economies overseas.

> The new Shanghai . . . is closely linked by commerce and the interflow of goods with the rest of the country. Facing inland instead of across the sea, it is integrated politically, economically, and culturally with the nation whose needs it serves. From being a source of infection in China's economic life, Shanghai has today become a source of strength to the new China.[3]

365 This is cold comfort. Shanghai can be a source of strength to
439 China only if it produces, and it cannot reach more than a part of its industrial potential while the sea routes which feed it are closed. The shortage of coal in the city remains, if one may read between the lines of official statements and news releases. Electric power is rationed; new users are discouraged, and one gathers that current users are unable to get enough to increase their production. Remembering the crucial importance of cheap and abundant electric power for all of the city's industry, as we have discussed it above

* 192 inland water craft were built in Shanghai alone in 1950, totalling 28,000 tons displacement, according to Ching-Chi Chou-Pao for January 4, 1951, p. 9.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

CHAPTER VIII

FOOD AND NUTRITION

AT A TIME WHEN Shanghai is militarily occupied following the outbreak of Pacific hostilities, and its food supplies subject to willingness of the Japanese military to provide them, one is apt to think of the problem of food entirely in terms of whether or not there will be any at all. From the moment of the commencement of hostilities in August 1937, the question of food supply held the concern of the Settlement authorities. Two days after the first shot was fired in the Shanghai area, the Supplies Committee of the Shanghai Municipal Council met and through the intervening years dealt with the problem actively and continuously. 262 722

The problem at first was what the city would do when it was cut off from its hinterland, the rice-producing area; when fighting moved back into the provinces and destroyed the autumn rice crop; when rice boats would no longer bring rice to the city. In 1932, when there had been five weeks of fighting in the Shanghai area, rice boats had feared to come into the city, and trucks had been sent out to meet them beyond the fighting zone, to bring in needed food. Rice, which then usually sold at $10 to $12 per *shih* (172 pounds), rose to the high price of $17 to $18 because of fear of shortage, and fell with what at that time seemed a dramatic drop when the supplies were brought in and the feared shortage did not eventuate. Those who had planned the small adjustment needed in 1932 found that more drastic measures were necessary in 1937 and later. 262 438 727 [435]

The provinces nearest to Shanghai are rich rice-producing areas. Through part of Kiangsu province winds Soochow Creek, and from Chekiang province into Kiangsu flows the Whangpoo River, to meet in Shanghai. Down both of these waterways in normal times came a succession of large rice boats, and from Wuhu above Nanking on the Yangtse River larger steamers laden with grain. In general it was a simple trade. Rice was sent on consignment to rice merchants in Shanghai, and payment was later made to the interior

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable. 464

Recent studies of Shanghai dwell at length on the refugee problem following the outbreak of hostilities in 1937.[1] After five years, a hard core of refugees remained, despite consistent efforts in the spring months of 1939 and 1940 to disperse aggregations of those in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable. 727 166 464 747

In addition to those cared for in camps, hundreds of destitute persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic. 737

Toward the end of 1940 the Shanghai Municipal Council, the Salvation Army and the Shanghai Rotary Club attempted to deal 735 747

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

439 dinary advantages which this place possesses for foreign trade it is wonderful that it has not attracted more observation."[7]

721 175 The lack of attention to Shanghai of which Lindsay complained had been beyond the powers of the foreigners to remedy, as Lindsay discovered for himself when his request for trade privileges there was refused. The tension at Canton finally resulted in open hostilities nine years later. Early in the course of the war of 1841–42 the British occupied the Chusan Islands at the mouth of Hangchow Bay, and interest was revived in making that well-protected site the principal base for British trade, as earlier surveyors, including Lindsay, had suggested.* However the further progress of the war required British occupation of the mainland ports, and a fleet under Sir William Parker, after taking Amoy, Foochow, and Ningpo, arrived off Woosung June 13, 1842, and captured the forts commanding the mouth of the Whangpoo. The British planned to invade the Yangtze valley and by appearing in force on the river and capturing Chinkiang block the movement of rice via the Grand Canal to Peking.

728 648 175 Shanghai was taken, and then evacuated by the troops on June 23, in order to concentrate on the advance to Chinkiang and Nanking. The treaty, signed at Nanking on August 29, created the treaty ports already named, where British merchants and their wives could reside permanently, with their own consuls, and importing goods into China under a fixed and nominal tariff (it averaged about 5 per cent *ad valorem*) without any requirement to trade through a Cohong or under official supervision. Article II of the treaty contained the provision that "British subjects shall be allowed to reside, for the purposes of carrying on their mercantile pursuits, without molestation or restraint, in the cities of Canton, Amoy, Foochow, Ningpo, and Shanghai . . . Her Majesty, the Queen of Great Britain (etc.) will appoint superintendents or consular officers to reside at each of the above mentioned cities to be the medium of communication between the Chinese authorities and the said merchants . . ."[8]

No other mention was made in the treaty about foreign rights of

* This plan was not abandoned in favor of Hong Kong until the very end of the war.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries."[9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected.

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively.

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889.

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their

1:Stanford U. S-4, 5 1956 AF15 East China
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747 areas during the busy farm seasons, and 507 creches in factories and organizations were caring for some 20,000 children. In 1952 there were 19,000 primary schools in East China, a 12 per cent increase over the previous year, and New Youth, the official publication of the Young Pioneers of East China, was reported[33] to have a circulation of 400,000.

As was the case of the Immaculate Conception Orphanage in Canton, two Catholic orphanages in Nanking were made targets of Communist propaganda attack. In April 1951, when the so-called revolutionary movement of the Chinese Catholics was underway, the Sacred Heart Orphanage and the Tz'u-ai Orphanage were branded as instruments of imperialism masquerading as philanthropy and religion. It was said that the death rate in these two orphanages exceeded 78 per cent. They were taken over by the Nanking branch of the People's Relief Administration of China, and the two were amalgamated into one institution under the name of Nanking Municipal Orphanage.[34]

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VI. AID TO FAMILIES OF "MARTYRS" AND SERVICEMEN

33. Liberation Daily, June 1, 1952, p. 1.
34. Nan-fang Jih-pao [South China Daily], Canton, May 30, 1952, p. 4.

1:Stanford U. S-4, 5 1956 AF15 East China
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729 In Communist China, aid to the families of "martyrs" and servicemen has been given great attention. The duty of concern for the welfare of the members of the armed forces and their families was specified in Article 25 of the Common Program, one of the earliest documents adopted by the Peking regime. It states: "Dependents of those who have given their lives for the revolution and of the members of the revolutionary forces who are in need shall receive preferential treatment from the state and from society. The People's Government shall make appropriate arrangements for disabled or retired servicemen who have participated in the revolutionary war, providing them with the means of livelihood or with occupations."[35] However, the nationwide campaign did not begin until late 1950, which indicates that the activity was probably the result of the warfare in Korea.[36] On December 11, 1950, the Ministry of Internal Affairs of the Peking regime promulgated five sets of regulations relating to compensation for dependants of servicemen. These were provisional regulations governing preferential treatment of families of revolutionary "martyrs" and servicemen; preferential treatment of, and compassionate payments to, disabled

35. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Languages Press, 1949, p. 10.

36. Relief Work Under the Chinese Communists, p. 18.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 servicemen; citations and compassionate pay-
729 ments for members of the People's Militia and laborers in military service injured or killed.[37] The preferential treatment of families of "martyrs" and servicemen included land and farming implements, government scholarships for their children, lower prices, discounts, etc. Only in cases of extreme hardship were direct payments given.

At the time of the lunar New Year in 1951, which fell on February 6 in that year, the Communists promoted a campaign to honor the families of the Chinese People's Volunteers to the Korean war and the People's Liberation Army. Since then, the lunar New Year, usually called the Spring Festival, and the Chinese Communist Army Day, August 1, have been made occasions for honoring the families of servicemen.

As part of the program to aid the dependents of "martyrs" and servicemen, those in the city able to work have been taught various handicrafts to assure their livelihood; in the rural areas, for those unable to work a system of substitute-tilling has been adopted whereby land owned by dependents of servicemen is cultivated for them.

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37. New China Monthly, Vol. III, No. 3, Jan. 1951, pp. 516-21.

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729 In the summer of 1952, the East China Region reported 50 per cent of the families of "martyrs" and servicemen living in rural areas were being aided by substitute-tilling. In some places as Wu-hsing in Chekiang, Nan-t'ung and Hsü-ch'ien in Kiangsu, Tsou-hsien in Shantung, and certain districts in Fukien, the percentage was reported to be much higher. The special mention accorded specific areas seem to imply unsatisfactory performances and difficulties elsewhere.[38] Progress in setting up a fixed system in substitute-tilling was again reported early in 1953, particularly in Shantung and Chekiang. As an encouraging example in the over-all situation of the dependents of "martyrs" and servicemen, this report cited the progress in one village in Shantung containing 129 families of "martyrs" and servicemen. In this village in 1949 there was only one ploughing animal (probably an ox or horse); in 1953 there were 20 ploughing animals. In 1949 a single family in the village raised pigs; in 1953, some 25 families could afford to raise pigs.[39]

In the cities, placement of the unemployed and the organization for their benefit of production works were the two main tasks. In

38. Liberation Daily, July 30, 1952, p. 1.
39. Ibid., Feb. 14, 1953, p. 4.

657 Shanghai and Tsingtao, according to the same
729 report, some 4,000 dependents of "martyrs" and servicemen obtained work in the first half of 1952, with an average monthly pay of 400,000 - 500,000 JMP dollars. For the same purpose, the East China regional government appropriated in the period a special fund of JMP$65,000,000,000 (approximately US$ 2,950,000).[40]

657 In 1953 seven primary schools for the
729 children of "revolutionary martyrs" had been
872 established and eleven more were under construction. Approximately 1,000 children were enrolled. A monthly food ration for each student consisted of some 11 pounds of meat, about two and half pounds of fat, more than five pounds of eggs supplemented by bean-curd and cabbage. (Wheat, rice and other grains were not mentioned Presumably, they were not then rationed.) Every student was issued two suits of summer clothes, two suits of underwear, and one suit of cotton padded clothes (for winter) each year and one overcoat every two years.[41]

657 According to a broadcast by the Minister
729 of Internal Affairs of the Peking regime in January 1955, incomplete statistics from 13 provinces showed more than 60 per cent of the

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40. Ibid.
41. Liberation Daily, Feb. 10, 1953, p. 3.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 families of "martyrs" and servicemen were
729 participating in mutual-aid groups and co-operatives, and many had been elected officials of these organizations. Others were elected as delegates to the People's Congress or to village cadres.[42] The People's Daily (Jan. 25, 1955) reported that 382 rehabilitated veterans had been elected "labor models" in July 1954. The same paper reported that there was a 20 per cent increase in the number of families of servicemen joining mutual-aid groups and co-operatives in 1954 over the number in 1953.

VII. CONCLUSION

657 In almost all documents concerning public
746 welfare and relief in Communist China the emphasis is on production and labor power rather than human life and welfare. In regard to famine relief in the rural areas as well as unemployment relief in the cities, the people are asked to save themselves by "self-help-through production". Even their concern for the welfare of women and children centers upon the labor power which may be derived. In the charter of the People's Relief Administration, Article 2 explains its function in the following sentence: "This Administration is an organization of the people under

42. New China Monthly, No. 2, Feb. 1955, p. 19.

1:Stanford U. S-4, 5 1956 AF15 East China
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133 amounts to about five per cent of the total area, and even that is limited to the narrow strips of river valleys and the small scallop-edged fans of the delta at the river mouths. The widest of these valleys scarcely exceeds five miles.[4]

B. Rivers

133 731 The section of the Yellow River in East China has contributed immensely to the river's reputation as a troublesome and unreliable waterway: (1) it is the last of the river's capricious changes of course; (2) it has an alarming capacity for silt accumulation, about 10 centimeters per year; and (3) as it is, the bed at places is already about 2-8 meters (6-17 ft.) above the level of its banks.[5] Under these circumstances, the river has long been a threat to the inhabitants of the area. As of early 1955, there were dikes on the lower reaches totaling 1,300 kilometers (806 mi.)

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4. Cressey, op. cit., p. 337; Chung-hua Jen-min Kung-ho-kuo Fen-sheng Ti-t'u [The Atlas of the People's Republic of China by Provinces], Shanghai, Ti-t'u ch'u-pan-she, 1953.

5. Wang Ming-yeh, "Huang-ho liu-yü ti shui-t'u liu-shih yü shui-t'u pao-ch'ih kung-tso" [The Erosion and Water Conservation Work in the Yellow River Area"], Ti-li Chih-shih [Geographic Knowledge], February 1955, p. 67.

1:Stanford U. S-4, 5 1956 AF15 East China
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133 in Shantung Province and in Honan Province
• 731 to the west. These dikes stand 1.5-2.5 meters (3.5-8 ft.) above the highest known flood level. Another flood-diversion project, at the river mouth, has also been completed, and the Peking regime claims complete elimination of flood threat on this stretch of the Yellow River. The current is swift as it nears the ocean, and only above Lo-k'ou is it slow enough for river-junk traffic.[6]

Other rivers in Shantung Province are minor ones, except for the I River and the Shu River, which issue from T'ai-shan Mountain and flow southeast into Kiangsu Province. Major flood control and prevention work
503 has been done on these two rivers. The Yün-ho [Grand Canal] connects the Yellow River with a number of small lakes and cuts southeast to reach Hangchow in Chekiang. This man-made waterway, which is divided into several sections, changes direction wherever it meets a lake or another river.[7] The section of the canal which extends from Chen-chiang in Kiangsu to Hangchow in Chekiang is navigable for small steamers all year round; north of

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6. Ko Sui-ch'eng, Chung-kuo Ti-li Hsin-chih [New Geography of China], Shanghai, Chung-hua shu-chü, 1940, p. 67.

7. Ch'en Shih-chien, Chung-kuo Ti Ho-liu, [China's Rivers], Peking, San-lien ch'u-pan-she, 1950, pp. 67-72.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 747 On November 9, 1943, China became a member of the United Nations Relief and Rehabilitation Administration (UNRRA). The Chinese National Relief and Rehabilitation Administration (CNRRA) was established in January 1945 as a department of the Nationalist Government on the ministerial level, as was the China Office of UNRRA. In co-operation the two administrations planned and worked on the gigantic problems of relief and rehabilitation in postwar China.[4] Despite the great contribution to Chinese welfare resulting from the efforts of peaceful projects of this sort, the Chinese National Relief and Rehabilitation Administration was eliminated by the Chinese Communist when they became the rulers of Mainland China.

II. CALAMITIES SINCE 1949

731 Since the establishment of the Communist regime in China, many natural disasters have occurred. Droughts, floods, locust and insect invasions, frost, windstorms, and hail-storms have caused famines which began in the rural districts and spread throughout the nation.

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4. China Handbook 1937-45, pp. 538-41.

1:Stanford U. S-4, 5 1956 AF15 East China
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731 An anti-Communist source[5] has given the following estimate of the number of people in China adversely affected since 1949 by natural calamities, climaxed by the great flood of 1954.

1949	60,000,000
1950	38,000,000
1951	28,000,000
1952	33,000,000
1953	47,000,000
1954	180,000,000

No region has escaped entirely from these disasters. If there are differences among them, they are negligible.

As if these natural calamities were not disastrous enough, the people on the mainland of China suffered further abuse from man-made adversities, such as the Land Reform Movement, the Three-Anti and Five-Anti campaigns, the war in Korea, and the government's "planned purchase" of agricultural products. The number of people who have been affected by the Communist quest for power is estimated to have been

5. Kung-fei Ti Chiu-chi Kung-tso [Relief Work Under the Chinese Communists], Section 6 of the Central Committee of the Nationalist Party, Taipei, 1955, pp. 5-6. It should be noted that source references originating in Taipei are almost invariably sponsored by the Chinese Nationalist Party. As well as being anti-Communist in intent, they may sometimes serve as a media for pro-Nationalist propaganda.

1:Stanford U. S-4, 5 1956 AF15 East China
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731 as high as 90,000,000 during the first four years of the Communist regime.[6]

The northern section of East China including Shantung, northern Anhwei, and northern Kiangsu suffered alternately from drought, insects, and flood. The usual cycle seemed to be spring and early summer droughts followed by insect invasions, and floods in the autumn. In 1952, according to one estimate one fourth of the population (10,000,000) in Shantung Province suffered from famine, and in Anhwei Province there were 24,000,000 famine refugees.[7] Excessive rainfall in the same year brought floods to the southern part of East China, including southern Kiangsu, Chekiang and Fukien.[8] Anhwei Province, a part of which extends into the Hwai River valley, was again one of the most gravely stricken regions during the flood of 1954, which the Communists themselves termed "historic."[9]

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6. Ibid.

7. P'ien-ti Tsai-huang Ai Ta-lu [Widespread Calamities on the Continent], Taipei, 6th Section of the Central Committee of the Nationalist Party, 1952, pp. 26-27.

8. Ibid., pp. 34-35.

9. Jen-min Jih-pao [People's Daily], Peking, Dec. 19, 1954, p. 1.

1:Stanford U. S-4, 5 1956 Af15 East China
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•731 As to man-made disasters, one report claims that during five years of Communist control more than 200,000 people lost their lives in Shanghai alone through such Communist drives as the Three-Anti and Five-Anti campaigns and the counterrevolutionary purges. Another 640,000 of the city's population are reported to have been jailed or sent to labor camps.[10]

III. COMMUNIST RELIEF AND WELFARE ORGANIZATIONS

746 Following the Hwai River flood of 1949, the Central Relief Committee was formed (February 1950) under the Government Administration Council as a temporary but integral part of the Ministry of Internal Affairs. Later, similar committees were set up in the provinces and municipalities. Their existence, on the whole, has been in name only, according to an anti-Communist report, and it is asserted that they have accomplished little relief work.[11]

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10. Ch'ün-mo Luan-wu Ti Shang-hai-shih [Shanghai Where the Demons Dance in Confusion], Taipei, 6th Section of the Central Committee of the Nationalist Party, 1954, p. 38.

11. Relief Work Under the Chinese Communists (pp. 5-6), published in Taipei, lists all the welfare organizations described in this study. Reference to the same organizations are to be found in Jen-min Shou-ts'e [People's Handbook], 1955, a Chinese Communist source.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 Outright relief was the least significant clause in the scheme.[22] Generally speaking, the same principles were applied to rural relief programs in combating natural calamities. Under the slogan of "famine-relief-through-economy," the people were advised to economize, "to substitute unprocessed food for processed foods," to use ersatz foods, and to adulterate grain, presumably with leaves and bark.[23]

731 746 When the chairman of the Production Relief Committee of the East China Military and Political Committee made his report in 1950, he stated that floods, drought, insect invasion, hail, typhoons and snow in the region during the preceding year had made 16,000,000 people refugees, and more than 4,000 were dead from 746 starvation. The same report announced that hundreds of thousands of wells had been sunk and repaired for the prevention of drought in Shantung, embankments and dikes had been repaired and built for the prevention of flood in Anhwei, and many miles of sea wall were reenforced in southern Kiangsu. Apparently these preventative measures also served as work relief projects. It also reported that water conservation works, the chief means of work relief, had called for the mobilization of 630,000 refugees in northern Anhwei, 1,400,000

22. Ibid., pp. 52-60.
23. Ibid., p. 50.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 refugees in northern Kiangsu, and 700,000 in Shantung.[24] During the same year, 190,000,000 refugee laborers were mobilized in Anhwei and northern Kiangsu to build and repair embankments along the Yangtze and Hwai rivers.[25]

[73] Drought also struck Fukien Province in 1954. For relief, the provincial government earmarked JMP$2,400,000 (US$960,000) new currency in 1955, particularly for the three southern coastal administrative districts of Min-hou, Chin-chiang, and Lung-ch'i. The emergency directive stressed that the local authorities must guide the people to carry out production and spring plowing for "self-salvation."[26]

The Shantung provincial government also reported that many households . that province were in danger of starvation in 1954, especially in the Yellow River and Grand Canal flooded area The central government appropriated relief funds equivalent to US$12,400,000 for the general relief of Shantung.[27]

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24. Hsin-hua Yueh-pao [New China Monthly], Vol. II, No. 4, Peking, Aug. 15, 1950, pp. 819-820.

25. Jen-min Shou-ts'e 1950 [People's Handbook 1950], Peking, 1950, Section [7] keng p. 20.

26. Survey of China Mainland Press, Hong Kong, American Consulate General, No. 1054, Supplement, May 24, 1955, p. 17.

27. Ibid., p. 21.

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249 of oil-bearing crops throughout all regions. The
433 projected national goal of an increase of 53.7 per cent in 1954 over the production in 1952 was reported by Li Fu-ch'un in the first Five-Year Plan.[31]

VIII. FISHERIES OF EAST CHINA

228 Because of its long coastline and numerous
433 streams and lakes, East China is especially rich in both salt-water and fresh-water fish resources.

Of the principal fishing areas of Kiangsu and Chekiang, Chou-shan (Chusan) is the most famous. Over 10,000 fishing boats gather near the Chou-shan Island each spring to catch many different species of fish. The goal set for 1955 is 6,400,000 shih-piculs (352,000 tons),[32] approximately four and a half times that of 1949.

Kiangsu and Chekiang have abundant fresh-water-fish resources; Kiangsu has 1,173.7 million shih-mou (195.6 million acres) of river area and 1.6 million shih-mou (266,667 acres) of lake area, while Chekiang has a combined river and lake area of over 2,000,000 shih-mou (over 400,000 acres). A tremendous quantity of fish is caught each year.

IX. WATER CONSERVATION IN EAST CHINA

•731 For many centuries the Hwai River and its tributaries have been the main sources of flood

30. Economic Bulletin, Hong Kong, Ching-chi Tao-pao She, Mar. 17, 1953, #310, p.16.
31. NCNA, Peking, July 11, 1955.
32. People's China, Peking, Feb. 1, 1955. p. 13.

731 in East China. The Chinese Communists began to harness the Hwai River in 1950. The essential projects included (1) the building of the San River Regulator, (2) the excavation of new diversion canals, one at Po-kang and two near Wu-ho, and (3) the building of Fo-tzu-ling Reservoir on the P'i River and Mei-shan Reservoir on the Shih River.[33] The above-mentioned water-conservation projects are said to be finished except for Meishan Reservoir, which is to be completed[34] during the first months of 1956,

Other projects included the dredging of the channel of the Hwai River and its 70-odd tributaries as well as many minor projects, all of which were completed during the period 1950-55. An estimated 36.4 million shih-mou (6.06 million acres) of land in northern Kiangsu, Anhwei, and Shantung provinces have benefited from the completion of these projects.[35]

Other flood-prevention projects in East China, including the building of a new 190-kilometer channel of the I (Yi) River, a 14-kilomet canal joining the Shu and Sha rivers, and another canal joining the I (Yi) and Shu rivers were completed before 1952.[36]

243 731 In 1950, a good harvest of maize was gathered on 7,500,000 shih-mou (1,250,000 acres)

33. Far Eastern Economic Review, Hong Kong, Vol. XVIII, No. 22, June 2, 1955, p.702.

34. People's China, February 1, 1953, pp. 14-15.

35. Ibid.

36. Ibid., June 16, 1953, p. 18-24.

243 of farmland in the Hwai-yin region southwest of
739 Lo-ma Lake. In 1951 and 1952, good harvests were reported throughout the basin of the two rivers, and not a single mou of land was flooded. The agricultural production of northern Kiangsu region[37] was 20 per cent higher in 1952 than in 1951.

X. CONCLUSION

423 One of the most striking features of East China's land reform was the promulgation of a series of orders extending favorable treatment to families of overseas Chinese residing in the rural districts of Fukien Province. The Communists hoped to stimulate the investment of remittances from foreign countries in agricultural and industrial enterprises in China. The inequality of treatment for peasants of the same district tends to arouse a great deal of discontent among the peasants in the East China Region, especially those in Fukien Province, who have no relatives overseas.

After land distribution, the basic problem in the Chinese rural communities still remains as before -- too many people and too little land. Mao Tse-tung admitted in July 1955 that the average per capita land-holding is still very small only about 3 shih-mou (1/2 acre) per capita for the country as a whole. In some areas of East and Central-South China it is as little as 1 shih-mou (1/6 acre). Mao hopes to organize these scattered small farmers into units for semi-collective farming called agricultural producers'

~~Improved~~

731 Water conservation projects in this
24/ region[1] have been responsible for some progress in agricultural production. Although thousands of lives were sacrificed during construction, some fruitful results have been achieved. Evidence for this assertion can be found in the three good harvests between 1951 and 1953 recorded in Kiangsu. The Communist regime, with little consideration for human welfare, accomplished these tasks at the expense of the rural masses.

[1] [i.e. East China. -- Analyst]

466 overemphasized by the Chinese Communists to camouflage another type of forced labor. Millions of civilians have been recruited by the government to join gigantic public projects such as water-conservation works and highway and railway construction, where mass-labor methods are needed in underdeveloped China. The most-talked-about example of mass labor methods is the Hwai River Project.

II. HWAI RIVER PROJECT

A. Origin of the Project

731 653 The Hwai River, 1,021 kilometers in length and covering an area of about 220,000 square kilometers in Honan, Anhwei, and Kiangsu provinces, had afflicted the people in this region since the fourteenth century.

In 1938, the Kuomintang government diverted the Yellow River to prevent the Japanese army from advancing west from Hsuchou. The diversion choked the main Hwai River and most of its tributaries with silt, causing the water brought down by the Yellow River from Shensi and Kansu to flood the whole Hwai region. After the war the Nationalist Government, under the direction of the American engineer, O. J. Todd, put the Yellow River into its old bed, but it was too

73/ late to prevent the big flood of 1949, which
653 covered 53,000,000 mou (about 8,000,000 acres) of land and made 16,000,000 people homeless, and of this number 700,000 died of starvation and disease.[8]

The People's Government of Communist China decided to harness the river after the flood. By a directive known as "Decisions on the Harnessing of Hwai River"[9] issued by the Government Administration Council on Oct. 14, 1950 a Committee was established to direct the work which was started in November of the same year. The entire undertaking was to be completed in 1955.

B. Recruitment of Labor

466 According to the directive mentioned
653 above and some others[10] issued by the

8. Kung-jen Jih-pao [Workers' Daily], Peking, Oct. 28, 1952, p. 4.

9. Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies], Peking, compiled by the Financial and Economic Committee of the Government Administration Council, Peking, March, 1952, Vol. III, pp. 1084-86.

10. Hua-tung-chu Ts'ai-cheng Ching-chi Fa-ling Hui-pien [Compilation of Laws and Regulations Concerning Finance and Economics in East

(continued next page)

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466 Because of the bad working conditions
653 and the lack of nourishment and proper medical care, the mortality rate among the workers of the Hwai River Project reached 10 per cent in 1951.[21]

E. Achievements of the Hwai River Project

731 The first stage of the Project was
653 completed in 1953, including the strengthening of 2,100 kilometers (1,302 miles) of dikes, drendging 860 kilometers (533.2 miles) of river beds, constructing one water storage reservoir, 12 water detention basins, and 92 sluices. Altogether 200 million cubic meters (6,554 million cubic feet) of earth work had been completed.[22]

An official source stated that the total area of inundation in 1950 was only 60 per cent of that flooded in 1949, in 1951 it was 21, and by September 1952, it was only 8 per cent.[23]

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21. Chang Chao-feng, op. cit., p. 71.
22. Kung-jen Jih-pao [Workers' Daily], October 8, 1952, p. 4.
23. Far Eastern Economic Review, Hong Kong, Oct. 9, 1952, pp. 455-56.

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731
653 Fu Tso-yi in his report on the water conservation work, said that the Hwai River Project covered 280,000 kilometers (about 173,986 miles) of area, no serious flood was reported in 1954, and the Tientsin-P'uk'ou Railway Line had not been interrupted as before. Altogether 2,900,000,000 cubic meters (95,033 million cubic feet) of earth work had been completed by the laborers with their bare hands. Hsü Kai director of the Bureau of Surveying and Planning of the Ministry of Water Conservation, affirmed that the work of the Hwai River Project had passed the test of the second highest watermark of the flooding river in 1954.[24]

All the reservoirs and detention basins constructed on the river and its tributaries by the end of 1954 were capable of storing 16,500 million (540,705 million cubic feet) cubic meters of water and protecting 2 million hectares (about 2.47 million acres) of farmland from attack of flood and drought.[25] The latest Communist report said that most of the important parts of the first stage of the Hwai River Project, including the Fo-tzu-ling and Nan-wan reservoirs,

24. Jen-min Shou-tse [People's Handbook], Peking, 1955, pp. 513-15.

25. NCNA, Penpu, July 3, 1954; quoted from Survey of Mainland China Press, Hong Kong, No. 842, July 5-7, 1954, p. 40.

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731 653 had been completed in July 1955.[26]

All the reports from Mainland China and some from Hong Kong praised what the project had done for the improvement of living conditions of the people in the Hwai River area. Such reports imply that the millions of peasants who continue to toil on the banks of the river for a few bowls of rice a day have no reason to complain.

III. "REFORM-THROUGH-LABOR" IN EAST CHINA

A. Reform-through-Labor Camps in Shanghai

697 466 As a result of the drive for suppression of counterrevolutionaries which started in the Spring of 1951 and the Three-Anti and Five-Anti campaigns which followed, the number of prisoners sentenced to reform-through-labor reached 200,000 in Shanghai by the end of that year. Reform-through-labor camps are scattered all over the suburbs of the big city. Most of the prisoners are employed in municipal constructions, road building, and light industries. The following is an example given by the Communists through the official channel New China

26. Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 5, 1955, p. 2.

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silt.[5] A foreign resident writing in 1915 took a gloomy view of the city's future because he considered that six storeys was the maximum possible for buildings on this site.[6] These problems have been overcome, at considerable expense, by floating the taller buildings on concrete rafts in order to provide a stable foundation adequate to support structures which would otherwise sink into the alluvium. Until the first experiment with this method in the building of the new Shanghai Club in 1910, large buildings had been set on wooden pilings driven into the silt, and great care was necessary to prevent unequal settling. Shanghai's twenty-storey hotels and public buildings, erected during the 1920's and 1930's, float on their concrete rafts in this jelly-like subsoil, a scant 800 miles from the major earthquake belt running through the Japanese islands, but fortunately in the hundred-year history of the foreign settlements, no serious shocks have occurred.

Surface drainage has also been a constant problem in the development of modern Shanghai. The original site[7] (adjoining the walled Chinese city — map 6) as the British found it in 1842 was a typical agricultural landscape of the Yangtze delta: wet rice paddies and dry cotton fields, crisscrossed by creeks and canals, and with occasional clusters of family villages. This land was subject to frequent floods at high tides by the tidal inflow of water from the Yangtze and the resultant backing up of fresh-water outlets (primarily Soochow Creek and the Whangpoo), and until recently it was still flooded nearly every year in late summer by typhoon winds from the east and accompanying heavy rains. The land within the metropolitan area was gradually raised by filling to permit the building of roads and houses. Filling was easier and cheaper than artificial drainage for all but the swampiest areas and proved adequate for the growth of the city, but it was accomplished only at a considerable expense of money and energy.

The commercial core of the city, concentrated along the Whangpoo frontage, remained regularly subject to flooding. One of the first public works projects to be carried out under the Communist administration (which has attempted to make Shanghai a showplace of efficiency as an advertisement of the virtues of the new regime) was the filling of the lowest places in this downtown area, particu-

2: Murphy G-4 (no date) 1953 AF15 East China AF15

larly its major commercial artery, Nanking Road, which follows fairly closely the course of a small creek culverted early in the period of foreign occupance (map 6). It was thus one of the most frequently flooded areas in the city. Paving along this heavily traveled street through the heart of the hotel and retail district was removed for nearly a mile back from the river, and replaced after the ground level had been raised sufficiently to protect it from all but the worst floods.

The numerous tidal creeks (map 6), characteristic of the lower delta, were useful in the early days of the Settlements as master drains and for demarcating legally and defending militarily Settlement boundaries. They were also used for carrying off sewage, where their tidal ebb was an advantage, and for movement of goods within the city and to and from the hinterland. The so-called Defense Creek at the western limit of the British Settlement of 1848 (map 6) was culverted and covered with a roadway in 1906, a few years after the Settlement had reached its greatest areal extent in 1899, but the Yang Ching Pang, which formed the boundary between the French and International Settlements on the south, remained an open sewer and transport artery until 1915, when as an enclosed culvert it was covered over with a broad boulevard named Avenue Edward VII as a gesture of ideological if not political unity between France and Great Britain. The remaining uncovered creeks are still important transport arteries, and as such key factors in the economic life of the city. While Shanghai has at least to this extent turned its delta site to advantage (and in a largely unique way as we shall see below), the problems which the delta has presented far outweigh its benefits.

The City

The site of the original British Settlement, on the left bank of the Whangpoo at its confluence with Soochow Creek, was determined by the existing walled Chinese city just upstream, whose trade had attracted British interest in a concession there (map 6). Soochow Creek, the original natural and later canalized waterway to the leading delta city of Soochow for which Shanghai served as the port, was the primary factor fixing the Chinese city, and it was

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504 or seventh in rank among world ports, in terms of annual net registered tonnage entered and cleared, points to its characteristic role as a delta port. The trade of the Yangtze basin requires a major outlet to the sea, and Shanghai, despite its poor site, offers the only practicable deep-water harbor near the mouth of China's greatest trade highway, the Yangtze River.

504 731 The harbor has a few advantages. At latitude 31° 10′ and where it is also influenced to some extent by the warm Kuroshio, or Japan Current, Shanghai is the northernmost port on the China coast to be free from ice at all seasons in most years. This gives it an advantage over the two leading ports of north China, Tsingtao and Tientsin, where floating ice is usual for parts of January and February. Location fourteen miles up the Whangpoo gives the harbor protection from typhoons, which are a significant menace to shipping in all south China ports during late summer. Shanghai averages about one typhoon annually, but with the adequate warning provided and the degree of protection afforded by its up-river location, damage to shipping is never more than negligible. In the period before the growth of the foreign city, this inland location was also important as a measure of protection against frequent coastal raids by Japanese and Formosan pirates. Finally, fog adequate to delay shipping in the harbor or in the approaches in the Yangtze estuary is quite infrequent.

503 Prophecies of Shanghai's isolation from maritime shipping by the seaward growth of the delta have not been lacking at any period in the history of the modern city. As each new difficulty arose however, means were found to overcome it, for the advantages of the city's location have greatly outweighed the disadvantages of its site and have made extensive dredging worthwhile. There is no reason to believe that the undoubted accumulation of silt, especially on the Fairy Flats, during the war and post-war years will present an insuperable problem once dredging is resumed. The great volume of water discharged by the Yangtze into the sea and the scouring action of tidal currents will assure some kind of channel in the estuary on which dredging can concentrate. The neglect of dredging over such a long period may make it necessary to relocate the main ship channel, but what dredging has accomplished before it can accomplish

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

529 for playgrounds whenever through building demolition or some
741 other chance an area might be temporarily cleared.

The financing of children's institutions in a time of rapidly
262 rising costs proved difficult. Some were stimulated at times to
741 make efforts to improve the diet. "An egg a child a week," "some oil each day" have been aims which in some instances have been met, only to find that the cost of eggs has doubled, and that of oil trebled, so that the former ration again became the rule. There was felt to be a need for the organisation in Shanghai of a Children's Community Chest, when the citizens would be challenged to give largely and generously to its children, and all organisations caring for children might benefit. Leadership in the community to better the situation of its children was not lacking, as the extensive services for homeless children show.

736 THE WORSENING OF the economic situation in the city following
633 the outbreak of Pacific hostilities was followed, inevitably, by the
● 735 abandonment of many children on the streets by those unable to
748 care for them. Institutions which down through the years had been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

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to find employment as a means of assisting the family, but a friend or relative could frequently be found who, if challenged to do so by a skilled social worker, was ready to help out. There were no public funds to draw upon as is normal family casework in western countries; but there was being developed family case work on the China pattern, an attempt to use the close family bonds between relatives to induce help of the unfortunate. This kind of friendly help of course goes on day after day without stimulus from without; the difference was that the Division tried to harness it for the help of children in the emergency. The second phase of home finding sought to apply more widely the experimental beginnings in adoption approved by the authorities, the plan referred to earlier in this chapter. With more social workers on the task and with a gradually growing sense of responsibility on the part of the community for its children, as many as fourteen applications by adoptive parents were made on one day in June 1942 to adopt children.

This much more extensive programme than formerly attempted —a programme induced only by the emergency which in eight months left hundreds of children for whom adjustment had to be found in the hands of police—proved the value of early experimental beginnings. It cannot of course be claimed that even this enlarged staff would be able to handle the situation. Hundreds of children would continue to be destitute and begging, hundreds dying on the streets.

THE REMARKABLE WORK which has been done by the Chinese Government and voluntary organisations in caring for the thousands of children deprived of parental care during large-scale hostilities in China from 1937 to the present time has certainly within it the germ of an adequate child care programme in the future. It is work which has been carried on through immense difficulties of finance in a period of inflation. In Free China, as in Shanghai, there is growing a recognition of the necessity for adequately trained social workers in child care. Many students prevented from returning to China by world hostilities and for the time being remaining in the United States and elsewhere are using the time to prepare themselves as specialists in this field. In West China a special course in training for child care work has been organised

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CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable.

Recent studies of Shanghai dwell at length on the refugee problem following the outbreak of hostilities in 1937.[1] After five years, a hard core of refugees remained, despite consistent efforts in the spring months of 1939 and 1940 to disperse aggregations of those in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable.

In addition to those cared for in camps, hundreds of destitute persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic.

Toward the end of 1940 the Shanghai Municipal Council, the Salvation Army and the Shanghai Rotary Club attempted to deal

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

735 constructively with the problem by establishing a special camp for
747 beggars. The police removed from the streets those found begging, men, women and children, and handed them over to the Salvation Army for care. Huts were erected on land made available by the Council, and the scheme was inaugurated in January 1941. To defray expenses of building the camp, the Council allocated funds from the voluntary entertainment levy which had been collected during the post-hostility period and handed over in part to the Shanghai Refugee Relief Association for disbursement among organisations caring for refugees.

735 IN GENERAL, as mentioned before, the Council took the view that
747 it was not able to provide "poor relief." Its revenues from taxation
633 were limited because its powers of taxation were restricted. No
166 poor law rate could be levied. It was argued that in a city to which (because of the comparatively safe areas and the lure of possible employment) thousands had drifted in past decades from nearby densely populated provinces, to have embarked on poor relief would have been to encourage the arrival of many more destitute persons. In general, relief was left to private charitable organisations, both Chinese and foreign.

Nevertheless, the Council contributed to relief by presenting grants-in-aid to hospitals and institutions caring for the destitute. In particular, as we have seen, it made contributions to child welfare institutions to care for the young people whom police removed from the streets and otherwise found in need, and who very often were without relatives or friends.

766 Much is made in certain studies of Shanghai of the "exposed corpse" situation. Figures of unwanted corpses picked up on the streets did not, however, represent necessarily deaths from starvation and exposure only.[2] There were indeed many such cases, but there were also many others where the family of the deceased lacked funds for a coffin and other funeral expenses. Then it was to a Chinese benevolent burial society that the family looked. In such cases the corpse was placed where it would be collected and

[2] Barnett, *op. cit.*, p. 46, reports that in the International Settlement alone over 100,000 exposed corpses were disposed of in 1938. In 1939 the figure was 72,000. The numbers in 1942 must have been very high. There were certain places in the city where those dying of disease and starvation dragged themselves, to die with their fellows.

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CHAPTER X

CHILD PROTECTION

ANY ADEQUATE PROGRAMME for the protection of children by the authorities in Shanghai seemed in the past to present almost insuperable problems. The evolution of policy in the general field of child welfare involved difficulties of finance and other obstacles sufficient to deter the stoutest heart. The high birth rate and the size of the population even in normal times meant that the city had a child population as large as that of some small countries. Housing congestion and unhygienic living quarters, together with inadequate nutrition, traceable in part to the low earnings of workers, caused literally thousands of children to live under conditions that contributed to a high death rate. If they survived they suffered in many cases chronic ill-health. If conditions were hard for the children of wage earners, they were harder still for those in families where there was unemployment, and for those who had no one to care for them. 164 163

The type of child welfare programme familiar abroad, where governments are aware of the necessity of caring for the citizens of the future and ready to appropriate large funds for that purpose, was not in the past considered possible in the International Settlement of Shanghai. The sources of the Council's income, ultimately dependent on the capacity of the people to pay, were strictly limited. The Council took the general view that "poor relief" was not feasible, since it had no control over entrance to the Settlement.[1] In practice, however, certain forms of relief were undertaken from Council funds. The Council for years made limited contributions as grants-in-aid to institutions which cared for children coming into the hands of the police—children who were lost, abandoned, abducted, exploited, ill-treated or otherwise victims of circumstance. Indeed, for long the police in Shanghai were the social workers of the Settlement. Police stations saw many a human drama in which children were concerned. Police rescued 736 633

[1] See Chapter XI.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 those who were ill-treated, took in the lost or abandoned, settled many family matters involving children.

● 736 From the early part of 1937 the Council embarked on a somewhat more concrete plan of child protection. For the programme which developed, the wider term of child welfare cannot be used, for it did not concern itself with instruction to mothers in the care of children, or provision of monetary assistance to families with children, development of kindergarten schools, or nurseries, or playgrounds—any of the "welfare" features so well understood elsewhere. Because of the special problems of Shanghai, emphasis was placed first on the field of "protection."

633 THE ORIGIN OF THE Council's recent concern with child protec-
736 tion is traceable to requests of the Slavery Committee of the
597 League of Nations that it give attention to the problem of *mui tsai* or *pei nu,* so-called girl slaves. Through past centuries and
567 down to the present, the prevailing poverty of China caused poor
357 families in certain areas of the country to give their daughters to richer families better able to support them. During childhood and adolescence they are employed in domestic service, and then are married to husbands who have been found for them by their employers. It is obvious that this system provides possibilities of exploitation. Separated from their own relatives and in the control of others, these *mui tsai* can be worked very hard, even mistreated. In the view of the League of Nations Committee, there were elements in the situation suggestive of slavery. On the other hand, many instances were known of girls being well cared for in the homes to which they went. The League Committee, examining as it did many customs in different parts of the world where lack of freedom and of control over their own destinies characterised the lives of various groups, had urged on the governments in control of the regions in question the adoption of measures to alleviate the lot of the groups concerned. In the Far East, the League's views regarding *mui tsai* had been impressed on the governments of China, Hongkong and Malaya.

Accordingly, early in 1937 the Shanghai Municipal Council placed some responsibility on the Industrial and Social Division. The Chief of the Division was named "Protector of *mui tsai.*" The Division believed, however, that the task had been too narrowly

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conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them."

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow:

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor.

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen.

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

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633 view was expressed in the 1937 Report on *pei nu* forwarded by the
736 Council to the League of Nations Slavery Committee and was found by
597 the Slavery Committee to coincide with a similar conception expressed to it from other sources.

567 "The Chinese Government delegate to the Sixth Committee of the
548 League of Nations Assembly in 1937 (who is Chief of the Chinese Government delegation and its representative on the Advisory Committee on Social Questions) stated that the problem of *pei nu* can best be considered as part of the larger problem of child protection. The United Kingdom Government in its official communication to the Slavery Committee also indicated that work of the protection of women and children is intermingled with the problems arising out of the *mui tsai* or *pei nu* system. The Malayan Government has accepted in principle the minority report of the Commission on *mui tsai* in Hongkong and Malaya published in 1937. This recommended repeal of existing *mui tsai* legislation, the abolition of the legal status of *mui tsai* and the introduction of entirely new legislation for child protection."

736 Even as the Shanghai study was being made and the report pre-
597 sented, it was obvious that the 1937 war had left stranded an army of young people whose parents had been killed, or who were
633 separated from their families during head-long flight from danger.
567 Some of these children were in refugee camps; others were on the streets, begging, stealing, those still surviving managing to live in some manner. By contrast, *mui tsai*, young girls in domestic employment had at least a roof over their heads, and presumably food to eat. While in no way condoning the system, Council officials believed that the first concern of a Child Protection Service should be the homeless. No special registration of *mui tsai* was recommended. The programme which was developed and details of which follow was designed to care for these children in so far as an administrative procedure may do so.

Child protection work was begun with the young people who came into the hands of the police and were in need of help. Before 1939 it was the custom for police to take to court for disposition all lost, abandoned, abducted, ill-treated and otherwise exploited children for disposition by the judge of the court. To deal constructively with the needs of these young people something more than a purely legal process appeared to be desirable. In theory the disposition of the person of any citizen, child or otherwise, should be by the legal process. But in the situation ruling in Shanghai, where the need was essentially a social one, it was felt

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that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary-General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

The Chinese court held that the natural parents of a child in every case have a right to the child, whether exploited or otherwise. Instances occurred where a judge handed back to the care of parents girls who had been sold. The court view is based upon the relevant portion of the Civil Code. There is room for a reconsideration either of the law or of its interpretation by the court.

For the majority of those who either had no immediate relatives or were being exploited by relatives other than their parents, placement in an institution frequently represented the only possible adjustment. Every effort was made at once to find relatives or friends of a young person coming into the hands of the Service. If time was allowed to elapse, the chances of finding that link which would perhaps save the child from being alone and adrift forever might be lost. By newspapers, and by using local Chinese methods of advertising near the place where a child had strayed, the vital link was frequently established.

In 1940, for the first time, a complete picture was obtained of the extent of lawbreaking by young people under 18 years of age. In all, 981 appeared in court on criminal charges—899 boys, 82 girls. Of this number 70 per cent were unemployed; 87 per cent were involved in some form of thieving. Twenty-one per cent had previous convictions. 633 738 674

There was no special procedure in the First Special District Court governing the treatment of juvenile offenders. Regulations for a special procedure of the Ministry of Judicial Administration of the Chinese Government exist, but were not in use in Shanghai, or elsewhere in China, so far as is known.[3] In response to the 633 738 736

[3] In Instruction No. 2257, dated May 9, 1936, the Ministry of Judicial Administration of the Chinese Government instructed the courts to temper justice with mercy and understanding in dealing with juvenile delinquents. The articles of instruction [696]

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In 1940 a qualified social worker with special training in the psychological handling of difficult children began to make frequent visits to the municipal reformatory where she interviewed all young delinquents twice, first after their arrival in the reformatory and again just before their release. Of the 334 persons (293 boys and 41 girls) whom she interviewed in 1940, 91 per cent had been convicted of thieving in some form, and 52 per cent were orphans or had only one parent.

Boys who before or after release from the reformatory had no plans were invited to call on the social worker. Of the 201 boys seen in 1940 before their release, 53 sought help. Twenty-three—for the most part younger boys—were placed in institutions. Sixteen were sent to a vocational training school. But many older boys refused to enter institutions. Since it proved unwise to employ these boys in factories immediately upon their release from the reformatory without any rehabilitation period intervening, they were given some little financial assistance with which to start a simple business like peddling or shoemaking. If these boys showed persistence and good will, they were introduced to regular employment.

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Article 14 reads in part as follows: "When assigning judges to try juvenile cases, the Presidents of the various Courts may not follow the rules regarding the distribution of duties for a Judicial Year, but they may assign a judge to try them from among the judges or procurators of the respective courts who has sufficient experience and mild temper as well as a profound study of the sciences of criminology, psychology, sociology and education."

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633 other gradations." Very certainly in the majority of cases the
736 adoption has not been carried out in accordance with the pro-
597 visions of the Fifth Book of the Civil Code of the Government of China.[5]

These provisions do not require that adoption shall be carried out with the consent of the courts or of administrative authorities. In any event, in the absence of express powers in the hands of the Council, it was realised that any procedure which might be worked out administratively by the Child Protection Service could only be on a voluntary basis.

From the beginning of 1940 an arrangement was made with one institution which from time to time placed children in adoptive homes, that such cases would be referred to the Child Protection Service for a final approval. Follow-up visits were paid to the homes in which children had already been placed, and the results showed that in only some forty per cent of the cases were the adoptions satisfactory. It became apparent that more extensive periodical visiting was necessary, and a special social worker in the Service commenced regular visits. In the year April 1941 to March 1942, 116 homes were regularly visited. In these the situations of more than 90 children could be called thoroughly satisfactory.

Study of the satisfactory cases showed that children placed in good homes, even though often of very limited means, where they were cared for in a family atmosphere, were much better off than those remaining in institutions. No public funds for promotion

[5] Under these provisions:

The adopter must be at least twenty years older than the person to be adopted. (Art. 1073)

The relation between an adopted child and his adoptive parents is the same as that between a legitimate child and his parents, unless it is otherwise provided for by law. (Art. 1077)

An adopted child assumes the surname of the adopter. (Art. 1078)

Adoption must be effected in writing, unless the person to be adopted has been brought up as a child of the adopter since infancy. (Art. 1079)

The relation between an adopted child and his adoptive parents may be terminated by mutual agreement of the parties . . . in writing. (Art. 1080)

Where either the adoptive parent or the adopted child is found in one of the following conditions, the Court may, at the instance of the other party, terminate their adoptive relationship: (1) Where one party has ill-treated or grossly insulted the other; (2) Where one party has deserted the other in bad faith; (3) Where the adopted child has been sentenced to not less than two years' imprisonment; (4) Where the adopted child has spent money wastefully; (5) Where it has been uncertain for three years whether the adopted child is alive or dead; (6) Where other grave reasons exist. (Art. 1081)

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of a foster home programme were available. In this situation it was felt that a stimulation of the practice of adoption would be beneficial, and this policy was embarked upon. 633 736 597

In every case of adoption arranged or recommended by the Child Protection Service, documents of approval were given to the adoptive parents. These papers were granted only after all preliminary steps (including a medical examination and a subsequent six-month trial period) had been observed. The purpose of this procedure was to formalise adoptive relationships by official approval. It was hoped thereby eventually to create the conception that adoption in accordance with Chinese law should be encouraged.

There are other phases of the care of children which, it was felt, might rightly be termed the concern of the administration even in the peculiar situation in which the Settlement found itself. What is well known as family case work, the effort to assist a family to make adjustments and to solve its problems, was scarcely known in Shanghai, at least in any formal way. Many cases were known where children were delinquent, or begging, the root cause of which lay in the economic situation of the family. Often a child might well have been saved from a future life of crime if the family situation could have been solved. In general, the view was taken that, with the numbers of homeless children as great as they are, children with homes should not be cared for in institutions. Only the children in institutions had the attention of the authorities. The attention of certain social agencies, notably the Pullers' Mutual Aid Association, and some socially minded Chinese leaders, was turned in the direction of family case work as a means of serving the city's needy children.

THERE WAS AN ALMOST complete lack of recreational facilities for even the children of well-to-do parents, a consequence of the congestion in the city. There were some children's parks where younger children went, usually in care of *amahs* as nurses, and to which some more privileged older children also resorted. It was hoped that some beginning might be made with the provision in these of organised play under trained recreation leaders. A revival of a plan formerly instituted by the Joint Committee of Shanghai Women's Organisations could have obtained the use of open spaces 529 [857] 741

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735 abandonment of many children on the streets by those unable to
748 care for them. Institutions which down through the years had been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

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to find employment as a means of assisting the family, but a friend or relative could frequently be found who, if challenged to do so by a skilled social worker, was ready to help out. There were no public funds to draw upon as is normal family casework in western countries; but there was being developed family case work on the China pattern, an attempt to use the close family bonds between relatives to induce help of the unfortunate. This kind of friendly help of course goes on day after day without stimulus from without; the difference was that the Division tried to harness it for the help of children in the emergency. The second phase of home finding sought to apply more widely the experimental beginnings in adoption approved by the authorities, the plan referred to earlier in this chapter. With more social workers on the task and with a gradually growing sense of responsibility on the part of the community for its children, as many as fourteen applications by adoptive parents were made on one day in June 1942 to adopt children.

This much more extensive programme than formerly attempted —a programme induced only by the emergency which in eight months left hundreds of children for whom adjustment had to be found in the hands of police—proved the value of early experimental beginnings. It cannot of course be claimed that even this enlarged staff would be able to handle the situation. Hundreds of children would continue to be destitute and begging, hundreds dying on the streets.

THE REMARKABLE WORK which has been done by the Chinese Government and voluntary organisations in caring for the thousands of children deprived of parental care during large-scale hostilities in China from 1937 to the present time has certainly within it the germ of an adequate child care programme in the future. It is work which has been carried on through immense difficulties of finance in a period of inflation. In Free China, as in Shanghai, there is growing a recognition of the necessity for adequately trained social workers in child care. Many students prevented from returning to China by world hostilities and for the time being remaining in the United States and elsewhere are using the time to prepare themselves as specialists in this field. In West China a special course in training for child care work has been organised

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736 to commence at Ginling College in Chengtu in 1943, a co-opera-
748 tive effort of several educational institutions. Plans for the training
874 of workers at present employed in children's institutions, whose initial educational standards usually are at a level such that a university course will not be possible for them, are in process of being worked out. In Shanghai special summer schools for these employed workers, men and women who have given devotedly of themselves to the children under their care, have proved useful and stimulating. From the great catastrophe which has befallen China and its children may well arise administrative and voluntary efforts which will mean a richer life for them.

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CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable. 464

Recent studies of Shanghai dwell at length on the refugee problem following the outbreak of hostilities in 1937.[1] After five years, a hard core of refugees remained, despite consistent efforts in the spring months of 1939 and 1940 to disperse aggregations of those in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable. 727 166 464 747

In addition to those cared for in camps, hundreds of destitute persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic. 737

Toward the end of 1940 the Shanghai Municipal Council, the Salvation Army and the Shanghai Rotary Club attempted to deal 735 747

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

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that the form of court disposition could be replaced, to the advantage of the young people, by a social process. Accordingly, with the consent of the Secretary General of the Council, police ceased to send cases of victimised children to the court, except in those instances where an adult was involved, when the court concurrently ruled as to the disposition of the child. All other cases were handed over to the Child Protection Service for the most careful handling possible under the circumstances. 736 597 633 567

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435 members of the Chinese community, purchased broken rice and
262 sold it through rice shops to the needy through eight periods of
633 several weeks each. A total of 223,200 bags was distributed, the organisation making a contribution of more than two million dollars, the difference between the cost of the rice and the returns through sales at lower prices. In a similar effort to supply food to the poor, from February 1940 onward, the larger Chinese flour mills made available several thousand bags of flour daily at considerably less than the market price, to be sold in small quantities, also through shops regularly selling flour. More than two and a half million bags of flour were thus provided. Several importing firms also played their part in handing over ten per cent of all incoming flour consignments, totalling 185,000 bags, to reliable dealers for sale to actual consumers. Important as these efforts were they could not ease to any great extent the difficult situation.

●741 The very substantial arrivals of rice and wheat from the American Red Cross for relief purposes also played their part. This
262 grain was distributed to organisations caring for numbers of needy
146 people. Many refugee camps, hospitals, and institutions caring for children were the recipients of this food. The form in which the wheat came proved to be particularly suitable. It was "cracked wheat," wheat submitted to the first processes of milling only, consisting of the whole grain merely cracked. In consequence the precious germ of the wheat was still present, containing within it the important vitamin B complex which is significant in nutrition and in the prevention of such recognised dietary deficiency diseases as beriberi. The nutritional results for those fortunate enough to receive it were dramatic. Instead of gross signs of deficiency and the less dangerous but serious malnutrition which were everywhere prevalent, by comparison a glowing health appeared in institutions using the cracked wheat, though it could not provide all the needed protective foods.

435 In August 1941, the Chinese Government ruled that foreign
633 exchange would be obtainable only through its Stabilisation Board.
439 It then appeared that an instrument might become available which
262 would give the Council actual power to control prices of imported staple products other than rice which was already controlled through the agreement with the Hongkong authorities. The Board was sympathetic to the view that exchange for essential commodities

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735 abandonment of many children on the streets by those unable to
748 care for them. Institutions which down through the years had been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

876 Chinese expression which upholds the high social status of the educated. This has become a target of Communist attack, and the fight to change the minds of the people is still surging.[24]

C. Physical Education Movement

871 744 Although a specific commission has been established to promote physical education (see Chart 3), the State Council and the two ministries of education have been seriously concerned with the health of the students. This concern originates from Mao Tse-tung's instructions to promote "good health, good study, and good work." As early as April 195, Tung Ch'un-ts'ai, Vice-Minister of Education, called the attention of the nation's educators to the importance of guarding the health of the students. Tung's delcaration was affirmed by other officials in responsible positions during subsequent years, but apparently the situation was not much improved. The students remained in financial straits while the pressure of intensified courses was increased. The Ministry of Higher Education, the Ministry of Health, and the Commission on Physical Education issued in July 1954 a joint directive reiterating an earlier announcement by the Government Administration Council on "Decisions on Improving the Health of Students in Schools at All Levels."[25] However,

24. See Communist official directives on "labor-education" ibid., June 1954, p. 7; May 1954, p. 7.

25. People's Education, August 1954. p. 65.

871 it is obvious that stress on physical exercise
744 alone cannot take the place of an adequate diet.

871 Other movements launched simultaneously with the above-mentioned drives have been revived from time to time. They are indicative of the ills plaguing the educational system under the Communists in China. Language reform,[26] important to primary education and in efforts to combat illiteracy, is associated with "thought reform." The program to establish winter schools, summer schools and other special training classes for peasants, workers and soldiers is actually a part of school reorganization. Some of the most important characteristics of these movements will be discussed.

IV. SCHOOLS ON DIFFERENT LEVELS

The Communist policy for education and the movements in education are nation-wide, and subject to only minor regional variations. However a survey of the schools in East China may reveal the extent to which the Communist policy has been carried out and the response of the people in this region.

872 A. Kindergartens and Primary Schools

The development of kindergartens in the East China Region has followed the basic policies

26. See the chapter on Language in this handbook.

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Annex "A," Subparagraph 1p,
Sociological Bac' ground

HEALTH AND SANITATION

I. BACKGROUND

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Organized public health work as part of the task of the government in China may be traced back to 1902, when the Peiyang Sanitary Department was established. Because of plagues in 1911 and 1917, organizations for the prevention of epidemics also came into being. After 1927, under the Nationalist Government, there was a Ministry of Health, later reorganized into the National Health Administration. Among the six departments of the National Health Administration, one was the Department of Health Organization and Services, which promoted local health work, local sanitary projects, and local training of health personnel, and another was the Department of Epidemic Prevention, which was charged with the prevention and control of epidemic and endemic diseases, anti-epidemic services, and the manufacture of biological products.[1]

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1. China Handbook, 1937-1945, compiled by China Ministry of Information, Macmillan, 1949, p. 490.

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744 Normal development of health measures was greatly disrupted by the long and destructive war of resistance against Japan (1937-45) and the internal conflicts which followed. This was especially true in East China, where large areas were either under Japanese occupation or controlled for long periods by the successive puppet regimes. Because of the long war against Japan much of the Nationalist Government' effort in unoccupied areas was devoted to the Army Medical Service, which was affiliated with the Ministry of Military Affairs from the beginning of 1938.[2]

In May 1946, after World War II, the Nationalist Government officially returned to Nanking. Amid the manifold attempts at rehabilitation and reconstruction, the restoration and reorganization of health work was begun. Some statistics for East China are available for the years 1946-47, but it is clear that little could have been accomplished within so short a time. In 1947 there were in the five eastern provinces of Shantung, Kiangsu, Anhwei, Chekiang, and Fukien, including the municipalities of Shanghai, Nanking, and Tsingtao, 143 government health organizations at the provincial level, with a total of 6,832 medical and health personnel,

2. The China Year Book, 1938-39 Issue, Shanghai, Commercial Press, 1939, p. 652.

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657 and 388 more government health organizations at
744 the county level.[3] As to preventive medical care, in 1946 in East China 1,652 people received vaccination against smallpox, 3,116,677 received inoculation against typhoid, and 484,086 received inoculation with a vaccine to combat both cholera and typhoid.[4] These statistics are incomplete and cannot provide a satisfactory picture of health conditions in East China before 1949. However, they offer a background for an understanding of the efforts of the Nationalist Government in this field. (It should be noted for purposes of comparison that the total population in East China in 1948 was 133,139,777.)

II. COMMUNIST OFFICIAL REPORTS

The initial task in health work for the Communists in East China, as in the other regions, was to restore the originally existing public health agencies and to put them back into operation, and, then, to reorganize and mold them to Communist needs and principles.

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3. Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking, Bureau of Statistics, 1948, pp. 341, 342, 344.
4. Ibid., p. 347.

657 744 Adhering to the directives of the Central People's Government in Peking, the regional government of East China concentrated its energy on preventive work in its public health program.

On July 15, 1950, Shu T'ung, chairman of the Department of Cultural and Educational Affairs of the East China Military and Political Committee, made a progress report,[5] stating that current emphasis was on prevention and epidemic control in famine areas. In the spring of 1950, epidemic prevention corps were sent out to various flood areas. In northern Anhwei alone, according to the chairman, as many as 120,000 people were treated by the corps. In addition, epidemic prevention centers were established in Fukien, Chekiang, Southern Kiangsu, and Shantung. It was reported that large numbers of people were cured of bubonic plague in Fukien and of kala-azar in Shantung. In 1950 the Health Bureau of East China was said to have manufactured 15,000,000 units of vaccine against typhoid and cholera and 18,000,000 units of vaccine against smallpox. Also scheduled to be produced in 1950 were 110,000 cc. of diptheria anti-toxin, 75,000,000 cc. of anti-whooping-cough serums, and 200,000 units of B.C.G. vaccine against tuberculosis. The report announced that in Shanghai from January to June 1950, 4,281,811

5. Cheng-fu Kung-tso Pao-kao Hui-pien 1950 [Compendium of Government Reports 1950], Peking, Jen-min ch'u-pan she, 1951, pp. 563-64.

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657 vaccinations and inoculations for the prevention
744 of epidemics were administered. The same report stated that in the two municipalities of Shanghai and Nanking, an estimated 50 per cent of the population would be inoculated within the year.

About sixteen months later, on November 19, 1951, Shu T'ung submitted another report to the fourth session of the East China Military and Political Committee.[6] He reported first on the progress of preventive operations and then on the development of public health agencies in East China. In the whole region, he said, there were 80 preventive service units with more than 3,000 medical and health personnel attached to them. During 1951, 38,600,000 people in East China were said to have been vaccinated against smallpox and 13,670,000 people were reported to have been given inoculations against various other contagious diseases. According to the report, cholera, typhoid, dysentery, and bubonic plague were under control in the East China Region, and, even in the famine areas and the Hwai River construction projects, recurrent fever, typhoid, and smallpox had been checked. Shu also emphasized the danger of epidemics of schistosomiasis and kala-azar; he revealed no specific information about either infectious disease but stated that valuable experience had been gained.

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6. "Report on Culture and Education" by Shu T'ung, Current Background, No. 160, American Consulate General, Hong Kong, February 20, 1952, pp. 15-18.

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657 As to the development of public health
744 agencies, Shu T'ung reported that 382 county health centers serving 95 per cent of the county areas of East China had been established, and 660 ch'ü clinics had been set up in 17 per cent of the ch'ü areas of the region. (For purposes of comparison, it should be stated that the population for East China in 1953 was 162,685,262. In industrial cities such as Wu-hsi, Shanghai, and Hsü-chou in Kiangsu Province, Tsinan, Tsingtao, and the Tzu-po mining district in Shantung Province, and Hangchow in Chekiang Province, sanatoriums, health stations, and health teams were provided for the workers. According to the report, labor insurance became compulsory in 1,042 industrial units, and 1,400,000 workers and their families were covered by these benefits.

III. WOMEN AND CHILDREN

744 One of the most significant early documents of the Chinese Communist regime was the Common Program. In the Common Program, the health of women and children is given special attention in Article 48, which states, "...attention shall be paid to the protection of the health of mothers, infants, and children."[7] The Constitution, adopted on September 20, 1954, provides for

7. The Important Documents of the First Plenary Session of the Chinese People's Political Consultative Conference, Peking, Foreign Languages Press, 1949, p. 18.

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744 the physical and mental development of the young people and the rights of women in articles 94 and 96.[8] Thus in speeches and reports on health matters in Communist China, the promotion of the well-being of women and children [844] is almost always given special attention. The training of midwives, the re-education of midwives, the establishment of maternity stations and health centers for women and children, and the prevention of various children's diseases, have been particularly stressed in the East China Region as well as on a nationwide basis.

In November 1951, according to a Communist report, there were in the five province of East China 226 hospitals, health stations, and medical centers devoted to care for the health of women and children. There were also 1,152 creches for the care of children of working [844] mothers. In the field of obstetrics the report revealed that 7,614 midwives were trained and 6,249 additional midwives were retrained in modern scientific methods.[9]

Early in 1955, at the Women's Representative Conference in the municipality of Shanghai, information on the health program for the women and children in Shanghai was given in some

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8. Constitution of the People's Republic of China, Peking, Foreign Languages Press, 1954, pp. 98-99.

9. Shu T'ung, "Report on Culture and Education, "Current Background, No. 160, Hong Kong, American Consulate General, Feb. 20, 1952, pp. 15-18.

744 detail.[10] "According to statistics...175,223 female workers in factories employing 100 hands or more have enjoyed labor protection. In the last few years [each of] 125,531 workers had 46 days of maternity leave. Workshop hygiene rooms for female workers have been set up in 36 state owned textile mills. Many women at various posts obtained free medical attention and maternity leave with pay. Furthermore, according to statistics for the first half of 1954, there were throughout the city, six hospitals for women and infants, 31 health centers, and 21 health stations for women and children, and 66 joint women-children health stations.... Nursery enterprises have been greatly developed owing to the attention and concern of the Party and the government. In the whole city, there are now altogether 209 nurseries in factories, 120 nurseries and breast-feeding rooms, 119 workshop and Li lung [street] nursery stations, 355 permanent nurseries for the farming season in suburban areas, and 21 private nurseries...."

On the subject of this report from Shanghai, it may not be irrelevant to remark that in Communist China, as in the Soviet Union, women are expected to perform a great many kinds of manual labor, and only healthy women can be good laborers.

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10. Survey of China Mainland Press, Hong Kong, American Consulate General, No. 1002, p. 1-6, March 8, 1955.

IV. SCHISTOSOMIASIS AND KALA-AZAR

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164 Schistosomiasis is a fecal-borne disease caused by a parasitic flatworm, schistosoma japonicum, more commonly called the Asiatic blood fluke. Schistosoma japonicum is a microscopic organism which infests two hosts during its life-cycle. Emerging in feces from a human or other mammal host, the eggs hatch rapidly in fresh water, producing an embryo which seeks its secondary host, a type of fresh-water snail. The parasite rapidly penetrates the softer parts of the snail and encysts within its shell. When the cyst-wall ruptures, the cercaria emerges. It can exist for about two days, but will perish afterward if it has not found a host. The life cycle of schistosoma japonicum continues outside the host's body; but the blood fluke stays within the intestines, causing a debilitating disease known as schistosomiasis. The primary symptom is an irritation at the point where the cercaria bores into the skin; but this is a minor rash and unlikely to cause serious concern. The incubation period, about one month, is attended by further minor discomforts; rash, headaches, low fever, nausea, vague internal pains, and diarrhea. When the intestinal worms mature, the symptoms are intensified: itching, fever, fatigue abdominal discomfort, and enlargement of the liver. Dysentery is heavy and exhausting. During the acute stage, exercise aggravates the symptoms of the disease. Once this period of three or four months is over, schistosomiasis, like

744 syphilis, appears to vanish, although it actually
164 enters upon a chronic stage which resists treatment. The symptoms do no reappear for months or years, but they are serious when they do: loss of weight, great enlargement of the spleen, anemia, swelling of the ankles, cirrhosis of the liver, dysentery, and dropsy. The disease is often fatal, though sometimes under another guise, as when the lesions cause intestinal cancer or when pneumonia attacks the weakened victim.[11]

Nine provinces in East and Central-South China are subject to this disease because of the climate favorable to its conditions, and its close association with rice-culture.[12] But it is most serious in East China, particularly along the middle and lower parts of the Yangtze River and along the Ch'ien-t'ang River in Chekiang.[13] Although human beings are the chief victims of this disease, domestic animals sometimes are affected. One report made in 1951 states that in 100 counties (which amounts to one-fourth of the total number of counties in East China) of the four provinces of Kiangsu, Chekiang, Fukien, and Anhwei, there were 10,000,000 people

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11. Frank A. Kierman Jr., The Fluke that Saved Formosa, Cambridge, (M.I.T.), 1954, pp. 6-7.

12. J. C. Scott, Health and Agriculture in China, London, 1952, p. 41.

13. Chi h-fang Jih-pao [Liberation Daily], Shanghai, April, 7, 1950, p. 5.

744 suffering from schistosomiasis. In one village
164 in southern Kiangsu, 97 per cent of the total population were victims of schisotosomiasis.[14] The disease spreads very rapidly among the farming population, causing a high death rate and hampering agricultural production. The report also reveals that in 1949, among 41,589 members of the "Liberation Army" stationed in the suburbs of Shanghai, 13,284 men contracted this disease.[15] For this reason, schistosomiasis has a high priority in medical prevention work in the health program of East China. In 1952, students and faculty members of the medical schools in Shanghai and Hangchow were mobilized during their summer vacation to treat sufferers in rural areas.[16] According to a regional progress report covering a period of two years prior to November 1951, there were more than 10,000,000 people suffering from schistosomiasis in East China, of which only 14,000 were cured.[17] In a recent issue of the medical journal of the China Medical Society, a Communist organization, it is reported that 17 specialized preventive agencies, 61 health stations, and 132 medical units, with a working force amounting to 3,000 have been established to combat schistosomiasis in East

14. Ibid., January 6, 1952, p. 3.
15. Ibid., March 6, 1952, p. 3.
16. Ibid., March 6, 1952, p. 3.
17. Current Background, Ibid.

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China. According to the same source, 55,355 people were cured in 1953, and much research on the menacing disease is said to be in progress on the China Mainland.[18]

While the four southern provinces of East China suffer from schistosomiasis, Shantung in the north is exposed to a different communicable disease, kala-azar, more commonly called black fever. Kala-azar is a severe, commonly fatal infectious disease caused by a parasitic protozoan and characterized by fever, progressive emaciation enlargement of the spleen, and anemia. While schistosomiasis spreads along the Yangtze River, kala-azar is found along the Yellow River and along the route of the Lung-Hai Railway. In a 1950 report on Shantung Province, 700,000 cases of kala-azar were recorded.[19] In October 1951, Li Teh-ch'üan, Minister of Health of the Peking regime and widow of General Feng Yü-hsiang, made a report on epidemic prevention work. Eight medical centers specializing in the prevention and cure of kala-azar had been established, she said, and measures to exterminate the carriers of the disease (particularly

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18. "Chung-kuo Tsai Fang-chih Hsüeh-hsi-ch'ung-ping Wan-t'i Shang So K'ai-chan Ti I-hsieh Yen-chiu Kung-tso" ["Some Research Work on Prevention of Schistosomiasis in China"], Chung-hua I-hsüeh Tsa-chih [Chinese Medical Journal], Peking, July 1955, pp. 610-14.

19. Compendium of Government Reports, p. 632.

744 a mosquito known as pai-ling) had been adopted.[20]
164 A progress report given in November 1951 revealed that in 1950-51, 300,000 people were suffering from kala-azar in Shantung, of which 60,000 were cured.[21] Recent Communist reports indicate that many experimental research projects for the control of kala-azar had been established. In East China, the same source reveals, 220,000 sufferers were cured in the period 1950-54, 3,259 rural doctors were mobilized to receive special training, and 1,058 prevention units were organized.[22]

V. THE PATRIOTIC HEALTH DRIVE

744 In order to integrate health work with the mass propaganda drive against the so-called bacteriological warfare of the United States, the Chinese Communists launched the Patriotic Health Drive in 1952. It was animated by the fighting in Korea and became a part of the Resist-America-Aid-Korea Movement. It proved so economical to the government and so successful that it was established as an annual health drive. The purpose of the movement is, in short, to solicit and obtain free labor in the

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20. Liberation Daily, Shanghai, January 6, 1952, p. 3.

21. Current Background, Ibid.

22. "Hsin Chung-kuo Hei-je-ping Fang-chih Chi Yen-chiu Kung-tso Ti Chu-yao Ch'eng chiu" [Some Principal Achievements in the Research and Work on the Prevention of Kala-azar in New China"], Chung-hua I-hsüeh Tsa-chih [Chinese Medical Journal], Peking, July 1955, pp. 606-09.

744 name of patriotism for the cleaning up of cities and rural areas and for the general improvement of environmental hygiene.

In East China, as in all the other regions, the Patriotic Health Drive was launched with much zeal and fanfare. Not only were medical workers mobilized, but also teachers and students, as were members of organizations and factory employees. The main tasks which the people were called upon to perform can be classified into three general categories: (1) the extermination of harmful carriers of diseases, such as rats, mosquitoes, flies, fleas, lice, and bed bugs; (2) the improvement of environmental hygiene -- the dredging of stagnant ponds, the disinfecting of drinking water, and the improvement of sewage systems and public comfort stations; and (3) the betterment of sanitary conditions in public places, such as barber shops, restaurants, and the stands of food vendors.

The Communists report that by the middle of 1952, in a period of about three months, some 9,295,000 people in Shantung took part in clean-up projects, and in four municipalities and one special district in that province 241,600 tons of refuse were removed.[23] In Yang-chou, it was said that refuse left since the T'ai-p'ing

23. Liberation Daily, June 20, 1952, p. 3.

744 regime (1851-65) was finally removed.[24] A house to house inspection of cleanliness in Wenchou, Chekiang, showed that 92 per cent of the households inspected were classified as clean or partially clean and that only 8 per cent were found to be unclean.[25] In Ningpo, Chekiang, the result of a similar inspection of 35,000 households gave 66 per cent as clean, 26 per cent as partially clean, and only 8 per cent as unclean.[26] Nanking and Tsingtao were both judged to be model cities by Communist standards.[27] It was reported that Nanking had almost completely rid itself of bedbugs. One village in the Nanking suburbs was awarded the title of "First Class Model Unit." This village was instrumental in initiating a patriotic winter health drive early in 1953 and led in the movement to destroy fly and mosquito larvae.[28]

Shanghai, where Communist authorities imitated public health measures practiced in the International Settlement, had more regulations for health control. Restuarants, vendors of cold foods and drink, and drug stores were required to have business permits. In the promotion of the new Marriage Law, the Shanghai Municipal Government also began to require pre-marital

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24. Ibid., Feb. 4, 1953, p. 3.
25. Ibid., June 20, 1952, p. 1.
26. Loc. cit.
27. Ibid., Feb. 4, 1953, p. 3.
28. Jen-min Jih-pao [People's Daily], Peking, Feb. 5, 1953, p. 3.

744 medical examinations along with marriage registration.[29] On August 25, 1952, the Municipal Government of Shanghai published a set of regulations governing the raising of pigs in Shanghai. The regulations stipulated that within the city limits of Shanghai, the keeping of pigs were absolutely prohibited; in the suburbs, it was allowed only under particular circumstances; even in the rural areas it was possible only if certain conditions were met.[30]

Early in 1953, when the Communist government called for the revival of the Patriotic Health Drive, the head of the Bureau of Public Health of the East China Administrative Committee summarized the outcome of the movement of the previous year. Clean-up campaigns in the rural areas were more effective than health drives in the cities, he said, and workers in the suburban areas did better than those who attempted to clean up the central districts; the ordinary inhabitants did better than members of organizations, schools, and factories, and some cities did a better job than others. From January to September 1952, according to enthusiastic Communist sources, the number of acute contagious diseases in Shanghai was reduced by 26.8 per cent of the number reported for the same period in 1951.[31]

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29. Liberation Daily, Dec. 21, 1952, p. 4.
30. Ibid., August 26, 1952, p. 4.
31. Ibid., February 4, 1953, p. 3.

V. OBSERVATIONS

847 1. In East China, infanticide is still practiced in certain areas. It is not only a serious matter but shows the complexity of the social problems and the uneven development in different parts and communities of China. It was revealed that in the province of Anhwei, according to incomplete statistics for the first half of 1952, the number of infants abandoned and killed totalled 1,972, and that the majority of them were female infants. The Communists blamed this situation on inequality between the sexes, superstition, and the feudal system of the old society and "feudalistic ideas" about marriage.

744 657 2. A few months after the beginning of warfare in Koreas in 1950, the Communist government in Peking passed an act to assume control of all cultural, educational, relief, and religious institutions which had been subsidized by United States financial sources. The total amount of the subsidy was given as $41,900,000, and of this amount 14.7 per cent was used for medicine and health. The number of hospitals financed by the United States[32] was given as over two hundred. According to an investigation made by the Japanese East Asiatic Research

32. Compendium of Government Reports, p. 188.

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744 Institute (Tôa kenkyujo) on foreign investments
657 in China during World War II, there were 73 medical and health institutions supported by United States financial sources in the five provinces of East China.[33] Coastal provinces with treaty ports such as Shanghai, Nanking, Ningpo, and Foochow, long under western influence, had a large share of the subsidy.

A number of public health organizations which the Chinese Communists count as their own were taken from American hands in 1950, as were other health organizations supported by other foreign sources at a somewhat later date. In the evaluation of recent statistical data on public health on the mainland of China, this factor should be kept in mind. The lack of information on such matters as the number of hospitals beds and the number of inpatients and outpatients precludes accurate evaluation of Communist published materials. Furthermore, nutrition is just as important to good health as preventive medicine. Insufficient food and malnutrition, which seem to be prevalent in Communist China but receive little mention in Communist publications, may nullify all their efforts in the field of health and sanitation.

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33. Tâo kenkyujo, Sho gaikoku no tai Shi toshi [Foreign Investments in China], Tokyo, 1943, pp. 530-38.

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527 as the chief speaker, exhorted the children to
858 cultivate strong bodies, to master the Chinese language, to study science, and to love the fatherland and chairman Mao. On the evening there was a campfire gathering of some 6,000 children with a number of government and political leaders, fighting heroes, labor models, scientists, and artists as guests. On this occasion, there was a meeting of young scientists at the Sino-Soviet Friendship Association and a health exhibit in the Municipal Children's Health Center. The New China Bookstore offered a special ten per cent discount on all children's books.[32]

744 A mid-year report in 1952 on the progress of child welfare and related work in East China since 1950 claimed that 160 health centers, stations, and mobile teams for women and children had been established and over 10,000 midwives trained or re-educated. In the same period, according to the report, about 19,000,000 children were vaccinated against smallpox and 70,000 were given B.C.G. shots. Several million people were said to have visited the 46 health exhibits for women and children held in
747 East China. The report further claimed that 5,000 creches had been organized in the rural

32. Chieh-fang Jih-pao [Liberation Daily], Shanghai, June 2, 1952, p. 1.

000 slums were as acutely bad in Shanghai as anywhere else in the world.
369 Living standards among the Chinese were correspondingly low. A
511 British visitor to Shanghai in 1843, one month after the founding of the foreign settlements, gave as his opinion in an account of the city that "in no other country in the world is there less real misery and want than in China."[13] This may be taken as a reflection of the state of Europe in 1843, and as a measure of what the second half of the nineteenth century, beginning with the Taiping Rebellion, did to China, but it also shows what happened in Shanghai (as it had happened in eighteenth-century England) when the industrial revolution came to a peasant society. Factory conditions and slum housing were bad, but scarcely worse than the condition of perpetual
[764] refugees who had neither factory nor slum to go to. In 1935, a comparatively peaceful year in China, the Shanghai Municipal Council collected 5,590 exposed corpses from the streets of the International Settlement alone. In 1937 the figure reached 20,746.[14]

369 An effective public health program under such conditions was
744 impossible, and foreign residents lived in constant fear of epidemics. Cholera, smallpox, typhoid, dysentery and plague recurred periodically, and cases could not be restricted to the Chinese. The Council's attempts to improve the public health situation were also hampered by foreign and Chinese property owners. A code of public health laws was submitted to the Ratepayers' Association as early as 1903, but was voted down by "those with vested interests."[15] Later attempts met with similar obstruction, and nothing was ever done on the scale called for. Money dominated Shanghai, and everything gave place to it.

369 Even by 1941, however, it was still possible to walk from the center of the Bund to the unchanged agricultural countryside in three or four hours. It was less than ten miles, and the rice paddies and peasant villages could be seen clearly from any of the city's tall buildings. This was one of the sharpest and most dramatic boundaries in the world. Traditional China continued unbroken almost to the limits of the foreign settlements. It was hard to see there any sign of Shanghai's influence. The final proof of that influence came with the entry of the Communist armies into Shanghai in 1949.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

648 but until the occupation of the Settlement by Japanese forces in
633 1941, this document, the Settlement's constitution as it were, remained practically unchanged. Any change in Byelaws required the consent of a special meeting of ratepayers with a stipulated quorum of the Consular Body in Shanghai, of the Diplomatic Body. Changes in the Land Regulations required approval of the Chinese Government. A Chinese Government which resented the existence of areas alienated from its control refused to contribute to the perpetuation of foreign administration by agreeing to changes in Land Regulations. Thus for several decades prior to 1941 the Council had to proceed under an archaic set of constitutional powers. It possessed no specific power to deal with labour and social issues. After the occupation of the Settlement by Japanese
722 forces and the consequent coming under Japanese direction of the
633 whole Council administration, pseudo-changes in the Land Regula-
648 tions were considered. No final information is available on this matter, but presumably the form would be gone through of submitting them to a Council which was under Japanese influence, to a compliant Consular and Diplomatic Body consisting of Axis and neutral representatives, and to the Japanese-sponsored Chinese Government in Nanking, whose consent to changes could, it is assumed, be obtained. By this procedure a semblance of legality would be sought. Whether legally obtained or not, the Nanking-stated First Special District Court in Shanghai would apply byelaws derived from newly assumed basic powers in the Land Regulations.

The Organic Law Governing Municipalities promulgated by the Chinese Government in 1930 by comparison granted wide powers to municipalities created by that Government. In particular, Sub-section 5, Article 8 of this Law gave to municipalities the power to administer and bureaucratically to enforce provisions relating to labour.

633 Possibly because of the lack of enabling byelaws, but possibly
364 also because concern with industrial and social issues came late in
744 China itself, the Council's consideration of certain types of social
[625] problems was late also. It was natural that the first municipal emphases historically were logically on the maintenance of public order through police services; on the provision of public health services in a country where modern ideas of sanitation have lagged

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

and where virulent disease is endemic; on the development of highways, sewerage and drainage systems; and, through franchises, on the supply of public utility services. Thirty years ago, however, it became evident that Shanghai was coming to be an important manufacturing city, and that a large industrial population would arise, brought to the city from rural areas by the hope of securing employment. The necessity, therefore, for concern with the social problems everywhere associated with a large industrial populace grew more urgent with the years.

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IN THE 1920'S FIRST EFFORTS were made by the Shanghai Municipal Council to regulate industrial conditions with the attempt, in 1925, to obtain passage of a byelaw which would limit the age of commencement of work for young people to 10, rising later to 12 years.[1] Until April 1941 the limitations on the Council's powers necessitated the summoning of a special meeting of ratepayers (voters) to alter or to add to any byelaw which might permit the Council to exert authority, provided it were not incompatible with the Land Regulations. Two special meetings of the ratepayers in 1925 lacked the necessary quorum of voters. The byelaw could not be passed.

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Chinese residents in the Settlement subordinating social to patriotic motives opposed the proposed byelaw, for they did not desire the extension of the Council's powers into realms not specifically provided for in the Land Regulations and existing Byelaws. The year 1925 antedated the rise of the Chinese National Government which was to show a lively concern in labour matters, and at that time the Peking Government took only a perfunctory interest in the regulation of industrial conditions. On political grounds even socially minded Chinese leaders in the Settlement opposed the Council's assumption of control over labour conditions, notwithstanding that the issue was a humane one of preventing the exploitation of children. Although under the Land Regulations, attendance and voting at ratepayers' meetings were prerogatives of foreign (i.e. non-Chinese) ratepayers, this Chinese point of view was nonetheless forcefully made known in the Chinese press which has always freely criticised the Settlement administra-

[1] "Toward the Regulation of Child Labour," *Bulletin No. 1.* Joint Committee of Shanghai Women's Organisations, 1926.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

633 466 where most of this work was done, and the absence of suitably impervious flooring which would enable the chrome salts to be removed from floors, frequently caused workers able to afford only cloth shoes and without protective covering for the legs to develop bad ulceration of the limbs. Once a skin lesion occurs, the generally insanitary conditions contribute to its aggravation. By 1935, as a result of insistence by the Industrial Division, no known plating vat of the more than fifty shops engaged in this type of plating was without suitable exhaust to withdraw fumes, thus reducing the danger of pierced septa. Efforts were made also to insist that workers should wear rubber gloves and leg coverings.[14] The polishing of metal articles with carborundum powder on cloth wheels in the plating shops constituted a further health hazard, because of the workers' inhaling and swallowing metal dust. The installation of an adequate exhaust to remove the dust at the point of origin was both expensive and physically difficult in the crowded conditions of many under-sized premises.

751 466 633 744 There are specific health hazards in industry such as those which have been mentioned—the use of chromium salts, the handling of lead in charging storage batteries, in typefounding and in printing shops, in the use of cellulose spray paint and so on. But the general insanitary conditions probably constituted a greater total health hazard for the whole body of workers, and the practice of giving food as a part of earnings was often responsible for widespread dietary deficiency diseases if the food lacked essential vitamins. The nutrition problem in factories is discussed in a later chapter. The Division accordingly felt the necessity of organising services to ensure that there was regular concern with the general sanitary conditions on the part of those employed by the industrial enterprises themselves. The occasional inspection visit of a factory inspector was quite insufficient to secure regular consistent supervision in such elementary matters as the provision and proper care of sanitary accommodation, the clearing away of accumulated rubbish, the daily cleaning of premises, or the washing of windows to permit the entrance of light to working places. Some factories, particularly the larger cotton mills, had for some time employed a doctor or a nurse or both. But these were seldom personnel of first class calibre, and they saw their task narrowly as being con-

[14] See also Chapter IV, pp. 66 and 67.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

cerned with sick employees only rather than concomitantly in insisting on healthful conditions of work. These doctors and nurses were gathered into conferences by the Division and under its influence their concepts of their tasks widened. Their authority in the plants grew, backed by the interest and authority of the medical officer in the Division.

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But there were many plants which could not afford the full-time services of a doctor and a nurse, and no measures of a health insurance nature made available a health service for the community. Facilities in outpatients' departments in hospitals were not sufficient in Shanghai to meet all the needs, and only in rare cases were they made use of for the dressing of wounds or for minor ills of industrial workers. Distances were too great; loss of wages in attending outpatients' clinics were deterrents to most workers. Yet many who continued to work were in need of help. Many women engaged in textile operations had large sores on the legs. Originally perhaps caused by the bite from an insect—bed bugs infest most houses—they had become infected, and the long standing at a spinning frame or at a loom aggravated the lesion and prevented healing. Where were women employed in the smaller textile plants to get attention? Where could the initial stages of beriberi be detected, and how could the management of a factory be warned to improve the diet of the workers?

The machinery which was evolved to give workers in smaller factories some clinical assistance, to arrange regular physical examination of workers and regular supervision of the sanitary conditions was the co-operative clinic. Three had been organised up to August 1942. Two were clinics with a fixed location, centrally placed in relation to some 25-30 factories employing 2500 to 3000 workers. There a doctor and nurses were in attendance and workers came for attention. The third was a mobile clinic; a nurse made the round every day of a group of related industries in a neighborhood. This clinic served six coal briquette factories, and so successfully that a seventh asked that the nurse's services be extended to that enterprise also.

The clinics were controlled and financed by the contributing member factories, with the Division's medical officer as adviser. The cost in August 1942 was CRB $1.50[15] per month per worker,

[15] See Chapter IV, note 2.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

751 with an entrance fee of CRB $3 per worker. The members of the committees which met regularly to consider matters in connection
466 with the clinics became by this very process more and more
633 informed and interested in the health of their employees. Con-
744 tributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 To a western observer a discussion of industrial conditions
633 must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission.
464 There are fewer children at work now than there were then. They
633 are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

511 basis but contrary to usual practice in cases involving infraction of
633 a Byelaw. A judgment of three months' imprisonment was handed
427 down in one case where the accused was charged with taking $20,-000 key money. When the sale of furniture and fixtures was involved, valuation by the Court's valuers was obtained, on the basis of which a case was instituted if it was found that the sum asked in the transfer of premises was greatly in excess of the value of these items. It will take a considerable period before key money will become recognised as being illegal, and there will always be cases where payments are made secretly. There will always be those ready to pay illegally for what they cannot obtain otherwise. Nevertheless a beginning was made in destroying the value which accrues to the tenant from the mere holding of a tenancy. Related to the question of key money was the provision in the licence to sub-let that not more than one month's rent could be collected in advance. Without such a provision a lump sum payment could be passed off as rental in advance, though monthly rentals would, in fact, also be collected.

362 The licence to sub-let aimed also at improving actual housing
633 conditions. It required that the kitchen in a house might not be sub-let for residential purposes. It provided that passages must be kept free and rear and front entrances available for use at any time. If conditions become such that housing shortage becomes less acute, the instrument of licence could be used further to require improvement in housing conditions. Use of lofts as living accommodation, for example, might ultimately be forbidden.

• 744 There exists another instrument which might be invoked. A
362 proposal by the Council to prevent overcrowding was approved in the form of a Byelaw by the Ratepayers' Meeting in April 1941. For years its necessity had been admitted, but difficulties in obtaining a quorum of ratepayers had prevented this and other needed reform measures from securing formal approval. It was understood that the Commissioner of Public Health would apply the Byelaw with discretion, at first only in the most flagrant cases, because of the housing shortage.[6] Nevertheless its existence provided an instru-

[6] *Byelaw against overcrowding*: "Every building or any part thereof found to be inhabited in excess of a proportion of one person for every thirty square feet of habitable floor space, or superficial area, and four hundred cubic feet of clean and unobstructed internal air space shall be deemed to be overcrowding, and the householder shall be liable to penalty or fine not exceeding twenty-five dollars."

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

ment in urgent cases, and it brought the Settlement into line with municipal administrations elsewhere in that provision existed under which action could be taken. 362 744

It is obvious that an overcrowding such as has been described cannot mean adequate life for those who must submit to it. Tuberculosis incidence rose sharply in Shanghai in the years following 1937 when congestion was so great. Many virulent diseases such as smallpox, cholera, and in recent years typhus, are endemic and their spread, despite the prophylactic efforts of public health authorities in encouraging vaccination and inoculation, was obviously assisted by crowded conditions. Moreover, the chapter on food and nutrition will show a corollary of housing congestion, when even the kitchen in houses which are inhabited by many families is often sub-let, is that there are no proper facilities for cooking. Food therefore cooked in small foodshops or by itinerant vendors forms the basis of the meals of many families. Proper nutrition is impossible under such circumstances. Again, most alleyway houses have been built without sanitary accommodation. Every family must then have its wooden bucket in the room which is its only living room. Public toilets are insufficient for the people's needs and there is consequently frequent befouling of the alleyways. The wonder is that under such housing there exists in Shanghai a self-respecting fine population, maintaining a personal cleanliness almost incredible to believe in the ruling circumstances. For them surely a better housing opportunity must be presented after hostilities have ended. 166 744 362

THE SHANGHAI OF THE future will not be the divided authority it has been in the past. The two former foreign-administered areas will presumably come under the general authority of the Chinese City Government following the retrocession of the Settlement to Chinese administration by Great Britain and the United States. The development of proper transportation systems connecting the Settlement and Concession with the surrounding areas previously under the City Government must be an early consideration. They will open up areas for residence unavailable till the present because of their inaccessibility by cheap means of transport. The Shanghai of the future will, too, it is hoped, be planned on modern lines, where adequate authority will permit proper controls over 000

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

THE PUBLIC HEALTH DEPARTMENT of the Shanghai Municipal Council exercised constant and vigorous supervision over the food supplies of the Settlement. Both incoming livestock and meat supplies were carefully inspected, the erection of a modern abattoir by the Council in the last decade having materially contributed to a sound meat supply. Dairies increased in number, and, through the efforts of the authorities, improved in quality. The sale of milk was under strict control. Positive measures were taken to induce dairies to use modern procedures. Market produce was inspected daily, both on its way into the city from outlying farms and after it had been placed on sale; food vendors on the streets and all food shops and stalls were subjected to licence and supervised. Bakeries also came in for close attention. In short, all that could be done to reduce food contamination, and hence to limit the incidence of germ-borne disease, was done by the authorities. 744

IN THE LAST DECADE interest has been growing in China in the study of nutrition. Much useful scientific knowledge has been accumulated, particularly through the work of scientific investigators associated with the Henry Lester Institute of Medical Research, the Peking Union Medical College, and Yenching University. The existence in Shanghai of large camps of destitute refugees after the outbreak of hostilities in 1937 gave scientists a sad but useful opportunity to study the results of various minimal diets. Little of the available knowledge had received popular attention in the city. 654 816

Reference has been made to the fact that workers in many industrial undertakings, and indeed in many commercial enterprises, were housed and provided with food where they worked.[3] In larger plants food might be bought, cooked and served by the factory. In smaller ones the supply of food to workers was undertaken by a *pao fan-ti*, who delivered to factories food cooked elsewhere. Remuneration has been, then, for many workers partly in food. Under these circumstances it is important that a knowledge of nutrition, and of the effect of malnutrition on the health of employees, should be general. There has been a general acceptance of the obvious fact that if workers are not properly fed—and improper feeding is commonly associated only with insufficient food 146 164

[3] See Chapter IV.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

146 before the even worse situation following Pacific hostilities, signs of
164 deficiency disease were apparent even among workers fortunate
435 enough to have full-time employment in factories.

262 There is much work for the Shanghai authorities of the future to do in the matter of food. The Public Health Department's long history of supervision of the city's food supply, its war against flies
• 744 and fly-borne diseases, has represented one phase of the food issue.
146 The Supply Committee's efforts to obtain actual supplies represents a second. Instruction, particularly of employers, in the nutrition aspects of food supplied to workers is a third necessity. The food intake of workers in certain factories where workers are both housed and fed has been analysed in the past and found to be woefully lacking. The attention of certain managements was called to this situation, and some improvement resulted.

The managements of 16 factories where doctors or nurses are employed were induced to keep records of food supplied with a view to seeing how near it came to nutrition standards. In 37 other plants also records were kept. Through these means there should in future be a decrease in dietary-deficiency diseases. Though the provision of food as part of earnings is to be deprecated, it is possible by this means to control for his good the worker's food much more easily than if individual housewives have to be taught what to do. On the other hand, unless the group feeding is right feeding, a whole working force can develop deficiency diseases. In the sense that workers had no option in many cases but to accept the food which the employers provide, it can be said that where deficiency disease resulted therefrom their wage was in fact disease.

THE NECESSITY FOR the education of management, workers, and the public generally in the foods which should be eaten to ensure health and prevent frank deficiency diseases was recognised by the Division. A film was in the making when Pacific hostilities caused suspension of the effort. Two western industrial enterprises and one Chinese had agreed to provide the $10,000 necessary for the film production. A food exhibit had been planned in co-operation with the Chinese Medical Association to take place in the industrial district. It was designed to demonstrate through graphic means the results of wrong feeding. The public would well be able to recognise in pictures the gross deficiency diseases which they

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

could see around them every day—the swollen legs of beriberi, the serious eye affections sometimes producing blindness; what they had to be told by poster methods was that these were the results of vitamin deficiencies, and what should be eaten to avoid them. 744 146

This attempt at visual education, cut off by the war, may well be pursued in future. It would be one of the activities of a Nutrition Division of the Department of Public Health. It is certain that if the United Nations plans in the food realm mature, every country including China will have administrative nutrition programmes to safeguard the nation's health. These programmes will be planned nationally and will come into a distinctly active phase at the city level. A Nutrition Division in the future will surely refuse to permit deficiency diseases to hold sway, will insist that whatever methods of control are necessary will be taken to ensure that rice fresh enough to prevent beri-beri is available to people in the city. The opportunities, given peace and restoration of Chinese sovereignty in Occupied China, are endless.

465 revealed that in 1951 the bank had nearly six
454 times as many depositors as in 1950, and the majority of these depositors were industrial workers.[36] The increase of deposits was not necessarily an indication of an increase in earnings; it represents the system of "compulsory savings" which the Communists used to prevent inflation and to cope with the scarcity of consumer goods in Communist China. After "voluntary" contributions and compulsory savings, there was little money left for the workers to spend. Accordingly, the Communist reports of an increase in the standard of living are somewhat suspect.

VII. LABOR WELFARE

A. Labor Insurance and Health

745 The Chinese Communist promulgated Labor
466 Insurance Regulations in March 1951 and revised them in January 1953. At first, they were applied only to enterprises employing one-hundred or more workers. After revision, the regulations were broadened to provide insurance for small enterprises. By the end of 1954, more than 5,380,000 workers in Mainland China had been insured against losses caused by death, old age, illness, and disability.[37] Workers' hospitals, sanitoriums, rest homes, and creches were established under the labor insurance regulations.

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36. NCNA, Shanghai, October 7, 1954.
37. People's China, May 1, 1955, pp. 3-5.

745 466 In East China, Shanghai was a showcase for Communist labor-welfare; marked improvements in working conditions had been made since 1950. There were 189 sanitoriums and rest homes in that city, and 96 hospitals in Shanghai were giving free medical treatment to workers in 600 industrial enterprises.[38] In Tsingtao, there were two large rest homes, each with 48 rooms, for textile workers.[39]

The procedure for applying labor insurance benefits was complicated. For example, a worker in a Shanghai textile factory who asked for insurance benefits when sick was told that he had to show certificates from his doctor, from the chief of his department in the factory, and from the labor insurance cadre of his union, and that his application must be discussed and ratified by his department and by the trade union. He was so bewildered by the complications that he forfeited his rights to the benefits. Cases of this kind are reported to be very common in China under the Communists.[40]

B. Labor Safety and Industrial Accidents

466 The Chinese Communists claim that the Central People's Government in the period 1949-53

38. NCNA, Shanghai, Nov. 23, 1954; Jan. 18, 1955.

39. Liberation Daily, Shanghai, Sept. 20, 1952, p. 5.

40. China Weekly, May 24, 1954, p. 15.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
per cent of his earnings for the rent of his vehicle. The large
427 number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
the rental should be fixed by the Council, and that, in order to
745 form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first

believed impossible.

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Annex "A," Subparagraph 1q,
Sociological Background

PUBLIC WELFARE

I. INTRODUCTION

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Under the Nationalist Government during the war years (1937-1945), the first and foremost agency in the work of public welfare was the National Relief Commission. It was the pivot upon which China's machinery of relief and rehabilitation depended. Through its various efforts from 1938 to 1944, some 30 million war and famine refugees were benefited.[1] In addition to immediate war and disaster relief, it operated clinics, occupational relief works, and organizations for the training and care of children. A number of private and semi-private welfare and relief agencies were also active, most of them founded to meet war-time needs.[2] For women and children, there were the National Association for Refugee Children, the National Child Welfare Association of China, and the Women's Advisory Council. For servicemen, there were the Friends of the Wounded Society and the YMCA Emergency Service to Soldiers. And for general war work there were the China Wartime Relief Association and the National Chinese Women's

1. China Handbook 1937-1945 compiled by Chinese Ministry of Information, New York, MacMillan, 1947, pp. 521-37.
2. Ibid.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 Association for War Relief. Foreign agencies
746 such as the United China Relief and the American Red Cross in China, and British and Canadian contributions distributed through various media, also helped to aid China in her distress.

The Ministry of Social Affairs as a department under the Executive Yuan of the Nationalist Government was established in November 1940. Throughout the 1940's, during the war years in Chungking as well as in the postwar years in Nanking, this ministry led and guided the development of public welfare and helped to co-ordinate the work of the relief and welfare organizations. The following chart will give some idea of the state of public welfare in 1947 in East China.[3]

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3. Chung-hua Min-kuo T'ung-chi Nien-chien [Statistical Yearbook of China], Nanking, Bureau of Statistics, 1948, pp. 365-72.

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RELIEF AND WELFARE ORGANIZATIONS IN EAST CHINA

June 1947

Province	Relief Organizations	Farmers' Welfare Societies	Child Welfare Units	Social Service Offices	Employment Agencies	
					Independent	Auxiliary
Kiangsu	12		21	7	1	
Chekiang	202	30	136	168	21	20
Anhwei	54	20	37	18	2	
Shantung	1		1	2	1	1
Fukien	218	41	130	337	31	
Nanking	15		10	1	1	1
Shanghai	95		107	1	2	1
Tsingtao	97	1	33			
Total	694	92	475	534	59	23

731 As to man-made disasters, one report claims that during five years of Communist control more than 200,000 people lost their lives in Shanghai alone through such Communist drives as the Three-Anti and Five-Anti campaigns and the counterrevolutionary purges. Another 640,000 of the city's population are reported to have been jailed or sent to labor camps.[10]

III. COMMUNIST RELIEF AND WELFARE ORGANIZATIONS

746 Following the Hwai River flood of 1949, the Central Relief Committee was formed (February 1950) under the Government Administration Council as a temporary but integral part of the Ministry of Internal Affairs. Later, similar committees were set up in the provinces and municipalities. Their existence, on the whole, has been in name only, according to an anti-Communist report, and it is asserted that they have accomplished little relief work.[11]

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10. Ch'un-mo Luan-wu Ti Shang-hai-shih [Shanghai Where the Demons Dance in Confusion], Taipei, 6th Section of the Central Committee of the Nationalist Party, 1954, p. 38.

11. Relief Work Under the Chinese Communists (pp. 5-6), published in Taipei, lists all the welfare organizations described in this study. Reference to the same organizations are to be found in Jen-min Shou-ts'e [People's Handbook], 1955, a Chinese Communist source.

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747 During the convention of the All-China People's Relief Conference in April 1950, the People's Relief Administration of China was organized as the successor to the China Liberated Areas Relief Administration. This was not a government department but a "People's" organization. Soong Ching-ling (Sung Ch'ing-ling or Madame Sun Yat-sen) was elected chairman. This organization took over all charities sponsored by the United States after the outbreak of the war in Korea, and four years later was reported to be maintaining branch offices in twenty-three large cities throughout China. In the East China Region, branch offices have been established in Shanghai, Nanking, Hangchow, Foochow, Wu-hu, Tsinan, and Tsingtao. There have been meetings and conferences, but the only actual relief work reported to date has been the collection in 1950 of 6,800,000 outfits of winter clothing for the flood refugees in northern Anhwei.[12]

746 Due to the seriousness of growing unemployment, the Labor Employment Committee was established in July 1952 under the Governmen Administration Council. Regional Labor Employment committees were established by August of the same year. Later, similar committees were formed on lower administration levels in

12. Jen-min Shou-ts'e 1955 [People's Handbook 1955], Tientsin, 1955, pp. 396-97.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 in the provinces, counties, and municipalities.[13]

747 The Red Cross Society of China has had a history of fifty years. In August 1950 the Communists assumed control and reorganized it under the leadership of the Ministry of Health. It has done more medical work than relief work, especially at construction projects where large numbers of laborers congreg ted.[14] In the East China Region, the ministrations of the reorganized Chinese Red Cross have been concentrated on the work sites of the Hwai River flood-control project in Anhwei and northern Kiangsu.

In June 1938, during the war of resistance against Japan, the China Defense League was founded in Hong Kong by Soong Ching-ling. It acted as a channel for international aid chiefly to bring medicine and relief to Communist bases. In 1941, its headquarters was moved to Chungking. After the establishment of the Chinese Communist regime, this organization changed its name to the China Welfare Institute (August 1950) with its headquarters at Shanghai.[15] Since January 1952, the China Welfare Institute has published an international, propaganda-disseminating, bi-monthly magazine in English -- China Reconstructs.

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13. Relief Work Under the Chinese Communists pp. 6-8.
14. Ibid., p. 10.
15. Ibid., p. 8.

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747 The Chinese People's National Committee for the Protection of Children was formed on November 26, 1951 at Peking in response to the call issued at the Berlin conference of the International Federation of Democratic Women. The head of the Chinese organization is Soong Ching-ling. The principles of this committee, which include the promotion of child welfare, were defined as "anti-imperialism" and the "promotion of world peace."[16]

A group of professors in Shanghai founded the China Tuberculosis Prevention Association in 1948. The Communist regime established control over this organization and moved it to Peking. In August 1953, a conference of workers was called, and certain tasks and policies of the association were outlined. More than 100 tuberculosis prevention units throughout the country are said to be affiliated with this organization.[17]

IV. RELIEF AND RELIEF POLICIES

• 746 During the convention of the National People's Congress in Peking in September 1954, Hsieh Chüeh-tsai, Minister of Internal Affairs

16. People's Handbook, 1955, p. 396.
17. Ibid., pp. 397-98.

of the Chinese Communist regime, made a report on the state of relief and welfare on the China Mainland. After alluding to the expanse and severity of natural calamities from 1949 to 1954, he reiterated the policies of the Chinese Communist Government in conducting relief work. The first effort was to mobilize the broad masses to work in the prevention of drought, frost, harmful insects, and floods. Secondly, when disaster struck, the people were expected to adopt measures to "help themselves through production," "to economize during the famine period," and "to offer mutual aid." Only when it was absolutely necessary would the government proffer outright relief.[18]

In duscussing public welfare and relief in Communist China, it is necessary to recognize how the Communists interpret certain common terms. The word relief, although generally taken to mean "money or necessaries given to people who are in need,"[19] to the Communists carries no implication of unconditional succor. Their basic relief policy, including emergency relief, is "self-help-through-production," and their basic relief method is the substitution of work for relief. From this the Chinese Communists have not deviated. As a matter of

18. Ibid., pp. 211-12.

19. Fairchild, H.P., Dictionary of Sociology and Related Sciences, Ames, Iowa, Littlefield, Adams, 1955, p. 255.

1:Stanford U. S-4, 5 1956 AF15 East China
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946 fact, most of their projects for water conservation, road building, and the laying of railroad lines have drawn upon famine refugees who thus are expected to pay by labor for government efforts to prevent starvation.[20]

About the middle of 1950 the Chinese Communist government at Peking issued several documents concerning relief work. In the cities the problem of increasing unemployment was pressing, and in the rural areas famine was widespread. Shantung, northern Anhwei, and northern Kiangsu were among the areas most severely stricken by famine, and the migration into large cities of rural rufugees was a common sight. A set of provisions for the relief of the unemployed was promulgated by the People's Government in Peking.[21] (See chapter on Labor.) The unemployed were ordered to register. Following the central government directive, they were given work rather than direct relief under the policy of "self-help through-production," re-direction of workers into fields offering greater opportunity for employment, and help in returning to rural areas to assist in agricultural production.

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20. Relief Work Under the Chinese Communist, pp. 9-12.

21. Kan-pu Hsüeh-hsi Tzu-liao Ti Shih-erh Chi [Cadres' Study Materials No. 12], Chinese Communist Party, Central Committee, South China Bureau, Canton, 1950, pp. 49-51.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 Outright relief was the least significant clause in the scheme.[22] Generally speaking, the same principles were applied to rural relief programs in combating natural calamities. Under the slogan of "famine-relief-through-economy," the people were advised to economize, "to substitute unprocessed food for processed foods," to use ersatz foods, and to adulterate grain, presumably with leaves and bark.[23]

731 746 When the chairman of the Production Relief Committee of the East China Military and Political Committee made his report in 1950, he stated that floods, drought, insect invasion, hail, typhoons and snow in the region during the preceding year had made 16,000,000 people refugees, and more than 4,000 were dead from 746 starvation. The same report announced that hundreds of thousands of wells had been sunk and repaired for the prevention of drought in Shantung, embankments and dikes had been repaired and built for the prevention of flood in Anhwei, and many miles of sea wall were reenforced in southern Kiangsu. Apparently these preventative measures also served as work relief projects. It also reported that water conservation works, the chief means of work relief, had called for the mobilization of 630,000 refugees in northern Anhwei, 1,400,000

22. Ibid., pp. 52-60.
23. Ibid., p. 50.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 refugees in northern Kiangsu, and 700,000 in Shantung.[24] During the same year, 190,000,000 refugee laborers were mobilized in Anhwei and northern Kiangsu to build and repair embankments along the Yangtze and Hwai rivers.[25]

[73] Drought also struck Fukien Province in 1954. For relief, the provincial government earmarked JMP$2,400,000 (US$960,000) new currency in 1955, particularly for the three southern coastal administrative districts of Min-hou, Chin-chiang, and Lung-ch'i. The emergency directive stressed that the local authorities must guide the people to carry out production and spring plowing for "self-salvation."[26]

The Shantung provincial government also reported that many households in that province were in danger of starvation in 1954, especially in the Yellow River and Grand Canal flooded area. The central government appropriated relief funds equivalent to US$12,400,000 for the general relief of Shantung.[27]

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24. Hsin-hua Yueh-pao [New China Monthly], Vol. II, No. 4, Peking, Aug. 15, 1950, pp. 819-820.

25. Jen-min Shou-ts'e 1950 [People's Handbook 1950], Peking, 1950, Section [7] keng p. 20.

26. Survey of China Mainland Press, Hong Kong, American Consulate General, No. 1054, Supplement, May 24, 1955, p. 17.

27. Ibid., p. 21.

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• 746 As to urban unemployment, Shanghai in East China was most seriously affected among the large cities on the Mainland. The All-China Federation of Trade Unions published an open letter to all its members on April 20, 1950 on the need of relief for the unemployed in Shanghai and other cities. It estimated that there were 150,000 unemployed, jeapordizing the livilihood of 500,000 workers and family dependants. In addition to other common causes for unemployment, East China, particularly the Shanghai area, had suffered bombardment by the Nationalist air force in the early days of the Communist regime. The Shanghai Federation of Trade Unions, called on all employed workers to contribute one day's pay for the relief of unemployed families.[28] At a work relief conference in Peking called by the Department of Labor in April 1954, it was reported that from July 1950 to the end of 1953 the Labor Bureau of the Shanghai People's Government had obtained work for 256,200 people.[29]

V. CHILD WELFARE

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858 In 1931, following the international practice of dedicating one day in the year to the children, April fourth was promulgated as China's Children's Day by the Nationalist Government.

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28. New China Monthly, Vol. II, No. 1, May 15, 1950, pp. 64-65.

29. Ibid., No. 5, May 1954, pp. 157-58.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 families of "martyrs" and servicemen were
729 participating in mutual-aid groups and co-operatives, and many had been elected officials of these organizations. Others were elected as delegates to the People's Congress or to village cadres.[42] The People's Daily (Jan. 25, 1955) reported that 382 rehabilitated veterans had been elected "labor models" in July 1954. The same paper reported that there was a 20 per cent increase in the number of families of servicemen joining mutual-aid groups and co-operatives in 1954 over the number in 1953.

VII. CONCLUSION

657 In almost all documents concerning public
746 welfare and relief in Communist China the emphasis is on production and labor power rather than human life and welfare. In regard to famine relief in the rural areas as well as unemployment relief in the cities, the people are asked to save themselves by "self-help-through production". Even their concern for the welfare of women and children centers upon the labor power which may be derived. In the charter of the People's Relief Administration, Article 2 explains its function in the following sentence: "This Administration is an organization of the people under

42. New China Monthly, No. 2, Feb. 1955, p. 19.

657 the leadership of the Central People's Govern-
746 ment to unite and guide.. relief and welfare workers to help the Government in the organization of the masses for the promoting of production and economy, labor and mutual-aid, so that the relief and welfare works for the masses of the people shall be enhanced."[43] The emphasis is on production rather than on relief.

000 When one understands the Communist attitude toward public welfare, it is easier to grasp the overwhelming plight of those within the Soviet orbit who become the victims of calamities. Perhaps no written passage could illuminate the situation so vividly and succinctly as a parable recounted in one of the ancient Chinese classics.

> "In passing by the side of Mount Thai, Confucius came on a woman who was wailing bitterly by a grave...'Your wailing', said he, 'is altogether like that of one who has suffered sorrow upon sorrow.' She replied, 'It is so. Formerly, my husband's father was killed here by a tiger. My husband was also killed... and now my son

43. Ho-pei Jih-pao [Hopei Daily], Paoting, May 5, 1950, p. 1.

1:Stanford U. S-4, 5 1956 AF15 East China
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657 747 On November 9, 1943, China became a member of the United Nations Relief and Rehabilitation Administration (UNRRA). The Chinese National Relief and Rehabilitation Administration (CNRRA) was established in January 1945 as a department of the Nationalist Government on the ministerial level, as was the China Office of UNRRA. In co-operation the two administrations planned and worked on the gigantic problems of relief and rehabilitation in postwar China.[4] Despite the great contribution to Chinese welfare resulting from the efforts of peaceful projects of this sort, the Chinese National Relief and Rehabilitation Administration was eliminated by the Chinese Communist when they became the rulers of Mainland China.

II. CALAMITIES SINCE 1949

731 Since the establishment of the Communist regime in China, many natural disasters have occurred. Droughts, floods, locust and insect invasions, frost, windstorms, and hail-storms have caused famines which began in the rural districts and spread throughout the nation.

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4. China Handbook 1937-45, pp. 538-41.

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747 During the convention of the All-China People's Relief Conference in April 1950, the People's Relief Administration of China was organized as the successor to the China Liberated Areas Relief Administration. This was not a government department but a "People's" organization. Soong Ching-ling (Sung Ch'ing-ling or Madame Sun Yat-sen) was elected chairman. This organization took over all charities sponsored by the United States after the outbreak of the war in Korea, and four years later was reported to be maintaining branch offices in twenty-three large cities throughout China. In the East China Region, branch offices have been established in Shanghai, Nanking, Hangchow, Foochow, Wu-hu, Tsinan, and Tsingtao. There have been meetings and conferences, but the only actual relief work reported to date has been the collection in 1950 of 6,800,000 outfits of winter clothing for the flood refugees in northern Anhwei.[12]

746 Due to the seriousness of growing unemployment, the Labor Employment Committee was established in July 1952 under the Governmen Administration Council. Regional Labor Employment committees were established by August of the same year. Later, similar committees were formed on lower administration levels in

12. Jen-min Shou-ts'e 1955 [People's Handbook 1955], Tientsin, 1955, pp. 396-97.

1:Stanford U. S-4, 5 1956 AF15 East China
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746 in the provinces, counties, and municipalities.[13]

747 The Red Cross Society of China has had a history of fifty years. In August 1950 the Communists assumed control and reorganized it under the leadership of the Ministry of Health. It has done more medical work than relief work, especially at construction projects where large numbers of laborers congregated.[14] In the East China Region, the ministrations of the reorganized Chinese Red Cross have been concentrated on the work sites of the Hwai River flood-control project in Anhwei and northern Kiangsu.

In June 1938, during the war of resistance against Japan, the China Defense League was founded in Hong Kong by Soong Ching-ling. It acted as a channel for international aid chiefly to bring medicine and relief to Communist bases. In 1941, its headquarters was moved to Chungking. After the establishment of the Chinese Communist regime, this organization changed its name to the China Welfare Institute (August 1950) with its headquarters at Shanghai.[15] Since January 1952, the China Welfare Institute has published an international, propaganda-disseminating, bi-monthly magazine in English -- China Reconstructs.

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13. Relief Work Under the Chinese Communists pp. 6-8.
14. Ibid., p. 10.
15. Ibid., p. 8.

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747 The Chinese People's National Committee for the Protection of Children was formed on November 26, 1951 at Peking in response to the call issued at the Berlin conference of the International Federation of Democratic Women. The head of the Chinese organization is Soong Ching-ling. The principles of this committee, which include the promotion of child welfare, were defined as "anti-imperialism" and the "promotion of world peace."[16]

A group of professors in Shanghai founded the China Tuberculosis Prevention Association in 1948. The Communist regime established control over this organization and moved it to Peking. In August 1953, a conference of workers was called, and certain tasks and policies of the association were outlined. More than 100 tuberculosis prevention units throughout the country are said to be affiliated with this organization.[17]

IV. RELIEF AND RELIEF POLICIES

746 During the convention of the National People's Congress in Peking in September 1954, Hsieh Chüeh-tsai, Minister of Internal Affairs

16. People's Handbook, 1955, p. 396.
17. Ibid., pp. 397-98.

1:Stanford U. S-4, 5 1956 AF15 East China
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527 as the chief speaker, exhorted the children to
858 cultivate strong bodies, to master the Chinese language, to study science, and to love the fatherland and chairman Mao. On the evening there was a campfire gathering of some 6,000 children with a number of government and political leaders, fighting heroes, labor models, scientists, and artists as guests. On this occasion, there was a meeting of young scientists at the Sino-Soviet Friendship Association and a health exhibit in the Municipal Children's Health Center. The New China Bookstore offered a special ten per cent discount on all children's books.[32]

744 A mid-year report in 1952 on the progress of child welfare and related work in East China since 1950 claimed that 160 health centers, stations, and mobile teams for women and children had been established and over 10,000 midwives trained or re-educated. In the same period, according to the report, about 19,000,000 children were vaccinated against smallpox and 70,000 were given B.C.G. shots. Several million people were said to have visited the 46 health exhibits for women and children held in
● 747 East China. The report further claimed that 5,000 creches had been organized in the rural

32. Chieh-fang Jih-pao [Liberation Daily], Shanghai, June 2, 1952, p. 1.

1:Stanford U. S-4, 5 1956 AF15 East China
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747 areas during the busy farm seasons, and 507 creches in factories and organizations were caring for some 20,000 children. In 1952 there were 19,000 primary schools in East China, a 12 per cent increase over the previous year, and New Youth, the official publication of the Young Pioneers of East China, was reported[33] to have a circulation of 400,000.

As was the case of the Immaculate Conception Orphanage in Canton, two Catholic orphanages in Nanking were made targets of Communist propaganda attack. In April 1951, when the so-called revolutionary movement of the Chinese Catholics was underway, the Sacred Heart Orphanage and the Tz'u-ai Orphanage were branded as instruments of imperialism masquerading as philanthropy and religion. It was said that the death rate in these two orphanages exceeded 78 per cent. They were taken over by the Nanking branch of the People's Relief Administration of China, and the two were amalgamated into one institution under the name of Nanking Municipal Orphanage.[34]

657 729

VI. AID TO FAMILIES OF "MARTYRS" AND SERVICEMEN

33. Liberation Daily, June 1, 1952, p. 1.
34. Nan-fang Jih-pao [South China Daily], Canton, May 30, 1952, p. 4.

1:Stanford U. S-4, 5 1956 AF15 East China
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050 has died in the same way.' The Master said, 'Why do you not leave... [this] place?' The answer was, 'There is no oppressive government.' The Master then said (to...[his] disciples), 'Remember this, my little children. Oppressive government is more terrible than tigers.'"[44]

Have man-made disasters in Communist China become fiercer than nature's floods and droughts? This may be one reason why so many Chinese prisoners of war in Korea did not choose to return to the China Mainland.

• 747 On April 4, 1950, in Taipei, the capital of Formosa, an organization called the Free China Relief Association was formed. Its purpose was to aid Chinese refugees from the Mainland and some of the suffering masses still under Communist rule. In the past five years, the association has aided more than 967,000 refugees and helped 51,846 people escape to Formosa. During the flood of 1954, this organization sent thirty-five airplanes to the Mainland and dropped about 100,000 pounds of rice and 7,500,000 handbills. The Free China Relief Association was also responsible for the rehabilitation of 14,500 Chinese prisoners

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44. Legge, James, tr., The Liki [The Book of Rites], Oxford at the Clarendon Press, 1885, Vol. 27 in The Sacred Books of the East, ed. by F. Max Müller, pp. 190-91.

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747 of war from Korea, who chose Free China rather than return to the Communist fold. This group arrived in Formosa on January 23, 1954. The FCRA has established connections with the United Nations and the United States and has extended aid to Chinese refugees in many places, including Hong Kong, Japan and Korea.[45]

000 At the United Nations Security Council meeting on November 28, 1950, the American delegate, Warren Austin, spoke of the relief supplies sent to China from the United States, of American efforts to feed and to clothe thousands upon thousands of Chinese people in the post-war years, and of the friendship expressed by the American people for China. Friendship between America and China has a long history, but the Peking regime and the Communists are doing all in their power to slander the United States.

During a period of two years (1945-1947), China received several hundred millions of dollars' worth of relief supplies and relief funds from America through the United Nations Relief and Rehabilitation Administration and the Chinese National Relief and Rehabilitation Administration. Although these programs were disrupted by the civil strife between the Nationalists and the Communists and were brought to an abrupt end

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45. Chiu-chi T'e-k'an [Special Relief Bulletin] published by Free China Relief Association, Taipei, Sept. 1, 1955.

CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal 464
times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable.

Recent studies of Shanghai dwell at length on the refugee prob- 727
lem following the outbreak of hostilities in 1937.[1] After five years, 166
a hard core of refugees remained, despite consistent efforts in the 464
spring months of 1939 and 1940 to disperse aggregations of those 747
in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable.

In addition to those cared for in camps, hundreds of destitute 737
persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic.

Toward the end of 1940 the Shanghai Municipal Council, the 735
Salvation Army and the Shanghai Rotary Club attempted to deal 747

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

735 constructively with the problem by establishing a special camp for
747 beggars. The police removed from the streets those found begging, men, women and children, and handed them over to the Salvation Army for care. Huts were erected on land made available by the Council, and the scheme was inaugurated in January 1941. To defray expenses of building the camp, the Council allocated funds from the voluntary entertainment levy which had been collected during the post-hostility period and handed over in part to the Shanghai Refugee Relief Association for disbursement among organisations caring for refugees.

735 IN GENERAL, as mentioned before, the Council took the view that
747 it was not able to provide "poor relief." Its revenues from taxation
633 were limited because its powers of taxation were restricted. No
166 poor law rate could be levied. It was argued that in a city to which (because of the comparatively safe areas and the lure of possible employment) thousands had drifted in past decades from nearby densely populated provinces, to have embarked on poor relief would have been to encourage the arrival of many more destitute persons. In general, relief was left to private charitable organisations, both Chinese and foreign.

Nevertheless, the Council contributed to relief by presenting grants-in-aid to hospitals and institutions caring for the destitute. In particular, as we have seen, it made contributions to child welfare institutions to care for the young people whom police removed from the streets and otherwise found in need, and who very often were without relatives or friends.

766 Much is made in certain studies of Shanghai of the "exposed corpse" situation. Figures of unwanted corpses picked up on the streets did not, however, represent necessarily deaths from starvation and exposure only.[2] There were indeed many such cases, but there were also many others where the family of the deceased lacked funds for a coffin and other funeral expenses. Then it was to a Chinese benevolent burial society that the family looked. In such cases the corpse was placed where it would be collected and

[2] Barnett, *op. cit.*, p. 46, reports that in the International Settlement alone over 100,000 exposed corpses were disposed of in 1938. In 1939 the figure was 72,000. The numbers in 1942 must have been very high. There were certain places in the city where those dying of disease and starvation dragged themselves, to die with their fellows.

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529 for playgrounds whenever through building demolition or some
741 other chance an area might be temporarily cleared.

The financing of children's institutions in a time of rapidly
262 rising costs proved difficult. Some were stimulated at times to
741 make efforts to improve the diet. "An egg a child a week," "some oil each day" have been aims which in some instances have been met, only to find that the cost of eggs has doubled, and that of oil trebled, so that the former ration again became the rule. There was felt to be a need for the organisation in Shanghai of a Children's Community Chest, when the citizens would be challenged to give largely and generously to its children, and all organisations caring for children might benefit. Leadership in the community to better the situation of its children was not lacking, as the extensive services for homeless children show.

736 THE WORSENING OF the economic situation in the city following
633 the outbreak of Pacific hostilities was followed, inevitably, by the
735 abandonment of many children on the streets by those unable to
748 care for them. Institutions which down through the years had been able to care for all children whom the police had taken in, found themselves unable to take more. Their financial situation with a steeply rising cost of living and the difficulty of obtaining essential commodities in sufficient quantities precluded the enlargement of their responsibilities. The Division was therefore faced with the task of finding temporary care for the abandoned children and of evolving a general plan to deal with the issue. A camp which had been established in 1940 by the Salvation Army with the assistance of the Council to try to rehabilitate street beggars was used as the temporary place of shelter, and a programme of home finding with a staff of fifteen social workers was embarked upon.

"Home finding" had two aspects. It sought to trace the natural homes or the relatives of the abandoned children. By every conceivable device social workers tried to obtain a clue from them as to their former life. If a child had been lost, the reunion between the child and the parents if the latter could be traced was often a touching one. If the child had been abandoned, effort was made to solve the family problem in some other way, for at all costs that complete break with its own family must be avoided which must otherwise mean a lifetime of standing alone. It was not easy

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to find employment as a means of assisting the family, but a friend or relative could frequently be found who, if challenged to do so by a skilled social worker, was ready to help out. There were no public funds to draw upon as is normal family casework in western countries; but there was being developed family case work on the China pattern, an attempt to use the close family bonds between relatives to induce help of the unfortunate. This kind of friendly help of course goes on day after day without stimulus from without; the difference was that the Division tried to harness it for the help of children in the emergency. The second phase of home finding sought to apply more widely the experimental beginnings in adoption approved by the authorities, the plan referred to earlier in this chapter. With more social workers on the task and with a gradually growing sense of responsibility on the part of the community for its children, as many as fourteen applications by adoptive parents were made on one day in June 1942 to adopt children.

This much more extensive programme than formerly attempted —a programme induced only by the emergency which in eight months left hundreds of children for whom adjustment had to be found in the hands of police—proved the value of early experimental beginnings. It cannot of course be claimed that even this enlarged staff would be able to handle the situation. Hundreds of children would continue to be destitute and begging, hundreds dying on the streets.

THE REMARKABLE WORK which has been done by the Chinese Government and voluntary organisations in caring for the thousands of children deprived of parental care during large-scale hostilities in China from 1937 to the present time has certainly within it the germ of an adequate child care programme in the future. It is work which has been carried on through immense difficulties of finance in a period of inflation. In Free China, as in Shanghai, there is growing a recognition of the necessity for adequately trained social workers in child care. Many students prevented from returning to China by world hostilities and for the time being remaining in the United States and elsewhere are using the time to prepare themselves as specialists in this field. In West China a special course in training for child care work has been organised

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736 to commence at Ginling College in Chengtu in 1943, a co-opera-
748 tive effort of several educational institutions. Plans for the training
874 of workers at present employed in children's institutions, whose initial educational standards usually are at a level such that a university course will not be possible for them, are in process of being worked out. In Shanghai special summer schools for these employed workers, men and women who have given devotedly of themselves to the children under their care, have proved useful and stimulating. From the great catastrophe which has befallen China and its children may well arise administrative and voluntary efforts which will mean a richer life for them.

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633 466 where most of this work was done, and the absence of suitably impervious flooring which would enable the chrome salts to be removed from floors, frequently caused workers able to afford only cloth shoes and without protective covering for the legs to develop bad ulceration of the limbs. Once a skin lesion occurs, the generally insanitary conditions contribute to its aggravation. By 1935, as a result of insistence by the Industrial Division, no known plating vat of the more than fifty shops engaged in this type of plating was without suitable exhaust to withdraw fumes, thus reducing the danger of pierced septa. Efforts were made also to insist that workers should wear rubber gloves and leg coverings.[14] The polishing of metal articles with carborundum powder on cloth wheels in the plating shops constituted a further health hazard, because of the workers' inhaling and swallowing metal dust. The installation of an adequate exhaust to remove the dust at the point of origin was both expensive and physically difficult in the crowded conditions of many under-sized premises.

751 466 633 744 There are specific health hazards in industry such as those which have been mentioned—the use of chromium salts, the handling of lead in charging storage batteries, in typefounding and in printing shops, in the use of cellulose spray paint and so on. But the general insanitary conditions probably constituted a greater total health hazard for the whole body of workers, and the practice of giving food as a part of earnings was often responsible for widespread dietary deficiency diseases if the food lacked essential vitamins. The nutrition problem in factories is discussed in a later chapter. The Division accordingly felt the necessity of organising services to ensure that there was regular concern with the general sanitary conditions on the part of those employed by the industrial enterprises themselves. The occasional inspection visit of a factory inspector was quite insufficient to secure regular consistent supervision in such elementary matters as the provision and proper care of sanitary accommodation, the clearing away of accumulated rubbish, the daily cleaning of premises, or the washing of windows to permit the entrance of light to working places. Some factories, particularly the larger cotton mills, had for some time employed a doctor or a nurse or both. But these were seldom personnel of first class calibre, and they saw their task narrowly as being con-

[14] See also Chapter IV, pp. 66 and 67.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

cerned with sick employees only rather than concomitantly in insisting on healthful conditions of work. These doctors and nurses were gathered into conferences by the Division and under its influence their concepts of their tasks widened. Their authority in the plants grew, backed by the interest and authority of the medical officer in the Division.

751 466 633 744

But there were many plants which could not afford the full-time services of a doctor and a nurse, and no measures of a health insurance nature made available a health service for the community. Facilities in outpatients' departments in hospitals were not sufficient in Shanghai to meet all the needs, and only in rare cases were they made use of for the dressing of wounds or for minor ills of industrial workers. Distances were too great; loss of wages in attending outpatients' clinics were deterrents to most workers. Yet many who continued to work were in need of help. Many women engaged in textile operations had large sores on the legs. Originally perhaps caused by the bite from an insect—bed bugs infest most houses—they had become infected, and the long standing at a spinning frame or at a loom aggravated the lesion and prevented healing. Where were women employed in the smaller textile plants to get attention? Where could the initial stages of beriberi be detected, and how could the management of a factory be warned to improve the diet of the workers?

The machinery which was evolved to give workers in smaller factories some clinical assistance, to arrange regular physical examination of workers and regular supervision of the sanitary conditions was the co-operative clinic. Three had been organised up to August 1942. Two were clinics with a fixed location, centrally placed in relation to some 25-30 factories employing 2500 to 3000 workers. There a doctor and nurses were in attendance and workers came for attention. The third was a mobile clinic; a nurse made the round every day of a group of related industries in a neighborhood. This clinic served six coal briquette factories, and so successfully that a seventh asked that the nurse's services be extended to that enterprise also.

The clinics were controlled and financed by the contributing member factories, with the Division's medical officer as adviser. The cost in August 1942 was CRB $1.50[15] per month per worker,

[15] See Chapter IV, note 2.

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751 with an entrance fee of CRB $3 per worker. The members of the
466 committees which met regularly to consider matters in connection
633 with the clinics became by this very process more and more
744 informed and interested in the health of their employees. Contributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 To a western observer a discussion of industrial conditions
633 must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission.
464 There are fewer children at work now than there were then. They
633 are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

759 3. In China there are two types of medicine, modern medicine and traditional Chinese medicine. The practitioners of Chinese medicine are also known as herbalists, and belong to the scholar-gentry families. The new doctors of medicine were either trained in the West or in western schools in China or Japan. Doctors of the former class have been labeled by the Communists as "feudalistic," and doctors of the latter class, "capitalistic." According to Communist ideology, both should be reformed, if not eliminated. However, as China has never had enough qualified medical workers, doctors of both types must be preserved for national reconstruction. Hence, medical men have been subjected to energetic "thought-remolding" under the Chinese Communist regime.[34] Ts'ui I-t'ien, head of the Communist Bureau of Public Health of the East China Administrative Committee, in an article, "Thought Remolding of the People's Health Workers," concluded that health workers in East China, after going through the three movements of Resist-America-Aid-Korea, Land Reform, and the Suppression of Anti-revolutionaries, have achieved noticeable progress in

34. Kung-fei ti Wei-sheng I-yao Kung-tso [The Communist Work in Health and Medicine], The Sixth Section of the Central Committee of the Nationalist Party, 1955, p. 8.

759 "political understanding" in both their thought and practical work.[35] No doubt, to members of the medical profession, "thought remolding" must have been a terrible ordeal. Because so many medical workers were required in Korea, there must have been a critical shortage of doctors and nurses in most sections of China, and the shortage of medical personnel may have been another reason for the energetic promotion of the Patriotic Health Drive.

164 In an article, The Fluke that Saved Formosa,[36] by Frank A. Kierman, Jr., of the Center for International Studies at M.I.T., evidence is given that the spread of schistosomiasis prevented the Chinese Communist invasion of Formosa in 1950. When Communist troops were in training for the invasion in Fukien and Chekiang provinces, an epidemic of schistosomiasis struck. By January 1950, an estimated 30,000-50,000 soldiers had been infected. The invasion was postponed, and with a change in the international situation, the Chinese Communists lost their opportunity to attack Formosa. From

35. I-wu Kung-tso-che Pi-hsü Chin-hsing Ssu-hsiang Kai-tsao [Medical Workers Must Reform their Thoughts], Shanghai, Hua-tung I-wu Sheng-huo she, 1952, p. 41.

36. Frank A. Kierman Jr., The Fluke that Saved Formosa, Cambridge, Massachusetts Institute of Technology, 1954.

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582 671 purposes. If the figures can be given credence, they indicate a remarkable advance over the situation existing two years earlier. After an investigation of Marriage Law implementation in 1952, a woman minister of justice, Shih Liang, reported that in only three of the country's 2,086 counties were families reformed up to perfect Communist standards, and that in the East and Central-South regions freely contracted marriages and other reforms had gained no acceptance with the people.[22]

582 671 762 674 A further study of figures issued by Communist sources indicates that the regime did not have exact knowledge of the situation in many areas. To cite one example, an announcement of the results of the 1952 investigation of Marriage Law implementation include "incomplete statistics" on deaths attributed to the existence of problems and mistreatment connected with the "feudal family" system. According to these figures, 4,105 women were killed or driven to suicide in the East China Region between January and August 1952; and 356 women and 161 young men suffered the same fate in the Northwest Region during the first half of 1952. In lieu of figures for the Central-South Region, the report mentioned 606 young men and

22. China News Analysis, Hong Kong, No. 5, p. 3.

1:Stanford U. S-4, 5 1956 AF15 East China
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582 women met violent deaths as a result of marriage disputes in 39 hsien (out of a total of 86) in Hunan.[23]

674 It seems reasonable to assume that the figures are incomplete and the categories not comparable because the Communists had no more accurate material to offer. If the incidence of violence in connection with marital and family disputes is truly reflected in these figures, their extension into yearly rates shows these deaths occurred at the rate of less than two per hundred-thousand population in the Northwest Region, less than four per hundred-thousand in the East China Region, and less than nine per hundred-thousand in Hunan. It should be remembered, however, that these ratios are based on incomplete figures and that the incidence of violence may have resulted as much from Communist pressures as from the authoritarian character of the traditional family.

586 Divorce and marriage figures released by the Communists are equally difficult to render meaningful because of gaps in statistics and the different time spans and categories which are given for the figures cited. For the nation as a whole, the number of divorces was reported to have risen from 186,000 in 1950 (the last seven months of it under the new

23. C.B., 236, p. 5.

000 slums were as acutely bad in Shanghai as anywhere else in the world. 369 Living standards among the Chinese were correspondingly low. A 511 British visitor to Shanghai in 1843, one month after the founding of the foreign settlements, gave as his opinion in an account of the city that "in no other country in the world is there less real misery and want than in China."[13] This may be taken as a reflection of the state of Europe in 1843, and as a measure of what the second half of the nineteenth century, beginning with the Taiping Rebellion, did to China, but it also shows what happened in Shanghai (as it had happened in eighteenth-century England) when the industrial revolution came to a peasant society. Factory conditions and slum housing were bad, but scarcely worse than the condition of perpetual [764] refugees who had neither factory nor slum to go to. In 1935, a comparatively peaceful year in China, the Shanghai Municipal Council collected 5,590 exposed corpses from the streets of the International Settlement alone. In 1937 the figure reached 20,746.[14]

369 An effective public health program under such conditions was 744 impossible, and foreign residents lived in constant fear of epidemics. Cholera, smallpox, typhoid, dysentery and plague recurred periodically, and cases could not be restricted to the Chinese. The Council's attempts to improve the public health situation were also hampered by foreign and Chinese property owners. A code of public health laws was submitted to the Ratepayers' Association as early as 1903, but was voted down by "those with vested interests."[15] Later attempts met with similar obstruction, and nothing was ever done on the scale called for. Money dominated Shanghai, and everything gave place to it.

369 Even by 1941, however, it was still possible to walk from the center of the Bund to the unchanged agricultural countryside in three or four hours. It was less than ten miles, and the rice paddies and peasant villages could be seen clearly from any of the city's tall buildings. This was one of the sharpest and most dramatic boundaries in the world. Traditional China continued unbroken almost to the limits of the foreign settlements. It was hard to see there any sign of Shanghai's influence. The final proof of that influence came with the entry of the Communist armies into Shanghai in 1949.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

735 constructively with the problem by establishing a special camp for
747 beggars. The police removed from the streets those found begging, men, women and children, and handed them over to the Salvation Army for care. Huts were erected on land made available by the Council, and the scheme was inaugurated in January 1941. To defray expenses of building the camp, the Council allocated funds from the voluntary entertainment levy which had been collected during the post-hostility period and handed over in part to the Shanghai Refugee Relief Association for disbursement among organisations caring for refugees.

735 IN GENERAL, as mentioned before, the Council took the view that
747 it was not able to provide "poor relief." Its revenues from taxation
633 were limited because its powers of taxation were restricted. No
166 poor law rate could be levied. It was argued that in a city to which (because of the comparatively safe areas and the lure of possible employment) thousands had drifted in past decades from nearby densely populated provinces, to have embarked on poor relief would have been to encourage the arrival of many more destitute persons. In general, relief was left to private charitable organisations, both Chinese and foreign.

Nevertheless, the Council contributed to relief by presenting grants-in-aid to hospitals and institutions caring for the destitute. In particular, as we have seen, it made contributions to child welfare institutions to care for the young people whom police removed from the streets and otherwise found in need, and who very often were without relatives or friends.

• 766 Much is made in certain studies of Shanghai of the "exposed corpse" situation. Figures of unwanted corpses picked up on the streets did not, however, represent necessarily deaths from starvation and exposure only.[2] There were indeed many such cases, but there were also many others where the family of the deceased lacked funds for a coffin and other funeral expenses. Then it was to a Chinese benevolent burial society that the family looked. In such cases the corpse was placed where it would be collected and

[2] Barnett, *op. cit.*, p. 46, reports that in the International Settlement alone over 100,000 exposed corpses were disposed of in 1938. In 1939 the figure was 72,000. The numbers in 1942 must have been very high. There were certain places in the city where those dying of disease and starvation dragged themselves, to die with their fellows.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

disposed of by the benevolent society or a public agency. The issue is at base that laboured sufficiently in preceding pages—low earnings of employed workers. 766

THERE IS A GROUP OF workers in Shanghai whose conditions of employment were such that the public called for special investigation of them. These are the pullers of public rickshas, one of the many groups of workers engaged in transportation—an industry which in China even prior to December 1941[3] depended more on human labour than on mechanized vehicles. The pullers of hand-carts, and those who use a pole on their shoulders for carrying loads, are also transportation workers, but there was little public interest in the latter groups, even though their work is in some respects as arduous as that of the ricksha pullers. 494 466 471

In 1933, at the suggestion of the Rotary Club, the Council undertook an enquiry into the working conditions of public ricksha pullers. This group of pullers does not own rickshas but hires them on a twelve-hour shift. The conviction of the community was that the pullers were being exploited by the owners of the rickshas or by their agents, sub-contractors through whom the rickshas were leased. The committee of enquiry examined the advisability of centralising the public ricksha industry in a utility company, and did in fact finally recommend that a beginning be made by the organisation of one company to operate a fleet of two thousand vehicles. The committee felt that little could be hoped for in the way of better care of vehicles and better conditions of operation for the pullers as long as the rickshas were owned by more than a thousand individuals.

It transpired that since the number of public rickshas was limited to about ten thousand, the Council's ricksha licence to operate a ricksha had acquired a fictitious value of several hundred dollars. Owners sought to recover as rent an investment return, not on the price of the ricksha and the cost of a licence, but rather on the money paid by them to the holder of a licence based on the enhanced value of the licence itself. Hence pullers were paying a rental out of all proportion to their earning capacity.

[3] After this date no further importations of gasoline took place and motor traffic disappeared largely from the streets except for vehicles on public service. Some were converted to be used with substitute fuels.

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221 657 the work of all available hands and are done with primitive implements. The harvest in, the farmer must deal with the tax collector and then ready his fields for the winter crops; in some parts of the East China Region, this may be winter wheat and rape; in others, two rice crops are produced in a single agricultural year. The rice farmer like the wheat farmer in the north, uses the winter to work on tools, handicrafts, and repairs, and the women of his family may carry forward their raising of silkworms and the spinning and weaving of silk. In other areas tea is an important supplement to rice agriculture, [5] and fishing is a full or part-time activity of about a quarter of a million people in Chekiang and Fukien. [6]

527 769 The farm year, toilsome in north and south alike, is punctuated by other activities and festivals which relieve some of the monotony of the long seasons of work. The first of the annual festivals after the New Year is that of Ch'ing-ming which corresponds in time to the Western Easter. Also like the Western Easter, it was once a Spring fertility festival. On this occasion the ties of the living and dead members of the family and clan are celebrated. Families often take picnics to the family or clan graveyard, make food offerings to the dead, sweep the graveyards, and then enjoy their feast. All relatives make special efforts to join in this annual celebration of family solidarity, and the outing is a pleasant relief from winter and indoor work. [7]

5. On agricultural year-cycle, see excellent description in Gerald Winfield, China, The Land and the People, New York 1948, pp. 34-61.

6. Cf. Geo. B. Cressey, Land of the 500 Million, New York, 1955, p. 127.

7. Wolfram Eberhard, Chinese Festivals, New York, 1942, pp. 113-127.

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On the fifth day of the fifth lunar month is the Dragon Boat Festival. This is of southern origin and is traced by Eberhard to the human sacrificial rites of the Tai aborigines of south China.[8] In modern times it has been somewhat less popular in the north than in the south. It is in the south that the dragon boat races were held on rivers and lakes. For most rural families the festival meant somewhat better food than sual and particularly the steamed rice dumplings known as tsung-tzu symbolic of the rice sacrifices made on this occasion to the shade of Ch'ü Yüan -- ancient stateman and poet of the feudal state of Ch'u.

On the fifteenth day of the seventh moon, usually in late August, is the feast of souls the primitive origin of which has been transmuted by Buddhist belief and symbolism. It is at once a festival for the souls of one's ancestors and a community salute to the dead. Ancestral graves are cleared, sacrifices of food are made, and paper replicas of desirable objects are burned. The salute to all the dead takes the form of floating paper boats with lanterns in them on some body of water. symbolizing the communities' concern that all the dead may be guided to the "other shore" -- Buddhist metaphor for salvation. Many pay visits to a nearby temple and pay for masses for the souls of the dead. particularly for the souls of the people in the community who died without descendants to commemorate their passing. In this festival, too, special food

8. Eberhard, op. cit., pp. 69-96.

527 769 is prepared for the dead and for the living, and the farmers and their families enjoy leisure and conviviality.[9]

The mid-autumn festival is primarily a moon festival. and the ceremonies in honor of the moon carried out at moon-rise on this autumn night are full of the symbols of fertility and longevity. In modern times it has been mainly a festival of women, and the Old Man in the Moon is sacrificed to as the one who arranges all marriages on earth. The moon cakes in the shape of the full moon, are one of the special delicacies of this season. This too was perhaps originally a fertility festival, and in some areas it is a popular time to make pilgrimages to nearby mountains.[10]

These are the festivals that have continued to have the most significance for the Chinese farmer into modern times. Many of them have changed drastically through time, and we shall shortly see that the Chinese Communists are greatly altering the meaning and symbolism of those few which they have allowed to survive.

527 In addition to the annual festivals, the farmer's life of toil may be relieved by ceremonial family events. A wedding meant for those who could afford it a great feast and ample wine; even the poorest families made every effort to make a marriage ceremony festive. Practical jokes were

9. Eberhard op. cit., pp. 129-33.
10. Ibid., pp. 97-112.

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563 Although different ancestry sets apart the Hui people from the Han Chinese, lack of racial prejudice on the part of the Hui facilitates the assimilation of Han Chinese into the Hui community and renders the racial composition of the Hui more or less similar to that of the Han Chinese around them. The cohesiveness of the Hui people in East China is attributable to factors other than racial and physical similarity. Their religion (Islam, called Hui Chiao or Ch'ing-chen Chiao), language (Chinese, supplemented by Iranian and Arabic elements of a religious nature), and customs which stem from religious practices and observances make them cohesive as an ethnic group in spite of outside cultural forces and the fact that in Shantung the Hui generally do not have large and contiguous communities. Most of the Hui people in Shantung live in Lin-ch'ing, Chi-ning, Chou-ch'eng, P'eng-lai, and cities along the railways.[13]

[771] [162]

The Kuomintang Government seemed to take for granted that the Hui people were sufficiently assimilated into Han Chinese communities and did not merit recognition as a separate ethnic group. In the 1930's the Hui were treated merely as "believers in Islam," and their ethnic difference was minimized. The present Communist government has reversed the Kuomintang

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There are about 3.5 million Hui people in China. Information on the numerical strength of the Hui people in East China is not yet available.

13. Huang Tse-ts'ang, Shantung, Shanghai, Chung-hua shu-chü, 1935, pp. 99-100.

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Annex "A," Subparagraph 1k,
Sociological Background

RELIGION

I. INTRODUCTION

771 Religious organization and activity in China has always been strictly limited by what the state felt to be desirable. Public and private morality were not based on any religion but on a combination of philosophic principles (Confucianism) and secular mores. (On this principle, Confucianism is treated in the chapters on Social Values and Patterns of Living.) Governmental authority judged whether a certain religion was conducive to morality and the welfare of the state and then allowed the religion and its adherents a carefully defined range and sphere of activity. Going beyond that range was regarded as subversive of public welfare and morality, and the religion was curbed or suppressed. As a consequence, China has not had until very recently any "churches," that is, well-organized centrally disciplined organizations of believers capable of decisively influencing public morality or state policy.

With the slow collapse of the traditional order the effectiveness of government control of religion diminished. The Western powers, as they gained more and more rights and concessions from a weakening China, demanded and got "rights" of religious and missionary activity which no strong Chinese government would ever have granted. But the rise of nationalist sentiment brought with it hatred of

• 77/ foreigners and of their religions -- hatred that exploded repeatedly in anti-foreign, anti-Christian riots.[1]

Meanwhile another trend was visible. Religious groups and a number of outstanding political leaders began to feel that China could not become a truly modern and western nation unless it was reformed from the moral base upward; religion accounted for the power and success of Western nations. Would not a religion-a religion based on Confucianism, a revitalized Buddhism, or even Christianity -- bring about that basic transformation that China clearly needed?

This view was rejected by two overlapping groups which had decisive power in state and society after 1925. The first were the intellectual leaders, increasingly committed to some form of materialistic philosophy -- a philosophy which held all religion to be parasitic, corrosive and "non-progressive."[2] The second group was the Kuomintang elite, many of whom derived their anti-religious views from the intellectual leadership. For others in the Kuomintang elite the older Confucian view of religions, reinforced by nationalist feeling, reasserted itself; consciously or unconsciously they reverted to the view that no strong self-respecting government should tolerate independent religious bodies that challenged the government's right to control all aspects of public and private life.

1. Tatsuro and Sumiko Yamamoto, "The Anti-Christian Movement in China" Far Eastern Quarterly, Feb. 1953, pp. 133-47.

2. [following page.]

771 Religions in the twentieth century were caught in this crossfire of negative sentiment and attack. To modernize and to become militant was to provoke state suppression, and the effort of religious leaders to stem the rising tide of intellectual materialism failed.[3] In the countryside the old folk religions - varieties of Buddhism and Taoism -- continued to wither away. Christianity made some advances, but it was always tainted by its foreignness, by the fact that its missionaries came with the backing of the Western powers which held China in thrall.

798 Communist policy towards religion is in many ways the culmination of the trends we have described. It reflects the triumph of materialist philosophy and the imposition of materialism as the intellectual orthodoxy. It is highly nationalistic and anti-foreign and thus insists that all organizations of a religious nature cease receiving support from abroad and assert their distinctive Chinese character. It carries forward through the most effective apparatus of control and coercion that China has seen, the confiscation of church property and the secularization of the clergy. The Communist Constitution provides that "Citizens of the People's Republic of China have freedom of religious belief.[4] This means, in practice, that people of various religious persuasions

2. O. Brière, "Les courants philosophiques en Chine depuis 50 ans " Bulletin de l'université de l"Aurore, No. 40, 1947, pp. 561-654.

3. O. Brière op. cit., passim.

4. Article 88 Ch. III.

798 are allowed a limited and shrinking area of belief and action by an authoritarian government which reserves the fundamental right to control all education, communication, and public and private morality. On the grounds of anti-superstition, anti-imperialism and anti-feudalism, the government and Party move steadily with only occasional tactical retreats, towards the liquidation of religion in China.

Both pre-Communist trends and Communist policies should be kept in mind as we consider religion in the East China Region.

II. BUDDHISM

779 This oldest of imported religions shows,
798 in its recent development, some of the trends just noted. Despite the efforts of the noted abbot T'ai-hsü (1889-1946), Buddhism never competed successfully for the allegiance of the intellectuals. The effort to transform it into a modern religion, by updating both its doctrine and its social program failed, although for a time it seemed to show signs of an increasing vitality. Under warlord and nationalist governments its personnel and establishments suffered severe attrition. Its establishments were taxed, its temples were converted to secular use by warlords, Kuomintang officials, and the local gentry. Much Buddhist property was confiscated, and tenants on Buddhist land refused to pay their rent. Monks and nuns were driven from their temples in the cities where up to 80 per cent of the Buddhist

779 eastablishment s were converted into schools,
798 barracks, and police stations.[5]

The Japanese attempt to use Buddhism as an ideology to bind together their puppet regimes in China and Southeast Asia generated widespread anti-Buddhist sentiment through Free and Occupied China.

779 The older clergy of monks and nuns was accused of being corrupt and parasitic by modern Buddhists, but efforts at sweeping fundamental reform failed; the motivation for becoming a member of such a clergy remained largely negative.[6]

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5. Cf., Wing-tsit Chan, Religious Trends in Modern China, New York, 1953, pp. 55-56. This summary is from Ta-hsing, "Fifteen Years of Religious Catastrophes in Retrospect," Hai-ch'ao-yin magazine, Vol. XVI, No. 1, Jan. 1935.

6. Chan, Religious Trends, pp. 81-82, citing Reichelt, Truth and Tradition in Chinese Buddhism, pp. 231-34, lists reasons given by Chinese nuns for entering holy orders. Unhappy marriages account for a great number, and 60 to 70 per cent made choice because no other solution presented itself. Other reasons for entering holy orders include: genuine, deep faith; presented to church by parents because of devotion, sickness, lack of support, or an astrologer's advice; sense of helplessness after husband's death; poverty, family troubles or other disappointments; influence of sisters, et al, who had become nuns; and servants seeking escape from the cruelty of their mistresses.

779 Thus gradual extinction of the Buddhist order seemed only a matter of time. But as late as 1930, the Buddhist clergy and establishments in the East China Region were numerous.[7]

Provinces and Major Cities	Buddhist Clergy	Temples, Monasteries, and Nunneries
Shantung	4,730	2,110
Kiangsu	171,760	84,549
Anhwei	29,540	9,280
Shanghai	6,200	6,160
Nanking	1,340	850
Chekiang	107,700	58,912
Fukien	33,360	12,130

It is not possible to trace the decline from 1930 onward, but the pressures of war and invasio added to those noted above probably contributed to a sharp reduction of both clergy and establishments in this area. Communist measures have probably eliminated most of what remained. Buddhist establishments in China as a whole appear to have declined in number from 268,494 in 1930[8] to about 130,000 in 1947[9] to "less than 100" in 1954.[10]

7. Shen-pao Nien-chien [Shen-pao Yearbook], 1933, p. T2.

8. Ibid. Basis of figures is data collected by China Buddhist Association.

9. Communist Atrocities and Persecutions of Buddhism on the China Mainland, (a 4-page pamphlet), Buddhist Assoc. of China, Taiwan, 1954; hereinafter cited as Atrocities.

10. Ibid.

779 Estimates on the total number of clergy[11]
792 vary, but in 1931 they appear to have numbered 500,000 to 600,000. Recent refugees report that four out of every seven clerics have been forced to return to lay life.[12] By 1954 it was estimated that there were only 2,500 clergy remaining in the whole of China, "of which half are Chinese Communist Party agents."[13] Even allowing for exaggeration, it would appear that the Buddhist clergy as a group has been nearly eliminated and that its dwindling influence in society has reached the vanishing point.

779 While the traditional clergy was in decline, Buddhist laymen assisted by a few monks attempted the reinvigoration of the Chinese Buddhist community. The leadership of this movement was largely from the East China Region. Modern-minded Buddhists felt that a lesson could be learned from Protestantism in the West: that an entrenched clergy could not be the instrument of sweeping reform. Hence their efforts were concentrated on building lay organizations of various kinds: social welfare organizations such as the Red Swatika Society (modeled on the Red Cross), YMBA and YWBA patterened on the YMCA and YWCA, Buddhist schools and seminaries to train a modern clergy, and research centers for the re-evaluation of the Buddhist heritage. They attempted to reach out and join hands with Buddhists in other Asiatic countries, and good-will tours and conferences were organized. Buddhist writing

11. Chan, op. cit., pp. 80-81.
12. Chan op. cit., pp. 90-91.
13. Atrocities.

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779 and publishing were encouraged.[14]

The Chinese Buddhist Association, founded in 1914 to oppose the effort to make Confucianism a state religion, continued as the main organization of Chinese Buddhists. It claimed 4,620,000 members in 1947, but its organization was loose and weak; it included heterogeneous components: Buddhist philosophers, simple believers, reformist clergy and many of the old clergy, nationalists, internationalists, and Japan-oriented pan-Asians. The great abbot T'ai-hsü master monk-politician, tried to weld these elements into a strong, effective and enduring organization which could formulate an attractive long-range program and defend Buddhism against attack. But he ultimately failed and the Buddhists of China had not the means to defend themselves against Kuomintang pressure; when the Communists came, the Buddhists had a stronger adversary and neither the means nor the spirit to resist. Some residue of the modern Buddhist movement may be found in the East China Region, and the statistics of 1930 show the provinces of Kiangsu and Chekiang as the geographical center of that movement. The following is a breakdown, by provinces, of the number of Buddhist believers then claimed by the China Buddhist Association. The second column gives the number of modern type Buddhist organizations such as schools, translation and publication societies, missionary societies, etc.[15]

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14. Chan, op. cit., pp. 1-62, points out that 537 Buddhist works and 58 Buddhist periodicals were published in the years 1920-35 in all parts of China. Most of the periodicals were short-lived.

15. Shen-pao Yearbook, 1933, p. T2.

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Province	Lay Adherents	Modern Organizations
Shantung	5,730	5
Anhwei	105,300	22
Kiangsu	1,139,540	104
Chekiang	1,367,800	64
Fukien	96,870	21

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Some Buddist schools and institutes as had survived have been taken over by the Communists. Buddhist periodicals have been stopped, publishing houses closed. Two Communist-sponsored Buddhist magazines have been published, one in Peking, one in Shanghai; they are devoted to reconciling Buddhism and Marxism.[16] A new Chinese Buddhist Association was formed in Peking in November 1952, with several leading Buddhist scholars among its leaders.[17] Unlike the earlier Buddhist Association, which was organized by Buddhists to reform and defend their faith, the new body is sponsored, organized and manipulated by the state and the Party. In China's relations with the Buddhist countries of Asia, it is used as a propaganda device to allay their fear that China is an enemy of Buddhism; it is also used to "soothe" and control Buddhist populations in Mongolia and Tibet.[18] Domestically

16. Atrocities. According to this report, circulation of Communist-sponsored Buddhist magazines is very limited.

17. According to Buddhism in China, Peking, Nationalities Publishing House, 1955, p. 2, the effective date of organization was June 1953, when [continued next page.]

779 the new association, like all others in Communist
668 China, will be used primarily for the indoctrination and control of its members. As early as May 1951, a central committeeman of the Party outlined the chief tasks for Chinese Buddhists: (1) participation in land reform, (2) opposition to counterrevolutionaries, (3) participation in the Resist-America-Aid-Korea Movement, and (4) recognition of the duty to construct a new religion in the new society.[19]

In the principal cities, especially those visited by delegations from Buddhist countries like Burma and Ceylon, a few temples are maintained for religious use. But the greatest number of temples have been converted for use by the state. One source, admittedly strongly biased, asserts that the number of Peking temples in religious use has fallen from 1,300 to 3, that in Nanking the number has decreased from 400 to 1, in Shanghai from 600 to 2, and in Hangchow from 300 to 1.[20] Certain Buddhist monuments of

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17. [continued] 93 persons representing "the monks, nuns, laymen and laywomen of different nationalities and Buddhist schools of various regions" were elected to serve as its board of directors.

18. The Dalai Lama, the Panchen Ngoerhtehni, the Chagan Kogen of Inner Mongolia, and the Venerable Hsü Yün have been chosen as honorary presidents of Buddhist Association. Cf., Buddhism in China, p. 20.

19. Richard Walker, China Under Communism, New Haven, 1955, pp. 188-89.

20. Atrocities.

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historical and cultural importance are being restored and preserved.[21]

As we have pointed out, the clergy has been largely secularized. In Shanghai, as in other cities, monks have opened restaurants specializing in Buddhist dishes. Everywhere the clergy has converted temples into small factories in order to produce hand-made articles. Monks of the Fa-tsang temple in Shanghai now work on nearby farms. In Hangchow, some 1,800 monks and nuns have opened restaurants or are working in mills and on farms; they have established an association in order to co-ordinate their enterprises.[22]

There are occasional reports of Buddhist ceremonies, such as the celebration of the Buddha's birthday.[23] But the general impression is that Buddhism is dying out. The old may cling to their beliefs, but their influence on their children is now slight. Buddhist belief is a handicap to youth who must adopt Marxist orthodoxy in order to "succeed" under the present regime.

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21. Buddhism in China, introduction and plates.

22. Chan, op. cit., pp. 90-91. Based on testimony of refugees, 1950.

23. New China News Agency, Peking, May 29, 1955; Survey of China Mainland Press, 1058, p. 48; also photograph of the ceremony of "Bathing the Buddha" on May 20, 1953, in Buddhism in China.

779 668 The cadres in the countryside are attacking "superstition," and their ridicule of old Buddhist-linked observances is further undermining the faith. The clergy, never up to their task of serving a modern religious community, has turned to other pursuits. There is little in Buddhist doctrine to steel the believer to resist totalitarianism or the trend of the times. The willingness of some Buddhist leaders to openly embrace Communist doctrine has probably undermined what little will to resist there may have been.[24]

III. TAOISM

779 Some of the tendencies noted in the modern history of Chinese Buddhism are also to be found in Taoism. But the differences are many, and they spring from fundamental differences between the two religions.

It is convenient for our purposes to consider two levels of Taoism. One is Taoism as an organized religion; the other is Taoism as a folk religion at the village level.[25] The Taoist religion developed as a reaction to the challenge of the imported faith of Buddhism. It borrowed extensively from its alien rival; its scriptures, its clerical hierarchy and organization, its rituals, its heavens

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24. Outstanding example is Chü-tsan -- a modern-minded reformist monk with an excellent background in philosophy, religous and social work, the latter particularly in Hunan. He was one of two Buddhist delegates (out of 585) to the People's Political Consultative Conference. Chan, op. cit., p. 92, records Chü-tsan's willingness as of 1948 to support a Communist regime. Cf., Chü-tsan's article, "A Buddhist Monk's Life," in China Reconstructs, Jan.-Feb. 1954, pp. 42-44.

and hells were often scarcely disguised copies of those of Buddhism. Its decline over the last five-hundred years has been slow but steady; in recent years its decline has accelerated. Some aspects of this should be noted Intellectual vitality has long since disappeared, and there was little doctrine on which to base a modern revival of the religion. The priesthood, divided between northern and southern sects, was largely locally recruited; there was no central control exercised by the hereditary "Heavenly Teachers" (T'ien-shih) of the two sects, and the monks gained the reputation of being idle and corrupt. If their way of life was hardly inspiring, their practical function no longer involved spiritual leadership but only astrological and magical performances for those of the population who might still believe in them.[26] The last "Heavenly Teacher" of the Southern School was driven from his headquarters in Kiangsi by the Communists in 1927; in 1949 he was again a refugee in Macao and had "decided that it was time for him to buy some books to read."[27] The last abbot of the headquarters of the Northern School, the Po-yün-kuan at Peking was burned alive by his fellow monks in 1947 when his corruption became too flagrant; the Nationalist government then confiscated the lands which had long supported

25. [from previous page.] The residue of philosophic Taoism is dealt with in chapter on Basic Attitudes in this handbook.

26. Chan, op. cit., pp. 146-52.

27. Ibid., p. 152.

779 the Po-yün-kuan.

Religious Taoism has not had the inspiration or the leadership to develop modern doctrines and programs as Buddhism and Islam have done. There was an abortive effort at a national Taoist association in the years 1912-15,[28] but this was not accompanied by any rallying of believers, nor was it followed by the development of any social, educational, or medical program. Taoist temples have been steadily secularized, and the Communists will complete this process. The Communists themselves recognize that "Religious Taoism" is dead. In 1949, when bidding for the support of religious groups, they invited representatives of Buddhism, Protestantism, and Islam to the People's Political Consultative Conference but there was no representative of Taoism.[29]

Folk Taoism in the present study includes all of the local cults and practices that have, for millenia, been characteristic of the villages of China. Organized Taoism in many respects simply magnified and encompassed a wide variety of folk cults, giving this amalgam some of the trappings of an organized "religion." Folk Taoism, like organized Taoism, has been in a long slow decline. The gods of its pantheon have been increasingly neglected; the shrines and temples in the towns and villages have fallen into neglect.

28. Shina mondai jiten [Encyclopedia of China Problems,] Tokyo, 1942, pp. 416-17.

29. Chan, op. cit., p. 146.

30. Cf. Chan op. cit., p. 145, for an excellent summary of their development.

The arrival of modern school teachers, the appearance even occasionally, of effective modern doctors, have steadily undermined belief in the efficacy of magic, alchemy, and charms. The City God, tutelary deity of an urban center, is no longer enshrined and worshipped; in many villages the god of grain no longer has his altar.[30] One sample survey showed that in the early 1930's, 53 per cent of the folk shrines were no longer being used for their original purpose;[31] the decline in the last twenty-five years has been accelerated.

In the case of folk Taoism, the Communists have moved to bring to an end a complex of ancient practices that had long been dying out. Their method has been a campaign against superstition, a campaign carried out with all of the many devices of propaganda and pressure which are described elsewhere in this volume. It may be sufficient here to point out a few typical methods of attack on folk religion. In a rhymed indoctrination text for women we find exhortations to stay away from the local witch doctors, and, when ill, to consult a physician. And they are warned not to believe in prayer to images of some divinity, "for these are only of mud and lacquer."[32] On all levels of education and in the annual cycles of "campaigns" such as the Patriotic Hygiene Movement and the Resist-America-Aid-Korea Movement, reference is made to the false and debilitating character of the old beliefs, which are held to be "feudal," "unscientific," "reactionary," etc. It is doubtful that the remnants of

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30. [See previous page.]

31. C. S. Braden, Modern Tendencies in World Religions, New York, 1933, p. 113, as cited in Chan, op. cit., p. 145.

32. Fu-nü-San-tzu Ching [The Three-Character Classic for Women], Shanghai, Hsin-hua, 1950, passim.

779 folk religion -- in recent years the resort only of the aged and the ignorant -- will long survive the campaigns being waged against them.

575 Another Taoist-linked institution is the secret society. These organizations have traditionally drawn their rituals, liturgies, doctrines, and patron deities from religious and folk Taoism. They have had a variety of social and political functions: they provide, especially in times of disorder, a closely knit confraternity from which the member can draw help and security. They offer a focus of social and religious life particularly appealing to those who travel beyond the limits of their local kinship groups. Throughout the Ch'ing Dynasty (1644-1911), many secret societies had a strong political function as a focus of anti-dynastic and anti-official sentiment and activity; they made a notable contribution to the victory of the republicans in 1911. Yet Sun Yat-sen found them unmanageable political allies, and by 1930 Chiang Kai-shek -- despite whatever support he may have derived from them in his seizure of power in 1927 -- began to campaign against them.[33] This was interrupted by his campaigns against the Communists and his preparations to resist the Japanese.

The Communist regime obviously will not tolerate any such closed, self-supporting, potentially subversive groups, and a series of campaigns has been carried out against them. At the end of a major drive in 1953, P'eng Chen reported that "four million duped members had

33. Cf. B. Favre, Les sociétés secrètes en Chine, Paris, 1933, p. 177.

575 A Communist release on June 16, 1955, indicated that the I-kuan Tao was still a disciplined and resourceful organization, at least in the Kalgan region.[42]

IV. MOHAMMEDANISM

779 This religion was introduced into China, not by missionaries but by immigrants arriving overland from the west and northwest and by sea to Canton; they have since spread until there are some in every province, although the highest concentration is the northwest and southwest. Since their ancestors were immigrants, the Mohammedans have been treated by Chinese governments as both an ethnic minority and a religious group. (Hence, cf. the chapter on Ethnic Minorities.) Adherents have tended to live in separate communities, their mores and customs [illegible] by religious law rather than by the laws and customs of China. Not only did Islam prescribe for the believer a different way of life from that of the Chinese, it also had international connections and a tradition of militancy. These aspects of Mohammedanism made their communities in China the object of government distrust, and governments in modern times have alternated between policies of suppression and of appeasement.

779 563 The Chinese Mohammedan is set apart from other Chinese by such special customs and observances as these: many greetings are exchanged in Arabic or Persian; believers wear

42. SCMP, 1078, June 28, 1955, pp. 27-28.

779 563 white headdresses resembling turbans; they abstain from alcohol and pork; marriage and funeral rites are different from the Chinese, e.g., they do not use coffins in burial. Traditionally, they seldom engage in farming but rather in certain occupations which in some areas they virtually monopolize -- keeping inns and organizing caravans, butchering, leather working, metal-work, or managing shops which deal in curios and jewelry. Because of oppression and a strong sense of religious community, they tend to live in special districts or streets. They have been more inclined towards athletics and military careers than the Chinese.[43]

779 794 The Moslem sector of a city or the Moslem village community centers on its mosque presided over by its Imam, usually elected from among senior leaders; the Imam and the elders invite an Ahung who preaches, settles disputes, interprets Islamic law, and presides at ceremonies.[44] The Ahung is usually versed in Arabic, although until very recently few had any direct contact with major centers of Islam in the Near East.

779 In the East China Region, Mohammedan communities are found in all provinces. But the major centers, now recognized by the Communists as "Autonomous Areas," lie in the Southwest, the Northwest, and in Central Asia. The

43. Chan, op. cit., p. 6; Encyclopedia of China Problems, pp. 421-22.

44. Chan, op. cit., p. 189; Encyclopedia of China Problems.

779 following table[45] of believers and religious establishments (probably mosques) gives some indication of their distribution throughout the region, as of 1938. However, the source of these figures gives the total number of Moslems in China as more than 48,000,000, a figure that some scholars think is far too high.[46]

Province	Mosques	Adherents
Shantung	2,513	2,890,530
Anhwei	1,505	2,288,580
Kiangsu	1,302	1,963,170
Chekiang	239	357,300
Fukien	257	471,750

Islam in modern times has manifested some of the tendencies which Buddhism showed under the impact of various modernizing forces. One of these was the tendency for lay readers to rise in influence over the Ahung. Another was the foundation of a Chinese Islamic Association in 1912 to represent the interests of all Chinese Moslems, to work for social reform, and to foster closer relations between Moslems and

45. Chung-kuo Nien-chien [Chinese Yearbook], 1948, pp. 126-27.

46. Cf. the admirable summary of statistical argument in Chan, op. cit., pp. 187-88, note 12, cites the leading Chinese Mohammedan scholar Pai Shou-i's estimate of between 30 and 40 million Moslems in China. The picture publication Chinese Moslems, Peking, the Foreign Languages Press, 1955, gives the figure 10 million.

779 non-Moslems. It claimed 3,000 branches by 1923. Its successors participated in the resistance against Japan, sponsored students abroad and the importation of modern scholars of the Koran from other countries, and developed young men's associations and medical services.[47] The total effect of this activity was to foster a trend to liberality and modernity. It served also to identify the Chinese Moslems with the national aspirations of other Chinese.

As the Chinese Moslems came out of isolation and into contact with the rest of Islam and with modern culture generally, there was a considerable difference of view as to the perpetuation of Islam in China. Visits to Mecca in the 1780's had impressed some Chinese Moslems with how far, in their long isolation, they had diverged from orthodox practices. This experience led to the foundation of the New Sect, which stressed return to pure and orthodox Islamic practices. They were resisted by the Old Sect, which favored holding to the customary way developed in China through the centuries. A new New Sect (Tsan-hsin chiao) was founded by Ma Fu-ch'u (1794-1874), and this sect, emphasizing religious ethics, the spirit rather than the letter of scripture, and modernism in dress, has recently been strong along the coast of China and has spread to modern cultural centers.[48]

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47. Cf. Chan, op. cit., pp. 190-91.
48. Chan, op. cit., pp. 192-94.

•779 Chinese Mohammedans in the course of the modernist movement, accepted the Chinese translation of the Koran, hitherto only in the sacred language of Arabic, and opened schools which taught general as well as religious subjects. And they began, like modernists of other faiths, to emphasize the compatability between the Koran and modern science.[49] They published modern periodicals, of which there were nine in 1947; circulation, however, was small. In 1936 the first Chinese Moslem to be so honored received a degree from El Ashar University, the great center of Islamic learning in Cairo. By 1950 the Chinese Islamic Association had set up or co-ordinated two-hundred primary schools and twenty high schools; the Islamic Theological College at the Chungking mosque was opened in 1945. All of these institutions, however, were handicapped by the poverty of the Chinese Moslem community and by suspicion of Chinese learning born of religious conservatism.[50]

779 668 What have been Chinese Communist policies toward the problem of Chinese Islam, a problem that involves some areas where they are a major segment of the population and other areas -- such as the East China Region -- where they represent a cohesive, slowly modernizing religious community? (The policies adopted toward major centers of Moslem population, are dealt with in the chapter on Ethnic Minorities.) Communist religious

49. Chan, op. cit., p. 198.
50. Chan, op. cit., pp. 198-205.

779 668 policies toward Mohammedanism have something in common with Communist policies toward other religions. The standard pattern of organization has been established by the Peking government: An All-China Islamic Association which, it should be emphasized, differs from former organizations in being an instrument of control over Chinese Mohammedans operated by a hierarchy ideologically acceptable to the Communists. A Peking propaganda booklet issued in 1955 states that, "The work of education is really tackled seriously now, and the number of primary and secondary school pupils is now double the figure before liberation."[51] This may sound like "progress," but what it undoubtedly means is that the children of Chinese Moslems are increasingly being given the prescribed Communist education.

The cadre is the basic instrument for the Communization of Chinese Islam. Offering the education and prestige inducements of Party work has apparently successfully recruited cadres from among young Chinese Moslems. "In the government organs there have been many Moslem cadres. Some of them have taken up the leadership jobs. In the areas where the Moslems have

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51. Chinese Moslems. A NCNA dispatch dated June 9, 1955, states that Moslem students in Shanghai have increased from 290 in 1949 to 3,000. Government subsidies (and control) might account for this. SCMP, 1068, June 14, 1955, p. 35.

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779 668 been comparatively concentrated, the government has paid attention to foster the basic-level Moslem cadres."[52]

The policy of Communization is well reflected in a speech by Ma Sung-t'ing, Vice Chairman of the Chinese Moslem Cultural Association, on the occasion of the "Second Enlarged Conference" in June 1955. This conference, he said,

> "...will study how to help the government to carry out the ideological education in patriotism, national unity, and Socialist transformation among the Moslems, so as to further strengthen and consolidate national unity and continue to develop and raise the Moslem political, economic and cultural levels in jointly carrying out the construction of the fatherland."[53]

The Chinese Communists' policy towards the Moslems has been affected by two factors which do not influence their policies towards other religions: (1) the Russian pattern of handling integrated minority groups through various types of "culturally autonomous" organizations; (2) Chinese ambitions in Islamic areas of Asia which foster tactical tolerance towards the Islamic minority in China. Thus the glamorized picture publication Chinese Moslems has texts in English, Chinese, Arabic, and Indonesian, and its introduction ends with the greeting "Salaam to all

52. SCMP, 1068, June 14, 1955, p. 35.

53. NCNA dispatch, SCMP, 1067, June 11-13, 1955, p. 24.

54. Chinese Moslems, introduction. [See next page.]

779 peace-loving Moslems."[54] Selections from the
668 works of Mao Tse-tung have been translated into Arabic for the indoctrination of the Ahungs who do not know Chinese; probably these translations will be used in Indonesia and other countries where Arabic is a lingua-franca. Mosques in "show" cities such as Canton, Shanghai, and Peking have been renovated and serve to demonstrate to Moslem visitors the "reality" of Communist China's promise of religious freedom.

We have little reliable information on the Islamic communities of East China today. But some trends should be noted. The education of Islamic youth, although special Moslem schools have been set up by the government, will be in the pattern ordained by the government, and the youth will tend in time to become more Communist than Moslem.[55] Secondly, the break-up of the closely knit communities in East China will probably proceed apace. The Communist government boasts of the increasing number of Moslem youth now classified as "workers";[56] this means integration of the youth into new state-ordained patterns of activity in factories and workers organizations; it means that they will slowly be alienated from their parents' values as well as from their parents' occupational roles. Thirdly, as Moslems increasingly share in government and social activities, there will be less inclination on their part towards a defensive

55. A NCNA dispatch of June 9, 1955 states that there are five primary and one middle school for Moslems in Shanghai and that 90 per cent of the students

56. NCNA, Peking, June 10, 1955; SCMP 1067, p. 23.

779 668 separatism; it is claimed, for example, that 72 Moslems have been deputies to Shanghai municipal and ch'ü congresses, and token participation tends to bring them into new orbits of activity.[57] Among the 29,000 Moslems in Shanghai, measures have allegedly been taken to provide for their special religious dietary needs,[58] and there are references to special food shipments for Ramadan. Such measures would tend to reduce suspicion and resistance among the Moslems and, in the long run, to make integration easier. The Moslems of East China do not have the relative safety in numbers possessed by the large regional communities in the Southwest and the Northwest. The processes of Communization, secularization, and integration will probably advance rapidly in East China. The measures we have noted plus the activity of the Moslem cadre backed by the full force and apparatus of Communist government, will do more to reduce the age-old separatism and resistance of Islam than the measures of earlier Chinese governments.

V. CATHOLICISM

797 The older of the two Christian faiths in China has had 350 years of missionary and organizational experience. It is, in China as elsewhere, resourceful, flexible, and highly disciplined. In modern China, Catholicism has repeatedly come under nationalistic attack because

57. Ibid.
58. Ibid.

668 wishes for long life, happines, and wealth, but
369 exhortations to conform to Communist standards.[23]
The government may allow some additional foods for the season, but gambling is forbidden, and social life has been so thoroughly organized that it can be no longer restricted entirely to family and friends. The peasants have been urged to organize their own dramatic troupes to play the approved repertoire. Traveling troupes brought dramas to the villages, and 1500 film projecting teams moved into the countryside. The cadres organized "cultural lectures" for the rural groups. The old exchange of visits with relatives in nearby towns now has its Communist counterpart: interchange of visits between urban and rural workers' groups to observe one another's "progress in Communist reconstruction."[24]

668 The seasonal pilgrimage, in company, to
369 some famous shrine also has its Communist
788 counterpart: mass pilgrimages to Mao Tse-tung's native villages, which is being publicized as a national shrine.[25] Despite its frontal attack on the old familism, the Communist government last year provided special trains to take city dwellers back to their native villages for the holiday; a mass exodus was reported from Peking.[26]

668 Ch'ing-ming is no longer an approved festi-
527 val, presumably because of its function as a celebration of kinship ties and family continuity. The next approved traditional holiday is the Dragon Boat festival in June. The boat races

23. Cf. collection of mottoes in Hua-nan t'ung-shu [South China Almanac] Canton, 1953, p. 32.
24. Enlightenment Daily, Jan. 23 1955, p. 2.
25. Ibid. 26. Ibid., Also, SCMP972, 1954 p. 21.

779 Estimates on the total number of clergy[11]
792 vary, but in 1931 they appear to have numbered 500,000 to 600,000. Recent refugees report that four out of every seven clerics have been forced to return to lay life.[12] By 1954 it was estimated that there were only 2,500 clergy remaining in the whole of China, "of which half are Chinese Communist Party agents."[13] Even allowing for exaggeration, it would appear that the Buddhist clergy as a group has been nearly eliminated and that its dwindling influence in society has reached the vanishing point.

799 While the traditional clergy was in decline, Buddhist laymen assisted by a few monks attempted the reinvigoration of the Chinese Buddhist community. The leadership of this movement was largely from the East China Region. Modern-minded Buddhists felt that a lesson could be learned from Protestantism in the West: that an entrenched clergy could not be the instrument of sweeping reform. Hence their efforts were concentrated on building lay organizations of various kinds: social welfare organizations such as the Red Swatika Society (modeled on the Red Cross), YMBA and YWBA patterened on the YMCA and YWCA, Buddhist schools and seminaries to train a modern clergy, and research centers for the re-evaluation of the Buddhist heritage. They attempted to reach out and join hands with Buddhists in other Asiatic countries, and good-will tours and conferences were organized. Buddhist writing

11. Chan, op. cit., pp. 80-81.
12. Chan op. cit., pp. 90-91.
13. Atrocities.

779 563 white headdresses resembling turbans; they abstain from alcohol and pork; marriage and funeral rites are different from the Chinese, e.g., they do not use coffins in burial. Traditionally, they seldom engage in farming but rather in certain occupations which in some areas they virtually monopolize -- keeping inns and organizing caravans, butchering, leather working, metal-work, or managing shops which deal in curios and jewelry. Because of oppression and a strong sense of religious community, they tend to live in special districts or streets. They have been more inclined towards athletics and military careers than the Chinese.[43]

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V. CATHOLICISM

• 777 The older of the two Christian faiths in China has had 350 years of missionary and organizational experience. It is, in China as elsewhere, resourceful, flexible, and highly disciplined. In modern China, Catholicism has repeatedly come under nationalistic attack because

57. Ibid.
58. Ibid.

947 of its foreign support and its allegiance to Rome. The church has countered these attacks in a variety of ways: it has encouraged the Sinicization of Church symbols, e.g., the Virgin is portrayed as a Chinese woman in Chinese dress; it has given its foreign missionaries a more thorough grounding in Chinese language and culture, so that the best of them, wearing Chinese scholars' gowns as habits and speaking excellent Chinese, can make their way successfully in any stratum of Chinese society. The most striking response to nationalistic attacks has been the increasing use of Chinese priests throughout the hierarchy. This is part of world-wide policies in an age of rising nationalism. The following figures indicate the dimensions of the change since 1900:[59]

	Chinese Catholics	Foreign Priests	Native Priests
1900	700,000	1,375	471
1948	3,275,000	3,015	2,676

This process of replacing foreign clergy with Chinese clergy has made greatest progress in the older Catholic areas, particularly in North China. There are 144 dioceses or apostolic prefectures, and 29 of these, in the major cultural

59. Jean Mosterlee, S.J., Les Martyrs de Chine parlent: L'Empire du Mao Tse-tung contre l'Eglise du Christ, Paris, 1953, p. 32; hereinafter cited as Monsterleet.

767 and commercial centers, are administered by Chinese prelates.[60] The elevation of a Chinese priest to the College of Cardinals in 1946 was a striking symbol of the Church's intention to advance the process of Sinicization.

Catholic cultural and educational activities have played an important role in the advance of the Church. Schools, colleges, and unversities have, on the one hand, made it possible for the youth of Chinese Catholic families to have a complete modern education under Church auspices and control; on the other, the colleges and universities have given the clergy a chance to win over non-Catholic youth enrolled as students. Catholic scientific and cultural research, such as that carried on at the famous Zikawei Observatory near Shanghai, make it clear that the Church and modern science are not in direct opposition to one another.

The situation in 1945-46 was encouraging to Chinese and foreign Catholics. The clergy was being rapidly Sinicized, charitable work was going forward. Catholic educational institutions were full. Native and foreign clergy had gained approval for their work in the war of resistance against Japan. At the same time there were developments which, especially in the light of later events, promised trouble to the Church. The exchange of envoys between the Vatican and the Nationalist Government took place in 1946; Bishop Paul Yu-pin was widely believed to have strong influence with Generalissimo Chiang; these and other signs of

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60. Ibid.

61. Cf. Raymonde de Jaegher and I. Corbally Kuhn, Tempête sur la Chine, Paris, 1953. [Next page.]

797 identification of the Church with the Nationalist Government boded ill for the Church when the government declined in power. As the Communist
798 power increased, the persecution of the Church begun in Communist areas in 1937, was a grim warning of what might be in store for Chinese Catholicism as a whole.[61] Catholic Action, the association of enthusiastic laymen for the advancement of the Faith, had been growing in all parts of the country from 1928 onward; there were two-hundred groups and thirty youth groups as early as 1930.[62] In 1948 the Papal Nuncio ordered the formation of the Legion of Mary, a more militant, zealous, and disciplined organization of Catholic laymen, which in many areas absorbed the Catholic Action groups. The new organization was set up by an American priest and it had the Chinese name of Sheng-mu ch n, Army, or Legion, of Mary. Many experienced Catholic missionaries were doubtful if any strong Chinese government would tolerate this type of militant organization. The group has proved of major propaganda value to the Communists and an object of their most ruthless measures of suppression.[63]

Communist policies and propaganda have made the most of all the vulnerabilities of the Chinese Catholic Church. Its foreign "imperialist" and Kuomintang connections were played up, and

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62. Monsterleet, p. 148.

63. Cf. Hsü, Hsin Chung-kuo ti tsung-chiao ko-hsin yün-tung [The Movement for Religious Reformation in New China], Shanghai, 1951, pp. 9-13. Hereafter cited as Hsü.

798 Priests were "tried" and imprisoned and the Papal Nuncio was expelled from China.[67]

The next step in the campaign against Catholicism resembled the policy followed in Russia and in the East European satellites. This was the foundation by the Communists of a "national church" whose guiding spirits were a small minority of disaffected clergy and laymen. This group was constituted as the "Committee of the Reform Church." It was not subject to episcopal or pontifical directives. The group was to decide what was to be taught, who could say mass or give the sacraments; and it advocated "progressive," i.e., orthodox Communist teaching. Under its sponsorship certain "model parishes" were set up with "progressive" priests in charge. Apparently this organization has had only limited success. The Jesuit writer Jean Monsterleet estimates that only 2 per cent of the clergy went over to the "reformed church"; nearly all openly proclaimed their faith; some died as martyrs.[68]

From October 1952 on there was less persecution of Catholics, although between January 1951 and November 1953 the number of missionaries[69] was reduced through expulsion from 3,222 to 364.

799 By far the highest concentration of Catholic clergy in the East China Region has been in Shanghai. Shanghai, like Peking, had over 200 priests; the entire province[70] of Fukien had only 177. The following table indicates the distribution of Catholic centers in East China.[71]

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67. Ibid., p. 28 68. Monsterleet, p. 29.
It should be emphasized that these figures are given by a Catholic author. 69, 70, 71. [See next page

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Province	Metropolitan Bishopric	Suffragan Diocese	Number of Catholics, 1939
Shantung	Tsinan	Chou-ts'un	268, 831
		Tzu-yang	
		Yentai (Chefoo)	
		Yang-ku	
		Lin-i	
		Ho-tse	
Anhwei	Anking	Pang-pu	113, 828
		Wu-hu	
Kiangsu	Nanking	Hsü-chou	272, 623
		Hai-men	
		Shanghai	
Chekiang	Hangchow	Ningpo	103, 190
		Lin-hai (T'ai-chou)	
Fukien	Foochow	Hsia-p'u (Fu-ning)	86,730
		Amo	

798 Since Shanghai is both a major religious center and the principal center of Catholic education in East China. it may be useful to consider the impact of Communist policies on it. The

69. Mission Bulletin. April 1952, p. 323, and Jan. 1954, p. 56; cited in Walker, op. cit., p. 189.

70. Monsterleet, p. 33.

71. Monsterleet, pp. 16-17. The Catholic population figures are quoted from the Annuaire des Missions Catholiques de Chine 1939, Shanghai, 1939.

798 apostles; I saw the ambitious and selfish give up their goals and possessions; I saw some of my Christian youths break the bonds of family and friendship for this Cause."[77]

The basic question is whether the harassed and persecuted Church can find the means to give its own youth these qualities. If it cannot, its future throughout China will be dark indeed.

VI. PROTESTANTISM

797 In many respects the Protestant missionaries and their converts set the pattern for the modernizing movements which took place in Buddhis and Islam. Protestant religious work in the twentieth century came to be accompanied by widespread diverse, and large-scale social service, medical, and educational activities. The Protestant missionaries helped to awaken the social conscience of the Chinese, and the missions were major centers for the dissemination of general knowledge about the West. Sun Yat-sen was a devout Christian, and Christian thought left its mark on much of his work. As pioneers in medical education, in many fields of technical education, in women's education, and in many other spheres, the Protestants made striking contributions to the dissolution of the traditional order in China. But it was beyond their

77. Robert W. Greene, Calvary in China, New York, 1953, pp. 76-77.

797 powers to replace that order with a Christian democratic society. And they failed also to forge an effective instrument to work for that end: a disciplined, independent, vigorous body of Chinese Protestants.

Protestant missions began in the ports of the China coast that were gradually opened up after China's successive defeats by the Western powers. The rights of residence, travel, and property ownership for both Catholic and Protestant churches were exacted in the successive treaties which China was forced to sign. This background of, as it were, forced entry into China has handicapped Christianity in China in two important respects: as the tide of nationalistic sentiment rose, anti-Christian movements invariably accompanied anti-foreign and nationalistic manifestations. Secondly, the decades of foreign protection and foreign support prevented the Christian churches -- the Protestant perhaps more than the Catholic -- from developing their own means of self-support and their own mechanisms of survival in times of political upheaval.

Protestantism has suffered from its own sectarianism. A rational division of Christian effort was usually impossible when Baptists, Methodists, Episcopalians, and innumerable small sects were at odds with one another and brought diverse and conflicting interpretations of Christianity to the Chinese.[78]

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78. There were 66 different Protestant missionary societies in China in 1906. By 1919 there were 130 different societies, groups, and other missionary organizations. Cf. Pr. Damboriena,

[See next page.]

777 Naturally the antagonism between Catholic and Protestant mission workers -- their tendency to depreciate one another when dealing with the Chinese -- further weakened the whole effort. Martin Yang describes the antagonisms that developed in the Shantung countryside between Catholic and Protestant Chinese; this added to the tension that already existed between the mass of the villagers and the converts to both forms of Christianity.[79] Yang, himself a Christian, has this to say of the motivations of conversion in the village he studied: "The first converts were members of the Ch'en and Yang families and included a Ch'en scholar and his second brother. They were all ambitious men, and their primary purpose in conversion was to get positions as country preachers, and then to establish a church-subsidized village school, to use foreign influence through the church to deal with their opponents, and to sell food to the missionaries."[80] Chinese governments, imperial and

"Les missions Protestantes en China," Bulletin de l'Université l'Aurore. Ser. III, Vol. 8, No. 1, Shanghai, 1947, p. 18; hereinafter cited as Damoriena; Greighton Lacy, "The Missionary Exodus from China," Pacific Affairs, Vol. 28, No. 4, Dec. 1955, observes: "Far more disruptive in almost every mission area has been the swarm of small, independent sects -- pentecostal, holiness, fundamentalist -- most of them divisive. Not only do they assert their unwillingness to co-operate with other Christian groups, but they seek most of their converts from the established churches."

79. Martin Yang, A Chinese Village, New York. 1945 pp. 158-64.

80. Ibid., p. 159.

797 nationalist, found the Christians troublesome, and, in the twenties and thirties, there were serious efforts to curb them. One of the effects of government sanctions, combined with the relatively poor results after ninety years of effort, was to reduce the enthusiasm for China missions among Christians abroad. This was reflected in the decreased flow of funds, notably from the United States. From nearly $6,000,000 in 1928, Protestant contributions fell to a little over $3,500,000 in 1933 and did not greatly exceed $4,000,000 in 1935 and 1936.[81] This handicapped nearly all fields of missionary endeavor.

Another arena in which the Protestants tried for influence was the great polemical struggle of the 1920's and 1930's over the nature and future of Chinese civilization. In this prolonged and important controversy, the Protestants found themselves handicapped by the divisions among themselves, notably that between modernists and fundamentalists, and also by the rising tide of nationalism. In the end the Protestants shared with idealistic Chinese and Western philosophers the failure to stem the rising tide of materialism in thought.

The Sino-Japanese War and the war in the Pacific disrupted missionary efforts in north and central China. At the war's end, the Protestant missionaries returned and set about the rehabilitation of church establishments. Apparently progress was made, but there were disquieting aspects.

81. Damboriena, p. 83.

797 The interdenominational unions which the Japanese had imposed during their occupation broke apart and sectarian rivalries sprang up again.

"The measure of self support achieved in wartime necessity collapsed before the inflowing torrent of foreign funds. Leadership which had demonstrated both courage and competence through years of crisis politely yielded to colleagues returning from the West."[82]

American financial support also drew upon the Protestants an increasing barrage of Communist and left-wing criticism as the Nationalist Government -- receiving American support -- became increasingly discredited. Protestants, because of their preponderant emphasis on the social gospel (serving God through service to society) and their less formidable unity and discipline, suffered less in Communist-occupied areas than did the Catholics. Yet the more clear-headed of the Protestants could not but dread the rise of Communist power.

798 The timetable of Communist moves against Protestants and their organizations follows approximately that for the Catholics noted above. The "national church," the "three autonomies," the

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82. Lacy, op. cit., p. 306.

798 confiscation of church property, church schools, and hospitals were accompanied by a steady expulsion of the missionaries. The following figures show the decrease in Protestant missionary personnel between 1935 and 1949 and the almost total elimination of missionaries since that time.[83] In 1935, there were 5,816 Protestant missionaries in China; in 1949, about 3,000; in April 1952, only 100.

797 668 It is not possible to document the proportion of Chinese Protestants who have made their peace with the Communist regime, but "modernism," the social gospel, sectarianism, and the lack of such punitive sanctions as excommunication all tend to make the Protestants less resistant to Communist force and persuasion than the Catholics. The "three autonomies" -- in support, government and propagation -- has been a stated goal of Chinese Protestantism since 1851 and the Chinese Protestant community has generally accepted this, when stated by the Communists, as a praiseworthy end.[84]. A leading Chinese Protestant layman -- under what degree of pressure we do not know -- found a number of ways to come to terms with Communism: (1) as far back as the founding of Judaism, men's highest hope has been the establishment of a solidly united, ideal society; the Communists promise such a society; (2) sectarianism has created dissension, but the Chinese have a genius for compromise; therefore there is an opportunity to promote (under the Communist government) "a grand union of the churches"; (3) Christianity is a religion of world revolution, but it has been fettered and frustrated by feudal

83. The first figure is from Handbook of the Christian Movement, reproduced in Damboriena, p. 82. Other figures are from Walker. op. cit. p. 19.

84. Lacy, op. cit., pp. 307-08.

797 and reactionary institutions. The age of Marxism
668 Leninism, therefore, is favorable to the realization of "Christian ideals."[85] Chinese Protestants are barraged by such statements, which even go so far as to assert that Jesus was a "patriotic anti-imperialist" in defending his country against the Romans.[86] How successfully Chinese Protestants are resisting this type of persuasion and the manifold pressures and blandishments of the Communist regime is unknown. Again, as in the case of the Catholics, loss of Protestant youth to the Communist "religion" would mean that the future in China will be dark indeed.

797 The East China Region has had the following distribution of Protestants. The first column gives the percentage of total population which was Protestant in 1938, the second, the gross number of Protestants in 1924.[87]

Province	1938 (per cent)	1924 (gross)
Shantung	12.2	41,821
Anhwei	1.5	5,070
Kiangsu	8.3	29,783
Chekiang	7.3	27,902
Fukien	11.3	38,584

85. Ts'ai Yung-ch'un, "Progressive Road for Christianity in the New China," Hsin Kuan-ch'a [New Observation], Vol. I, No. 8, Oct. 10, 1950; Current Background, 40, Dec. 15, 1950, p. 3.

86. Hsü, op. cit., p. 41.

87. Ku T'ing-ch'ang's percentage figures published in the Collectanea Commissionis Synodalis, XI, 1938, pp. 272, 281. Tables reproduced in Damboriena, pp. 90-91. These percentages are

797 The tendency for Protestantism to have its greatest stength in the accessible coastal provinces has persisted until today. In terms of social composition, the Protestant community has been estimated as 75 per cent rural and 25 per cent urban, with farmers prodominating followed by petty merchants and workers.[88]

Shanghai has long been a principal center for Christian religious and educational work, the headquarters for most missionary organizations. Although church property has been confiscated and missionaries expelled, there is evidence that Shanghai Protestant leaders have not suffered in the way that Catholic leaders have. They have apparently led their churches in a policy of accomodation to the new regime. An account by a Chinese Protestant -- and it is impossible to check its accuracy -- states that there are 140 Protestant churches in Shanghai holding services every Sunday, and we know from British evacuees that churches are well attended there.[89] The same Chinese Protestant describes the renovation or building of churches, nine in Hangchow, one at least in rural Kiangsu. He stresses particularly the assumption

[Continued from previous page.]

37. -- doubtful because, if correct, they would indicate a far larger number of Protestants than the Protestant Church has ever claimed. The 1924 figures are from China Yearbook, 1924.

88. Percentage estimates by the Dean of the University of Nanking as of the early 1930's. Damboriena, p. 30.

89. Wu Yao-tsung "Freedom of Religious Belief in Prosperous Strong Fatherland," Hong Kong, Wen Wei Pao, Oct. 1 1955; SCMP, 1159, October 28, 1955, p. 41; New York Times, Dec. 11, 1955. p. 32.

797 by Chinese Protestant sects of their own missionary functions -- one of the "three autonomies." He further states that nearly 200 students have been enrolled in divinity schools in both Nanking and Peking.[90]

The future of Protestantism is uncertain. The key to its survival is whether, within the strict limits imposed by the new Communist-Nationalist orthodoxy, a Christian church can win over a significant number of the youth. Christianity is continually castigated in education and in the press as backward, superstitious, and unscientific. The rewards of place and prestige go to those Chinese most fervent in their acceptance of the Communist orthodoxy. It is doubtful if a significant number of youth will act to cut themselves off from these rewards by embracing an alien religion.

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90. Wu, op. cit., p. 41.

771 Religions in the twentieth century were caught in this crossfire of negative sentiment and attack. To modernize and to become militant was to provoke state suppression, and the effort of religious leaders to stem the rising tide of intellectual materialism failed.[3] In the countryside the old folk religions - varieties of Buddhism and Taoism -- continued to wither away. Christianity made some advances, but it was always tainted by its foreignness, by the fact that its missionaries came with the backing of the Western powers which held China in thrall.

798 Communist policy towards religion is in many ways the culmination of the trends we have described. It reflects the triumph of materialist philosophy and the imposition of materialism as the intellectual orthodoxy. It is highly nationalistic and anti-foreign and thus insists that all organizations of a religious nature cease receiving support from abroad and assert their distinctive Chinese character. It carries forward through the most effective apparatus of control and coercion that China has seen, the confiscation of church property and the secularization of the clergy. The Communist Constitution provides that "Citizens of the People's Republic of China have freedom of religious belief.[4] This means, in practice, that people of various religious persuasions

2. O. Brière, "Les courants philosophiques en Chine depuis 50 ans " Bulletin de l'université de l"Aurore, No. 40, 1947, pp. 561-654.

3. O. Brière op. cit., passim.

4. Article 88 Ch. III.

798 are allowed a limited and shrinking area of belief and action by an authoritarian government which reserves the fundamental right to control all education, communication, and public and private morality. On the grounds of anti-superstition, anti-imperialism and anti-feudalism, the government and Party move steadily with only occasional tactical retreats, towards the liquidation of religion in China.

Both pre-Communist trends and Communist policies should be kept in mind as we consider religion in the East China Region.

II. BUDDHISM

779 This oldest of imported religions shows,
798 in its recent development, some of the trends just noted. Despite the efforts of the noted abbot T'ai-hsü (1889-1946), Buddhism never competed successfully for the allegiance of the intellectuals. The effort to transform it into a modern religion, by updating both its doctrine and its social program failed, although for a time it seemed to show signs of an increasing vitality. Under warlord and nationalist governments its personnel and establishments suffered severe attrition. Its establishments were taxed, its temples were converted to secular use by warlords, Kuomintang officials, and the local gentry. Much Buddhist property was confiscated, and tenants on Buddhist land refused to pay their rent. Monks and nuns were driven from their temples in the cities where up to 80 per cent of the Buddhist

779 eastablishment s were converted into schools,
798 barracks, and police stations.[5]

The Japanese attempt to use Buddhism as an ideology to bind together their puppet regimes in China and Southeast Asia generated widespread anti-Buddhist sentiment through Free and Occupied China.

779 The older clergy of monks and nuns was accused of being corrupt and parasitic by modern Buddhists, but efforts at sweeping fundamental reform failed; the motivation for becoming a member of such a clergy remained largely negative.[6]

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5. Cf., Wing-tsit Chan, Religious Trends in Modern China, New York, 1953, pp. 55-56. This summary is from Ta-hsing, "Fifteen Years of Religious Catastrophes in Retrospect," Hai-ch'ao-yin magazine, Vol. XVI, No. 1, Jan. 1935.

6. Chan, Religious Trends, pp. 81-82, citing Reichelt, Truth and Tradition in Chinese Buddhism, pp. 231-34, lists reasons given by Chinese nuns for entering holy orders. Unhappy marriages account for a great number, and 60 to 70 per cent made choice because no other solution presented itself. Other reasons for entering holy orders include: genuine, deep faith; presented to church by parents because of devotion, sickness, lack of support, or an astrologer's advice; sense of helplessness after husband's death; poverty, family troubles or other disappointments; influence of sisters, et al, who had become nuns; and servants seeking escape from the cruelty of their mistresses.

797 identification of the Church with the Nationalist Government boded ill for the Church when the government declined in power. As the Communist
798 power increased, the persecution of the Church begun in Communist areas in 1937, was a grim warning of what might be in store for Chinese Catholicism as a whole.[61] Catholic Action, the association of enthusiastic laymen for the advancement of the Faith, had been growing in all parts of the country from 1928 onward; there were two-hundred groups and thirty youth groups as early as 1930.[62] In 1948 the Papal Nuncio ordered the formation of the Legion of Mary, a more militant, zealous, and disciplined organization of Catholic laymen, which in many areas absorbed the Catholic Action groups. The new organization was set up by an American priest and it had the Chinese name of Sheng-mu ch'ün, Army, or Legion, of Mary. Many experienced Catholic missionaries were doubtful if any strong Chinese government would tolerate this type of militant organization. The group has proved of major propaganda value to the Communists and an object of their most ruthless measures of suppression.[63]

Communist policies and propaganda have made the most of all the vulnerabilities of the Chinese Catholic Church. Its foreign "imperialist" and Kuomintang connections were played up, and

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62. Monsterleet, p. 148.

63. Cf. Hsü, Hsin Chung-kuo ti tsung-chiao ko-hsin yün-tung [The Movement for Religious Reformation in New China], Shanghai, 1951, pp. 9-13. Hereafter cited as Hsü.

798 nationalistic feelings against it were aroused. Its role as property owner -- "foreign capitalist-imperialist oppression" -- was dramatized during the land reform period, and local ignorance and hatred turned against it.[64] Old and long discredited accusations were made against Catholic charitable organizations: the Sacred Heart Home for Children in Nanking was labeled a "little Buchenwald" and the sisters were accused of torturing, neglecting, and selling Chinese children.[65] The war in Korea provided the occasion for an increasing number of accusations of espionage against the Catholic clergy.

Communist government measures have been many, but the main steps resemble those taken against other religious groups. The 1950 campaign for "triple independence" or "triple autonomy" involved freedom from foreign administration, financing, and evangelistic policy control. This was given emotional significance by the warfare in Korea and by the Communists' well-managed propaganda campaigns against imperialism and espionage.[66]

In 1951 the campaign against the Church was accelerated. All Catholic schools and universities and many hospitals and churchs were confiscated.

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64. Cf. the dramatic eyewitness account of F. Legrand, Le Communisme arrive au village Chinois, Peking, 1947. This observation was made before the nationwide land reform campaign.

65. Cf. Walker, China Under Communism, p. 190. Such accusations recall the stories circulated by the gentry which touched off the Tientsin massacre of Chinese Catholics and foreigners in 1870.

66. Monsterleet, pp. 25-29.

798 Priests were "tried" and imprisoned and the Papal Nuncio was expelled from China.[67]

The next step in the campaign against Catholicism resembled the policy followed in Russia and in the East European satellites. This was the foundation by the Communists of a "national church" whose guiding spirits were a small minority of disaffected clergy and laymen. This group was constituted as the "Committee of the Reform Church." It was not subject to episcopal or pontifical directives. The group was to decide what was to be taught, who could say mass or give the sacraments; and it advocated "progressive," i.e., orthodox Communist teaching. Under its sponsorship certain "model parishes" were set up with "progressive" priests in charge. Apparently this organization has had only limited success. The Jesuit writer Jean Monsterleet estimates that only 2 per cent of the clergy went over to the "reformed church"; nearly all openly proclaimed their faith; some died as martyrs.[68]

From October 1952 on there was less persecution of Catholics, although between January 1951 and November 1953 the number of missionaries[69] was reduced through expulsion from 3,222 to 364.

797 By far the highest concentration of Catholic clergy in the East China Region has been in Shanghai. Shanghai, like Peking, had over 200 priests; the entire province[70] of Fukien had only 177. The following table indicates the distribution of Catholic centers in East China.[71]

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67. Ibid., p. 28 68. Monsterleet, p. 29. It should be emphasized that these figures are given by a Catholic author. 69, 70, 71. [See next page]

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Province	Metropolitan Bishopric	Suffragan Diocese	Number of Catholics, 1939
Shantung	Tsinan	Chou-ts'un	268, 831
		Tzu-yang	
		Yentai (Chefoo)	
		Yang-ku	
		Lin-i	
		Ho-tse	
Anhwei	Anking	Pang-pu	113, 828
		Wu-hu	
Kiangsu	Nanking	Hsü-chou	272, 623
		Hai-men	
		Shanghai	
Chekiang	Hangchow	Ningpo	103, 190
		Lin-hai (T'ai-chou)	
Fukien	Foochow	Hsia-p'u (Fu-ning)	86,730
		Amoy	

798 Since Shanghai is both a major religious center and the principal center of Catholic education in East China, it may be useful to consider the impact of Communist policies on it. The

69. Mission Bulletin, April 1952, p. 323, and Jan. 1954, p. 56; cited in Walker, op. cit., p. 189.

70. Monsterleet, p. 33.

71. Monsterleet, pp. 16-17. The Catholic population figures are quoted from the Annuaire des Missions Catholiques de Chine 1939, Shanghai, 1939.

798 general course of those policies has been outlined above. The Catholic community numbered almost 50,000. The Communist campaign for the "three autonomies," launched at the end of 1950, met with strong Catholic resistance; this centered in the Central Catholic Bureau in Shanghai founded by Monsignor Riberi, the Papal Nuncio. The bureau, despite grim reprisals against its Chinese staff, circulated the Church's statement of policy against the "three autonomies" and the proposed "reformed church" separated from Rome.[72] Accusations and the "confessions" of renegade Catholics filled the popular press. In September 1951, all Catholic primary schools in Shanghai (and in the rest of the country, 4,000 in all) were closed, and the University of Aurora, seminaries, and hospitals were taken over by the state. The state then expelled the Papal Nuncio, arrested the priests of the Catholic Bureau, and took harsh sanctions against the Shanghai membership of the Legion of Mary.[73] Reports indicate, however, that the number who left the Church was few. Father Bede Chang, a noted Catholic leader, was tortured to death when he resisted pressure to head a "reformed church." But the requiem mass in his honor on November 13, 1951, was attended by more than 3,000 persons from all parts of Shanghai.[74]

In Shanghai, as elsewhere, there was a respite from persecution from the autumn of 1952 onward. Churches were well attended, and although

72. Monsterleet, pp. 16-17.
73. Monsterleet pp. 28, 113.
74. New York Times, Dec. 11, 1955, p. 32.

798 missionaries and native priests were continually harrassed, they went on with their work. A group of British residents who left Shanghai in November 1955 testified that "Church attendance...has remained large, and Roman Catholic churches, in particular are said to be jammed at all masses."[75] But the following month the Bishop of Shanghai and his "principal accomplices" were arrested and charged with "plotting a counterrevolutionary uprising." It seemed likely that another wave of persecution was rising in Shanghai and elsewhere.[76]

The Church in China obviously faces further trials. The fundamental question is how can the church resist a totalitarian state and gain converts when conversion brings political and social sanctions against them? Father Greene, who witnessed the persecution in Kwangsi, sounds a sombre note of warning. He is speaking of the cadres:

> "It was impossible for me, as I watched these well-trained youths perform their inhuman tasks, to minimize the seriousness of their convictions and the thoroughness of their methods. These convictions were deeply impressed on their minds.... The new ideas and strange thoughts are unconditionally accepted by the young, and accepted with a fanaticism which fears neither suffering, hardship nor death. I saw shy youths changed into courageous

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75. New York Times, Dec. 11, 1955, p. 32.

76. New York Times, Dec. 11, 1955, U.P. dispatch, dateline London, Dec. 10; China News Analysis, Hong Kong, 105, p. 1. No details of action taken outside of Shanghai are given.

•798 apostles; I saw the ambitious and selfish give up their goals and possessions; I saw some of my Christian youths break the bonds of family and friendship for this Cause."[77]

The basic question is whether the harassed and persecuted Church can find the means to give its own youth these qualities. If it cannot, its future throughout China will be dark indeed.

VI. PROTESTANTISM

797 In many respects the Protestant missionaries and their converts set the pattern for the modernizing movements which took place in Buddhis and Islam. Protestant religious work in the twentieth century came to be accompanied by widespread diverse, and large-scale social service, medical, and educational activities. The Protestant missionaries helped to awaken the social conscience of the Chinese, and the missions were major centers for the dissemination of general knowledge about the West. Sun Yat-sen was a devout Christian, and Christian thought left its mark on much of his work. As pioneers in medical education, in many fields of technical education, in women's education, and in many other spheres, the Protestants made striking contributions to the dissolution of the traditional order in China. But it was beyond their

77. Robert W. Greene, Calvary in China, New York, 1953, pp. 76-77.

797 The interdenominational unions which the Japanese had imposed during their occupation broke apart and sectarian rivalries sprang up again.

"The measure of self support achieved in wartime necessity collapsed before the inflowing torrent of foreign funds. Leadership which had demonstrated both courage and competence through years of crisis politely yielded to colleagues returning from the West."[82]

American financial support also drew upon the Protestants an increasing barrage of Communist and left-wing criticism as the Nationalist Government -- receiving American support -- became increasingly discredited. Protestants, because of their preponderant emphasis on the social gospel (serving God through service to society) and their less formidable unity and discipline, suffered less in Communist-occupied areas than did the Catholics. Yet the more clear-headed of the Protestants could not but dread the rise of Communist power.

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82. Lacy, op. cit., p. 306.

confiscation of church property, church schools, and hospitals were accompanied by a steady expulsion of the missionaries. The following figures show the decrease in Protestant missionary personnel between 1935 and 1949 and the almost total elimination of missionaries since that time.[83] In 1935, there were 5,816 Protestant missionaries in China; in 1949, about 3,000; in April 1952, only 100.

It is not possible to document the proportion of Chinese Protestants who have made their peace with the Communist regime, but "modernism," the social gospel, sectarianism, and the lack of such punitive sanctions as excommunication all tend to make the Protestants less resistant to Communist force and persuasion than the Catholics. The "three autonomies" -- in support, government and propagation -- has been a stated goal of Chinese Protestantism since 1851 and the Chinese Protestant community has generally accepted this, when stated by the Communists, as a praiseworthy end.[84]. A leading Chinese Protestant layman -- under what degree of pressure we do not know -- found a number of ways to come to terms with Communism: (1) as far back as the founding of Judaism, men's highest hope has been the establishment of a solidly united, ideal society; the Communists promise such a society; (2) sectarianism has created dissension, but the Chinese have a genius for compromise; therefore there is an opportunity to promote (under the Communist government) "a grand union of the churches"; (3) Christianity is a religion of world revolution, but it has been fettered and frustrated by feudal

83. The first figure is from Handbook of the Christian Movement, reproduced in Damboriena, p. 82. Other figures are from Walker op. cit. p. 19.

84. Lacy, op. cit., pp. 307-08.

175 northwest into the Yellow River region. The victory of Ch'in over Ch'u in 223 B.C. was followed two years later by the establishment of the first unified Chinese Empire. This process of Chinese unification, whereby consolidation of power in either the Yellow or the Yangtze river areas was the basis for further expansion and the establishment of empire, was repeated many times over in the succeeding centuries.[4]

B. The Foundations of Confucianism

812 In the four centuries before the emergence of the first Chinese Empire (221 B.C.), the principal philosophies with which China was to be occupied for the next two millenia were developed in the East China Region.[5] From the small,

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4. On the influence and fragmentation of the Chou state and the rise of the Ch'in unified empire see Eberhard, op. cit., pp. 25-68; Needham, op. cit., pp. 90-98; and Kenneth S. Latourette, The Chinese: Their History and Culture, 2nd ed., rev. (two volumes in one), Vol. I, New York, The Macmillan Co., 1934, pp. 42-83.

5. Readable summaries of the philosophers, their ideas and influence which are mentioned in the following pages may be found in H. G. Creel, Chinese Thought from Confucius to Mao Tse-tung, Chicago, University of Chicago Press, 1953; E. R. Hughes, Chinese Philosophy in Classical Times, London, J. M. Dent and Sons, Ltd., 1942. For translations of the works of individual philosophers see "Suggestions for Further Reading," Creel, Chinese Thought, pp. 263-65.

812 weak state of Lu in what is now southern Shantung there emerged during the sixth century B. C. one of China's and the world's most influential [829] thinkers -- Confucius. He blended and refined elements of the early Chou code of chivalry and the older, popular cosmological beliefs of the Yellow River culture to achieve the idea of a unified state, functioning as a great, harmonious family of unequals under a wise emperor-father ruling by example with the aid of learned and virtuous counselors. In the last half of the fourth century B.C., the same state of Lu produced the philosopher Mencius, who further developed Confucian ideas along the line of their originator, and stressed the innate goodness of human nature.

The last great contributor to Confucianism before it became a state cult was Hsü-tzu. He was a native of the state of Ch'i, which occupied most of present-day northern Shantung, but he spent much of his life in Ch'u. Living in the third century B.C. when the power struggle in China had reached its height, he was more realistic 829 and tough minded than his predecessors. He differed from them in maintaining that man was innately evil and that he could be made a worthwhile citizen of society only through the ministrations of rites, rewards, and punishments by an authoritarian state served by Confucian scholars.

With additions and modifications, the Confucian doctrine became the state cult which governed Chinese thought and behavior for most

829 of the next two thousand years. The birthplace, grave, and descendants of Confucius have been honored by successive dynasties since the Han (206 B.C. to A.D. 220), and his direct male heir of the seventy-seventh generation now holds a sinecure as Officer of Confucian Rites in Formosa. Confucius and his doctrine fell into disrepute from the founding of the Republic (1912) through the early years of Kuomintang rule, but national recognition of his birth day was restored in 1931 at the time reworked elements of his philosophy were being revived by the Nationalist Government.[6] It is important to note also that two years before Mao Tse-tung took part in the founding of the Chinese Communist Party, he went out of his way to visit Confucius' birthplace and grave in Shantung.[7]

C. Moism and Taoism

81n Between Confucius and Mencius, yet another great founder of a school of thought came to the fore in or near the state of Lu. This man was Mo Ti (Mo-tzu), whom some scholars make a native of Lu and others a native of the neighboring state of Sung. He expounded a doctrine

6. See Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology," The Far Eastern Quarterly, Aug. 1955, pp. 515-32, particularly pp. 520-21.

7. See Mao Tse-tung's autobiographical account as reported by Edgar Snow, Red Star Over China, New York, Random House, 1938, pp. 136-37.

812 of utilitarianism and universal love. More precise and systematic in his argument than his predecessors or contemporaries, he and more particularly his later disciples began to work out a methodology of argument that, along with his program for social improvement, endeared him and his followers to revolutionary thinkers of the twentieth century such as Hu Shih.[8]

The antithesis of Confucianism in China was Taoism. It had its beginnings in the time of Confucius, but its greatest exponent was Chuang-tzu, who is supposed to have lived in Anhwei during the last half of the fourth century B.C. The source of Taoism has been attributed both to a note of protest against the rise of the formalistic, aristocratic city civilization which marked the feudal system of the late Chou and to an element of thought prevalent in the Yangtze civilization. Oriented to anarchy and inaction, the Taoist philosophy opposed the rites, ethical system, cultivation of character, and learning of the Confucian school as well as the intellectualism and utilitarianism of Mo Ti and his followers.

176 177 D. Sinification of the East China Region

The East China Region was brought into

8. See for instance Tsi C. Wang, The Youth Movement in China, New York, New Republic, Inc., 1927, pp. 12, 46-47.

175 both the Ch'in (221 to 206 B.C.) and Han
177 (206 B.C. to A.D. 220) empires. The reaction of the independent Yangtze civilization to the Confucian orthodoxy evolving in the last half of the first century B.C. may be detected in the thinking of Wang Ch'ung, a native of what is
[812] today Chekiang. A fatalist influenced by both Confucianism and Taoism, he depreciated the Han Confucianists' emphasis on the importance of man, their belief in natural phenomena as signs of heaven's judgment on human behavior, and their acceptance of the authenticity of ancient historical literature. His arguments were fuel for Confucian revisionists during the remainder of the imperial period and for the anti-Confucianists of the republican era.

At the end of the Han Dynasty, the East China Region with the exception of present-day Shantung was still inhabited by mountain-dwelling Yüeh and valley-dwelling rice cultivators who had not been absorbed into the Chinese civilization. In the post-Han period of disunion, the Wei Kingdom (220 to 264) centered on the Yellow River, and the Wu Kingdom (220 to 280) centered on the Yangtze River undertook active measures to eliminate or absorb these alien groups. Military campaigns were followed by the establishment of colonies of soldiers to construct communication and irrigation waterways

1:Stanford U. S-4, 5 1956 AF15 East China
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175 a poor, farming family in Anhwei. Having lost his parents in one of the frequent famines that marked the last years of the alien Mongol Dynasty (1260 to 1368), the orphan became a novice at the Buddhist Monastery of Huang-chüeh in Feng-yang, Anhwei Province. Forced out of his refuge by a bandit raid, Chu joined one of the marauding gangs in the vicinity and quickly rose to a position of leadership. Having made himself master of the lower Yangtze valley, he pressed into the Yellow River area, drove out the Mongols from their capital at Peking, and became ruler of all China in 1368 under the reign title of Hung Wu. The national capital was maintained at the original seat of the ruling house in Nanking until 1409, when a son of Hung Wu usurped the throne from the dynastic founder's grandson and moved the political center of the country to his own power base at Peking.[24]

I. New Elements in Chinese Thought

812 While the Southern Sung maintained its capital at Hangchow, Chekiang and Fukien became the cultural heart of China. It was during this period that Fukien contributed its most notable figure to Chinese history -- Chu

24. Latourette, op. cit., pp. 286-87; Eberhard, A History of China, pp. 252-54, 258-59, 268-69.

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812 Hsi (1130 to 1200). He is known throughout China as the last and most important of a line of Sung thinkers who reworked Confucianism into the form which became the predominant orthodoxy of the scholar class and the state down to the nineteenth century. The fresh interpretation, known as neo-Confucianism, synthesized in one doctrine elements of conflicting Confucian, Buddhist, and Taoist interpretations of the universe, man's place in it, and the means to understanding their interrelation, nature, and functions.[25]

More than three centuries later, one of the great personages of Chekiang, Wang Yang-ming (Wang Shou-jen, 1472-1529), took issue with Chu Hsi's idea that the "investigation of things" -- usually interpreted as the study of ancient literature and the past -- was the key to understanding the nature of man and the universe. Wang maintained that the mind of man himself was the source of knowledge, and that the goal of thought was to understand oneself and the immediate world in order to translate knowledge into action.[26] After Wang's fresh attempt to resolve the ancient problem of the relationship between knowledge and action, it

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25. A short and readable account of the thought and influence of Chu Hsi is available in Creel, Chinese Thought, pp. 206-12; and Latourette, op. cit., pp. 257-64.

26. Creel, Chinese Thought, pp. 213-16.

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812 constituted a major element of concern in the ideas of subsequent thinkers. The strain is apparent in the political ideas of such modern figures as Sun Yat-sen and Chiang Kai-shek and in the pre-Communist and Communist writings of Fung (Feng) Yu-lan, one of modern China's leading philosophers.[27]

III. THE MODERN PERIOD

177 A. The Invasion of the West

Toward the middle of the nineteenth century, the East China Region was subject to the intrusion of western military, material, and economic forces. They carried with them new secular and religious ideas incompatible with the traditional cosmological, social, political, and economic views of China. These forces for change coincided with a phenomenon which had been repeated many times over the centuries in China -- the decline of the ruling dynasty with an accompanying abuse of power and growth of disorder.[28]

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27. See David S. Nivison, "The Problem of 'Knowledge' and 'Action' in Chinese Thought since Wang Yang-ming," Studies in Chinese Thought, Arthur F. Wright, ed., Chicago University of Chicago Press, 1953, pp. 112-45. Also see Nivison's Communist Ethics and Chinese Tradition, Cambridge, Mass., Mass., Institute of Technology, 1954.

28. [see the following page]

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This is the basic principle: utter subordination of the individual to the Party. But when we examine some of the personal qualities which the Communists want, we find them linked in many ways to Chinese tradition. The good Communist is "able to love others and hate others." (A phrase from the Analects of Confucius); that is, he never injures his romades for his own benefit, but fights vigorously the enemies of the revolution. Toward his comrades his attitude is one of "genuineness and sympathy." (Analects) He does "nothing to others that he would not have done to himself." (Analects) He "grieves before all the rest of the world grives and is happy only after all the rest of the world is happy." (Buddhist ideal of the Bodhisattva-savior, adapted by an eleventh century Confucian thinker.) He "has no individual apprehensions or private desires to obscure and pervert his investigation of things and understanding of true principles," (a restatement of the late Confucian view of purity of mind as being necessary for true knowledge.)[38]

[36. continued] University, 1954, p. 15. Nivison's study will appear in symposium Thought and Officialdom in China, University of Chicago Press, early in 1956.

37. Liu Shao-ch'i "On the Training of the Communist Party Member," in Compton, op.cit., p. 110. Nivison, op. cit., p. 18, points out that this prescription is close to classic descriptions of traditional virtue of chung -- absolute loyalty to superiors.

38. These characterizations are all from the authoritative treatise by Liu Shao-ch'i, ibid., translated in Compton, op.cit., pp. 108-55. Traditional sources are identified by Nivison, op.cit., pp. 19-20.

156 To attain these and other "good" qualities, the Communist, like his Confucian ancestors, is to pattern his character after approved models and to subject himself to intensive self-cultivation. In traditional China, the models of character and behavior found in the classics and histories were to be studied and followed by individuals who manifested a particular virtue, filial piety, for example, were required reading. Now the Communists set up Marx, Engels, Lenin, Stalin and Mao as personal models; everyone is capable of attaining the great qualities of these revolutionary geniuses if he tries.[39] Even selected heroes from China's "feudal" past are recommended as models.[40] Such models are presented in fiction, in textbooks, in newspapers, and young and old are urged to emulate these heroes. In addition, "model" workers, farmers, soldiers are feted and publicized, and their pictures and idealized biographies appear in all propaganda media.

156 812 Self-cultivation consists of being unremittingly conscious of one's faults and of Communist ideals, of being ever alert, in study and action, to the recrudescence of "bad" attitudes which are the residue of one's pre-Communist education. Liu Shao-ch'i stresses the development consciousness in the individual; through consciousness one is free from the determining forces of history and

39. Liu Shao ch'i, op.cit., quoted in Nivison, p. 16.

40. Ch'en Sang, "Tang-hsing Yu Ssu Cheng-huo," [Party Nature and Private Life], in Lun Tang Yu Ko-jen [On the Party and the Individual] by Chen Po-ta and others, Hong Kong reprint, 1948, p. 3, cited in Nivison, op.cit., p. 76, note 16.

829 is typically and authoritatively expressed by Liu Shao-ch'i:

> "It is in the course of the long struggle of men as social beings against nature, that men's physical form...; their social relations, their forms of social organization as well as their brains, ideology, etc., are all continuously being changed and improved...."[46]

829 The traditional Chinese view of causation
812 was related to their views of time and change. Sequences of events were seen to have a certain regularity, but not that of cause and effect. Night follows day, but day is not the cause of night.[47] Through education one learned how to identify situations and to know the sorts of things that might happen. One learned to place oneself advantageously in a sequence of situations. The Communists seek to replace this older view with the Marxist idea of causation. A student is to learn the Marxist laws of social development, that certain causes always bring certain effects, and that when one has mastered the laws of causation, one can actively participate in bringing about the desired and inevitable results.

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46. Liu Shao-ch'i, "On the Training of the Communist Party Member." For this passage, cf. Current Background, No. , p. 3.

829 The Communist effort to replace the old attitudes toward time, change, and causation with
812 new ones has tremendous implications. It seeks to destroy any tinge of fatalism, any inclination toward resignation, and to foster in the individual a restless search for the goals set by the Party.

C. Work and Leisure

461 In traditional China, leisure was seen as a time for replenishment of bodily and psychic energy; leisure was necessary if one were not to suffer depletion of vital forces.[48] Abundant leisure was also important evidence of membership in the favored social class. In Communist China, work and vigorous activity are given a high value; hard work and ceaseless struggle are characteristic of all the "models" held up before the people in all the propaganda media. The ceaseless activity of top leaders is meant to set a pattern for those who follow them. Leisure as a contemplative bodily replenishment is devaluated, and active sports which develop competitive spirit are being promoted. Leisure as a mark of high status has disappeared.

D. Authority and the Individual

829 The father's relation to his sons was the model for the exercise of authority in traditional China. Ideally, the father was to be firm and aloof, seeing to it rather impersonally that his children were well cared for and given proper

48. Ibid., pp. 37-40.

814 line. Despite the omnipresent praise for Communist policies, the articles written by anthropologists do indicate that new facts are being discovered; and the fact that these discoveries are financed by the government and are used in the administration of the minority peoples may suggest the favored position held by anthropologists in China today. On the other hand, anthropologists so busily employed by the government are prevented from doing the work they might undertake in a free society.

812 In the field of philosophy, especially political philosophy, Mao Tse-tung's books are accepted as of unquestioned authority. His Selected Works has gone through several editions since 1949, each new edition being more beautifully and elegantly printed than the one before, although somewhat changed to suit present political requirements. But Mao has not written any new books since 1949. Political theorists who wrote on socialism before 1949 now limit their writings to short ariticles published in such journals as The New Reconstruction (Hsin Chien-she), explaining Communist terms and government policies. Fung Yu-lan, the philosopher, has published "Mao Tse-tung's On Practice and Chinese Philosophy," since he made his confession. This article is an attempt to establish some continuity in Chinese

812 philosophy in the past centuries, especially as it is concerned with the problem of knowledge and action, and to place the various revolutions in the same context. The article attempts to make Mao Tse-tung's ideology seem respectable, but it adds nothing to the development of philosophy. This state of affairs is necessarily the case since "truth" was declared in Marxian writings before 1949, and there is no room for new ideas except in commentaries on "orthodox views." Cadres and students must study Party and government documents in the light of Marxian texts. By attacking "wrong" views, "correct" dialectic materialist views are vindicated. The recent attack on Hu Shih's "bourgeois" philosophy illustrates this point.[18]

C. Fiction

538 The greater part of the East-China Region came under Communist control after North China and Manchuria had been conquered. This region was therefore not the first to face problems of industrial recovery, agricultural revival, the land reform, and the liquidation of anti-Communist forces. Since Communist

18. Criticism on Hu Shih's Ideology (3 vols.), Peking, San-lien shu-tien, 1955.

532 538 The Chinese, especially the Chinese Communists, often speak of literature and the arts as one. In the Communists' policy statements, what pertains to literature also pertains to the other arts. Therefore, as far as the theory and policy of the arts are concerned, no separate treatment is necessary.

532 538 184 In less sophisticated folk literature and folk art, however, East China exhibits some unique regional characteristics. But even in this respect, the East-China Region is by no means an integrated whole: Shantung is more closely related to the North China tradition, and is oriented toward Hopei rather than toward the provinces in the south; Fukien has South China characteristics not shared by other provinces in the region. Furthermore, in the mountains of southern Chekiang and western Fukien there are minority groups who have forms of intellectual and artistic expressions unlike those of the Han Chinese.

I. GENERAL CHARACTERISTICS OF LITERARY ACTIVITIES IN COMMUNIST CHINA

814 The reform of literature and art (wen-i cheng-feng) at Yenan in 1942[1] made the practice

1. Mao Tse-tung's speeches at the Party School in Yenan in February and at the Yenan Literary and Art Circles' meeting in May 1942 established the "line" of literature and art endorsed by the Central Committee of the Chinese Communist Party which has since been upheld as the creed of writers and artists in Communist

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1. (continued) China. The general tenor of the speeches was that literary and art workers at Yenan, being undeniably "revolutionaries by choice," should cease the hitherto blind imitation of alien prototypes and the singing of abstract, contentless tunes which had nothing to do with the revolution and which could not possibly be understood by the peasant-worker-soldier masses. In their place, fresh and lively revolutionary themes in the Chinese style would be appreciated by the masses. Although in principle Mao believed that Chinese literature and art should benefit from masterpieces of other cultures, especially those produced in the Soviet, in no instance would he allow the separation of Chinese literature and art from immediate revolutionary tasks; and on this basis, he put the popularization of literature and art before its sophistication. See Mao Tse-tung, Selected Works of Mao Tse-tung, Peking Jen-min ch'u-pan she, 1953, Vol. 3, pp. 833-900.

A. The All-China Federation of Literary and Art Circles

814 In July 1949, before the establishment of the Central People's Government, writers and artists from various parts of China were "invited" to Peking where the All-China Federation of Literary and Art Circles was organized to co-ordinate the activities of a number of the nation-wide organizations in specific cultural fields, such as literature, art, music, and the cinema; it was to follow the line laid down by Mao Tse-tung in 1942. Theoretically, the federation is not a government body, but it sent delegates to the Chinese People's Political Consultative Conference in September 1949, as did Communist-sponsored political factions and mass organizations. The chairman and vice-chairman of the federation were given posts in the Communist government.

814 538 At the organizational meeting in July, Chou En-lai told the gathered writers and artists that they were the representatives of 70,000 literary and art workers in China, of whom 30,000 were in the People's Liberation Army, another 30,000 were scattered in the old Liberated Areas, and the remaining 10,000 were in areas recently liberated from the Kuomintang. From Chou's statement it seems obvious that he identified as writers and artists Party propaganda personnel and those workers engaged in raising the standard of

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814 538 literacy.[2] It is doubtful that the majority of these 70,000 so-called writers and artists had achieved high competence in intellectual and artistic expression. Two years later, the Communists' leading woman author, Ting Ling, was still complaining that as editor she had difficulty in finding passable manuscripts for her magazine.[3]

It is certain that the organization of these writers and artists put the politically dubious under the guidance and supervision of the politically reliable; and the organized state rendered the writers and artists collectively responsible and accountable for their part in the Communist cause. Furthermore, dominated as it was by veteran Communists, the organization embracing all China's well-known writers and artists served as an effective Communist-style "democratic front."

B. The Task of the Writers

The literary subdivision of the federation

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2. Chou En-lai "Political Report at the Conference of the All-China Literary and Art Workers," (July 6, 1949), People's Literature, Peking, I, 3, January 1, 1950, p. 17.

3. Ting Miao, A General Analysis of Chinese Communist Literature and Art, Hongkong, Ya-chou ch'u-pan-she, 1954, pp. 149-150.

814 538 was the All-China Association of Literary Workers, which, like the federation's other subdivisions, has its own professional magazine, People's Literature. In the first issue, published in October 1949, the sixfold task of the magazine was stated in part as follows:

1. To participate in the People's Liberation War and in the construction of the "New Democratic nation" through literary forms that are treasured by the people, with ideological content reflecting the growth of the new nation and praising the contribution of the masses in revolutionary struggles and productive activities;

2. To rid literature of imperialist influence, and to reform traditional literature; to accept what is good in foreign literary and artistic endeavor;

3. To guide the masses in factories, villages, and in the ranks in their literary study, and to help increase their "literary strength";

4. To develop literatures of the ethnic minorities;

5. To study revolutionary theory, and to organize groups for the study and discussion of the new literary productions and the formulations of a "scientific" theory of literary criticism;

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6. To promote interflow of literature and art among nations; to develop patriotism and internationalism; and to participate in the struggle for peace led by the USSR.[4]

Before the writers of the association had time to demonstrate their ability to implement these policies by fulfilling pledges to turn out so many pieces of work in a stipulated period of time, the conflict in Korea began.

The war was utilized by the Party as a schooling ground for class education and was depicted as a panorama of international class struggle. On this pretext writers were sent to the front to learn about "reality" in order to delineate the struggle of the "hero of the day" and to draw the "moral of his time." They were expected to make the most of their experience, not only by reporting immediate events but also by recording their impressions in notes to serve as material for more lengthy literary works. With the exception of Pa Chin's Living Among the Heroes, Wei Wei's Who Are The Most Lovable People?, Lu Chu-kuo's Shang-kan Mountain, Yang Shu's Three Thousand-

4. People's Literature, I, 1, October 25, 1949, p. 13. The content of this declaration reads very much like the constitution of the Union of the Soviet Writers in the USSR.

814 538 Li Territory, and a few others which are readable and maintain certain literary standards, most of the writings based upon the authors' experience in Korea do not show maturity even in the handling of the Chinese language. However the Chinese Communists claimed that these second-rate writings adequately expressed the Chinese Volunteers' patriotism and Communist internationalism. In this strategy the Communists departed from one of their most boasted practices. Throughout the war against Japan and the "war of liberation" against the Kuomintang, Chinese soldiers were encouraged to write, and writings from the ranks were lauded and widely publicized. But professional writers were sent to Korea, probably to assure a more skillful dramatization of the Communist cause.

However, the Korea front was not the only place where writers were to learn about "reality" and to dramatize the "cause of the people." While the war was going on, Ai Wu, Ts'ao Yü, the noted playwright, and other writers were sent to factories; Ho Ching-chih, author of the celebrated The White-haired Girl, was sent to study life in the villages; Ting Hsi-lin, Liu Ch'ing, Li Tzu-hua, Mu Yeh, and a host of other veteran motion picture producers and directors were sent to Shanghai to participate

814 in the Three-Anti and Five-Anti campaigns.[5]

538 But these writers were not to record life as they observed it. Before they left for their "life schools," they had to undergo some "training." One can imagine the situation: writers of the calibre of Pa Chin and Ts'ao Yü learning from the speeches of Lu Ting-i and Ch'en Po-ta, the two propaganda chiefs of the regime, "how to describe people, how to abstract living reality and exercise care in collecting material, how to portray and praise, and above all, how to avoid making mistakes." It would appear that the Communists were so eager to prove the righteousness of their actions that they carefully arranged that "history" be recorded exactly in the way they wished it to seem.

Judging from the extent to which land reform turned the rural, social, and political order upside-down, the Three-Anti and Five-Anti campaigns destroyed the bourgeois stronghold in the national economy, and the way in which the war in Korea affected the national life, one might expect that those writers who had been given the opportunity to witness these

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5. See the chapter on Subersive Potentialities in this handbook for the content and impact of the Three-Anti and Five-Anti campaigns.

814 538 momentous events would accomplish literary feats of equal magnitude. On the contrary, one finds, with only rare exceptions, "formula" stories which have all the correct political ingredients demanded of them but which lack originality and any attempt at characterization. One story of land reform reads much like another, the only differences being the names given the heroes and some few idiosyncracies of the writers in the use of colloquial expressions and political jargon. Necessary adherence to a prescribed political formula has blighted creativeness.

C. Literary Criticism

Fear of originality in literature is the result of the influence of officially organized and directed literary criticism, which uses Communist literary theories to coërce. The disparity in regard for critical and creative writing has stunted the young Communist literature and precluded a normal growth.

814 538 536 Outstanding instances of the enervating effect of Communist criticism are the reviews of the play "The Song of the Red Flag" and the story "Old Worker Ku Fu-shan." The play, concerning shock-teams in a production drive, was initially praised by the Communists themselves; later, it was criticized because "it did not give a strong protrayal of the trade union and the Party." According to the critics, the

814 author should have used the play to strengthen
538 the prestige of the trade union among the worker-
audiences and to emphasize the "heroic"
536 qualities of the leading protagonist, a Communist cadre. The portrayal of the Party cadre P'eng Kang in the play was deemed incorrect, "for the Party's leadership is invariably collective, but in the play, P'eng seems to be quite alone." The play was thus rated "of low educational value." The author of "Old Worker Ku Fu-shan" was reprimanded because he "not only distorts the image of a model Party member but also completely ignores the function of Party training and leadership."

814 The classic example of Communist literary
and artistic criticism involves the 1951
546 Shanghai-produced film, "Wu Hsün Chuan," based on the life of a famous nineteenth century advocate of free education who lived in Shantung Province. Wu Hsün was born into a poor family and was thus deprived of formal education. In order to help children to attend school, he dedicated himself to hard work and frugal living; and by shrewd investment of his savings, he succeeded in accumulating funds for the education of the poor. Wu Hsün's contribution to Chinese education was never questioned until the Communist critics attacked the film. Wu's efforts, according to the Communist critics, only strengthened the feudal order and arrested the forces of progress; rather than serving as an "accomplice" of the Manchu ruling order, the

814 critics said, Wu should have joined the
546 revolutionary force, i.e., the Taiping revolutionaries. Furthermore, Wu Hsün's means of accumulating wealth was indicative of his "subservience to the rich and of his exploitation of the poor."[6]

The evolution of criticism of the film "Wu Hsün Chuan" is illustrative of the nature of Communist literary and artistic criticism. Adverse opinions toward the film were not initiated by literary and art circles, but by the Central Committee of the Communist Party. In fact, the film was until then very enthusiastically received, even by many eminent Communists. On May 20, 1951, the Peking People's Daily, an organ of the Central Committee of the Party, published an editorial alluding to this state of affairs. "Some comrades say that they have already mastered Marxism, but when confronted with concrete issues, they completely lose their critical sense." The "Party Life" column in the same issue ordered all Communists to join in criticism of "Wu Hsün Chuan." On June 4, a directive of the Ministry of Education of the People's Government, published in the People's Daily, instructed all the educational personnel in the nation to discuss the film.

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6. The most representative voice of this kind is Ai Ch'ing's article "Oppose the Slave Ideology of Wu Hsün" in People's Literature, Vol. 2, June 1, 1951, pp. 9-10.

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814 On August 4, a final and definitive verdict on
546 the film was delivered by Chou Yang, the Vice-minister of Cultural Affairs of the Communist government. He labeled the film as unrealistic art and a product of anti-historical and anti-popular ideology.[7] Party organs in all parts of China where "Wu Hsün Chuan" had been shown used the film as a target for ideological propaganda. The ideology of the film was also discussed at the third session of the first National Committee of the Chinese People's Political Consultative Conference, which met from October 23 to November 1, 1951. Members of the All-China Federation of the Literary and Art Circles began to echo the view of the Central Committee of the Party and confessed that, while they had made definite progress in the past two years, nevertheless they had always fallen behind the development of Chinese society. This confession led the writers to "plunge" into study in an effort to "remold their idology and to sharpen their critical sense."

814 This conflict between critical and creative
538 forces also manifests itself in the bulk of the incongruous writings of the literary critics in Communist China. The critics has ready an abundance of clichés, jargon, and theories of

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7. Current Background, Hong Kong, American Consulate General, No. 113, September 1, 1951.

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socialist realism, but they are clearly ill-digested and are used with little discrimination or literary skill. Quotations from Marx, Lenin, Stalin, Gorky, Zhadanov are frequent but are not integrated into the theme of the text. Even Communist critics have noted that many quotations from orthodox Marxist texts are either irrelevant or superfluous.[8] Excess of verbalism at the expense of content makes literary criticism irreconcilable with the alleged theory of its essentially didactic function. Much criticism is lukewarm and stereotyped, written by writers who are called upon by the Communists to undertake the task of attacking their fellow writers. In this case, what is criticized is invariably the "petty bourgeois standpoint." The exception to the rule is Mao Tse-tung himself, who, from his position of absolute authority, can write criticism which is non-imitative, forceful, and pointed, even by the standards of the free world. Top Communists, like Liu Shao-ch'i, for example, who seem to be more confident in translating Marxism into practice, do not quote from orthodox texts as often or use as many clichés as the lesser Communists.

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8. Shen Chu-chung, "The Popularization of Theoretical Criticism of Literature and Art," People's Literature, No. 9, July 1, 1950, pp. 27-28.

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Since 1949, Chinese Communist literature appears to have concentrated on a number of well-defined themes. It has been most concerned with the individual under the Communist system and the problems confronting him. These have included the social confusion of the "New Democratic" period, the doubts of the intellectuals the "criminal activities of the bourgeois merchants, and the lackey of the imperialists," the rise of the industrial hero, the struggle against the "enemy of the people," and the appearance of human types based on the newly created Communist "tradition." Even the "return to history" is oriented to the solution of certain present-day problems.[9] Patriotism,

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9. Writers are told to find evidence in history of the excellent qualities of the Chinese people, and to appreciate and to learn the beautiful styles in Chinese literary heritage. For instance, the poet Li Po (A.D. 701-762) who was an incorrigible individualist, can now be safely described as a "great patriot," for "Li Po could not have written such beautiful verses about the magnificent rivers and mountains of his fatherland had he not been very patriotic." His many lyric poems which sang praises of the bright moon are now intepreted to mean his longing for a "cleaner" world, and therefore indicate his personal integrity; his mild protests against the conditions of his time are now interpreted as signs of his progressive spirit. Wang Yao, Li Po, Shanghai, Jen-min ch'u-pan she, 1955. Ch'ü Yuan, the poet-statesman of

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9. (continued) the Kingdom of Ch'u in the Chan-kuo period (481-221 B.C.), is alluded to for his "patriotism and sympathy for the common people," Kuo Mo-jo, "A Brief Account on Ch'ü Yuan," People's Literature, No. 44, 1953. Emperors like Han Kao-tsu and T'ang T'ai-tsung, who increased the national territory and the prestige of the Chinese people, are now praised as heroic. This salvaging of historical characters and literature for Communist posterity could be a sign of a felt need. There are reports that since the Party came to the cities it has been neglecting to supply enough reading material for the people in the old Liberated Areas, and the people have gone back to the old novels. In order that these people may not be "poisoned" by the "feudalistic ideas" in the old novels, the reinterpretation of the characters in old novels according to dialectical materialism seems far more necessary than the writing of novels of comparable stature.

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aestheticism, and naturalism are all good literary themes, provided they are imbued with the spirit of "socialist realism," i.e., belief in the inevitability of the development of socialism.

Since 1949 China's best writers have not produced any first-rate work. If there happen to be interesting writings that suit the taste of the reader, they do not fit into the theoretical scheme of the Party. Hsiao Yen-mu's short story "Between Us, Husband and Wife," for instance, was criticized as "employing the intellectual's viewpoint and taste to distort the image of the working masses and to vulgarize things political."

Some writers are unable to find publishers for their work, not because the work is counter-revolutionary but because its theme is considered untimely. In 1952, Miao Yen-hsiu was advised not to publish his Miao-shan Feng-kuang, a long poem about freedom of love and marriage in Miao communities, because the Communists did not think a celebration of the equality of the sexes useful to the Communist revolution at that time.

Romantic novels of love and sophisticated novels of human relationships are not published. When love does come into the scene, it is shown as subsidiary to other, more "worthy" and "unselfish" problems (i.e., problems social and political).

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Although the writer may desire to let human relationships play a decisive part in the development of his material, there is a tendency to utilize abstract characters rather than vivid personalities. Most of the writers who choose to deal with the exposure of corruption and the excesses and tyranny of established institutions are more adept at protraying "negative" personalities than creating "positive" personalities in keeping with the Communists' view of the "heroes" of the new regime. This is true, despite the fact that Communist leaders have repeatedly told the writers "to give the most important position in the plot to the affirmative man," and that "in no case should evil be vivdly presented, lest virtue remain an abstraction," for it is now the writers' task to describe the bright possibilities of life under Communist leadership.

The recent development of literature and art in China seems to parallel that in Soviet Russia. In China, the emphasis to praise industrial and agricultural heores follows the pattern of Soviet literature. The influence of the war in Korea upon literature in China is comparable to the influence of World War II upon Russian literature. Now that we hear about the "thaw" in Russian literature,[10] can we

10. Walter Z. Laqueur, "Russia in Flux, I. The 'Thaw' and After," Encounter, London, October 1955, p. 35.

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anticipate a similar development in China? Hu Feng's attempt in early 1955[11] to liberate literature from the shackles of politics, though ended in failure and personal disgrace, indicates, nevertheless, conscious recognition by a group of writers of the freedom necessary for the creation of works of art.[12] Only general discussion of minor ways to improve literature, has been undertaken by leading authors like Mao Tun (Shen Yen-ping) and Ai Ch'ing, and all discussions are prefaced by fervent dedications to the Marxist-Leninist world outlook. While the parallel we draw of the development of literature in the two countries may aid in the understanding of certain similarities, the parallel is not complete. If we compare the contents of the first six issues of People's Literature (October 1949 to April 1950) with the six issues published in the first six months of 1955, we find a noticeable change: the percentage of creative writing by Chinese has increased, and the percentage of works translated from the Russian has decreased. Among the translated works, the percentage from Soviet Russia is smaller than it was, and there is now a sampling of literature from non-Communist sources, including, surprisingly enough, the tales of Hans Christian Andersen.

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11. Hu Feng is a well-known Communist writer, and was the protégé of the Communists' "liberary saint" Lu Hsün.

12. Laqueur, op. cit., p. 35.

538 to the students than many of the characters in novels written by Chinese authors, most probably because the Chinese novels are poor imitations of Russian originals. Mayakovsky's poem "Lenin" is acclaimed by the Chinese Communists as a model of socialist realism, and Michael Prishvin's nature poetry is popular. Chinese translations of Ehrenburg's Storm and Nikolayava's Harvest are best-sellers.[15]

Since the establishment of the Central People's Government, delegations of Russian authors have visited Peking and other important cities of China. Russian is now taught in Chinese schools as the first foreign language. Under the Communist regime, the Sino-Soviet Friendship Association, with branches throughout China, has contributed much in the promotion of popular appreciation of Russian culture.

B. Academic Writings

• 814 Academic writings under direction of the Chinese Communists seems to be concentrated

15. "'Liberating' the Creative Impluse in China," The Time Literary Supplement, August 5, 1955, xlii. For the Chinese Communists' own estimation of the influence of Soviet literature on Chinese writing, see Pa Jen, Look at the Soviet People through Soviet Literature, Peking, Chung-kuo ch'ing-nien ch'u-pan she, 1955.

814 upon the history of peasant rebellions during the last one hundred years, anthropological studies of the ethnic minorities in China, commentaries, political and philosophical, on texts by Marx, Engels, Lenin, Stalin, Mao Tse-tung, and Liu Shao-ch'i, and archeology and pre-historic Chinese society.

In the field of modern Chinese history, the Chinese Historical Society[16] is most comprehensive in its program of research. It has sponsored the compilation of a series of documents on modern Chinese history. To date, the published volumes of the series include Nien Chün, concerning the peasant rebellions in Kiangsu, Anhwei, Honan, and Shantung in the latter half of the nineteenth century; and the Hui Revolt, the revolt of the Hui people in the Northwest and in the Province of Yunnan in the Southwest in the nineteenth century, the Opium War (1839-1842), and the Hundred-Day Reform (1898). This series will include twelve collections of source materials including works on the Sino-Japanese War (1894-1995), and the May Fourth Movement (1919).

The published volumes contain a wealth

16. The society is now called the Institute of Chinese History, a division of the Academy of the Sciences at Peking.

814 of source materials. In addition to assembling records kept by previous governments, the works bring together the memoirs of individuals concerned and documents which have lain undisturbed in county archives. However, one cannot find in these volumes any interpretation of or commentaries on the material gathered. In the prefaces to these published volumes it is stated that:

> "Counterrevolutionary forces always try their best to distort fact. Because they often suppress and destroy revolutionary literature, the latter is seldom preserved for posterity. Now research in past revolutionary events can only proceed from the records kept by the counterrevolutionaries. Therefore those who are going to use the material here assembled must be reminded that they should approach the matter with a viewpoint opposite to that advocated by the authors of the material."

So far no major historical treatises based on this material have been written. The first volume of Part I of Fan Wen-lan's Modern History of China (Harbin, Tung-pei shu-tien, 1948) which deals with the period 1840-1905, is the text on modern Chinese history; Fan's book was published before the Communists

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814 achieved national power. Other historicans such as Ku Chieh-kang, who at the beginning of the Communist rule in China expressed his gratitude to the Chinese Communist regime for enabling him to continue his research, have so far produced nothing.[17] Historians in China now prefer to annotate published works rather than write their own view of history, probably for fear that the whims of some Communist critics may some day put them in peril. As a result of the lack of new historical texts, history books written before 1949 are now being reprinted.

Of the academic people who have transferred their allegiance to the Communist regime, the anthropologists seem to be faring better than others. Fei Hsiao-t'ung, author of Peasant Life in China (London, 1939) and China's Gentry (Chicago, 1953), published his Revamping the Universities (Shanghai, Shanghai ch'u-pan kung-ssu, 1950), in which he anticipated the change of college curricula under the Communist government. Fei has since led several government delegations to visit the ethnic minorities in the South and Southwest and has made some first-hand studies of these peoples. In the field of anthropology much basic study is possible without running afoul of the Communist

17. The re-writing of history textbooks with a dialectic materialist viewpoint for primary and secondary school students is not considered in this section. See the chapter on Education in this handbook.

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814 line. Despite the omnipresent praise for Communist policies, the articles written by anthropologists do indicate that new facts are being discovered; and the fact that these discoveries are financed by the government and are used in the administration of the minority peoples may suggest the favored position held by anthropologists in China today. On the other hand, anthropologists so busily employed by the government are prevented from doing the work they might undertake in a free society.

812 In the field of philosophy, especially political philosophy, Mao Tse-tung's books are accepted as of unquestioned authority. His Selected Works has gone through several editions since 1949, each new edition being more beautifully and elegantly printed than the one before, although somewhat changed to suit present political requirements. But Mao has not written any new books since 1949. Political theorists who wrote on socialism before 1949 now limit their writings to short ariticles published in such journals as The New Reconstruction (Hsin Chien-she), explaining Communist terms and government policies. Fung Yu-lan, the philosopher, has published "Mao Tse-tung's On Practice and Chinese Philosophy," since he made his confession. This article is an attempt to establish some continuity in Chinese

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

THE PUBLIC HEALTH DEPARTMENT of the Shanghai Municipal Council exercised constant and vigorous supervision over the food supplies of the Settlement. Both incoming livestock and meat supplies were carefully inspected, the erection of a modern abattoir by the Council in the last decade having materially contributed to a sound meat supply. Dairies increased in number, and, through the efforts of the authorities, improved in quality. The sale of milk was under strict control. Positive measures were taken to induce dairies to use modern procedures. Market produce was inspected daily, both on its way into the city from outlying farms and after it had been placed on sale; food vendors on the streets and all food shops and stalls were subjected to licence and supervised. Bakeries also came in for close attention. In short, all that could be done to reduce food contamination, and hence to limit the incidence of germ-borne disease, was done by the authorities. 744

IN THE LAST DECADE interest has been growing in China in the study of nutrition. Much useful scientific knowledge has been accumulated, particularly through the work of scientific investigators associated with the Henry Lester Institute of Medical Research, the Peking Union Medical College, and Yenching University. The existence in Shanghai of large camps of destitute refugees after the outbreak of hostilities in 1937 gave scientists a sad but useful opportunity to study the results of various minimal diets. Little of the available knowledge had received popular attention in the city. 654 816

Reference has been made to the fact that workers in many industrial undertakings, and indeed in many commercial enterprises, were housed and provided with food where they worked.[3] In larger plants food might be bought, cooked and served by the factory. In smaller ones the supply of food to workers was undertaken by a *pao fan-ti*, who delivered to factories food cooked elsewhere. Remuneration has been, then, for many workers partly in food. Under these circumstances it is important that a knowledge of nutrition, and of the effect of malnutrition on the health of employees, should be general. There has been a general acceptance of the obvious fact that if workers are not properly fed—and improper feeding is commonly associated only with insufficient food 146 164

[3] See Chapter IV.

812 weak state of Lu in what is now southern Shantung there emerged during the sixth century B. C. one of China's and the world's most influential [829] thinkers -- Confucius. He blended and refined elements of the early Chou code of chivalry and the older, popular cosmological beliefs of the Yellow River culture to achieve the idea of a unified state, functioning as a great, harmonious family of unequals under a wise emperor-father ruling by example with the aid of learned and virtuous counselors. In the last half of the fourth century B.C., the same state of Lu produced the philosopher Mencius, who further developed Confucian ideas along the line of their originator, and stressed the innate goodness of human nature.

The last great contributor to Confucianism before it became a state cult was Hsü-tzu. He was a native of the state of Ch'i, which occupied most of present-day northern Shantung, but he spent much of his life in Ch'u. Living in the third century B.C. when the power struggle in China had reached its height, he was more realistic
829 and tough minded than his predecessors. He differed from them in maintaining that man was innately evil and that he could be made a worthwhile citizen of society only through the ministrations of rites, rewards, and punishments by an authoritarian state served by Confucian scholars.

With additions and modifications, the Confucian doctrine became the state cult which governed Chinese thought and behavior for most

829 of the next two thousand years. The birthplace, grave, and descendants of Confucius have been honored by successive dynasties since the Han (206 B.C. to A.D. 220), and his direct male heir of the seventy-seventh generation now holds a sinecure as Officer of Confucian Rites in Formosa. Confucius and his doctrine fell into disrepute from the founding of the Republic (1912) through the early years of Kuomintang rule, but national recognition of his birth day was restored in 1931 at the time reworked elements of his philosophy were being revived by the Nationalist Government.[6] It is important to note also that two years before Mao Tse-tung took part in the founding of the Chinese Communist Party, he went out of his way to visit Confucius' birthplace and grave in Shantung.[7]

C. Moism and Taoism

812 Between Confucius and Mencius, yet another great founder of a school of thought came to the fore in or near the state of Lu. This man was Mo Ti (Mo-tzu), whom some scholars make a native of Lu and others a native of the neighboring state of Sung. He expounded a doctrine

6. See Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology," The Far Eastern Quarterly, Aug. 1955, pp. 515-32, particularly pp. 520-21.

7. See Mao Tse-tung's autobiographical account as reported by Edgar Snow, Red Star Over China, New York, Random House, 1938, pp. 136-37.

596 554 Individual status also improved with education, more particularly with the attainment of a degree in the official examinations and appointment to official position. An individual's educational or official career was usually dependent on the willingness and ability of the family to support him during a long period of study. A particularly promising youngster of a poor family might occasionally be underwritten by the clan or village. Whatever his means of fianancial support, his success in the exams was a reflection of proper upbringing and honored his family and, to a lesser extent, his clan and village almost as much as himself. The wealth usually accumulated by an official during his career also materially enhanced the village and clan as well as the family. For these reasons, reflected glory accrued to the kin of an illustrious scholar or official for generations after his death.

C. Political Role

577 829 To a remarkable extent, the Chinese imperial system operated by moral suasion with a minimum use of force and without a developed, codified system of law. This achievement was made possible through the state's utilization of the family as a training

577 ground for loyalty to the state and the virtues
829 prized by it as part of the machinery of government. The root virtue of filial piety was extolled above all others in the Confucian system. It denoted not only the obedience and devotion of the son to his father but of the younger brother to the elder, and of the subject to the ruler.

618 Two types of organizations built on the foundation of the family were utilized by the state in maintaining peace and uniformity throughout the empire. One was the clan, or tsu. It bound together families with a common ancestor to promote their security and advancement. Relying for strength on the maximizing and formalizing of kinship ties, the tsu reinforced the authority of the family head and the values he imparted to the younger generation. The tsu settled disputes between families, conducted ancestor rites for any member of a family whose line died out, provided help and protection in times of trouble for the lower class members, and safeguarded the social and economic position of the well-to-do. Where the tsu was strong, it governed the village with little interference from the central government, except in matters of high crime and taxes. The advantages to the Confucian state of the tsu were deemed sufficient to compensate for its encroachment on the

183 which expressed disapproval of a rigorous enforce-
689 ment of rules and regulations, of an enforcement
577 that fails to take into account "human feelings."[33] The crteria for judging behavior as good or bad were therefore neither religious nor legalistic, but were the prevailing normas in the community, the customary practices sanctioned by tradition and ratified by a high degree of community consensus.

577 In traditional Chinese goodness could be
829 cultivated through practice, study, and contemplation. Confucianism held that the path to goodness was open to all, that those who attained a high order of goodness should be a moral elite, a group of exemplars for others. This moral elite was also, in Confucian theory, the group which should hold and exercise poltical power and enjoy the rewards of status and wealth. This nation sanctioned the long political dominance of the scholar-official.

577 The Chinese Communists have laid out new standards of good and bad. In the words of their leading theoretician, their aim is "...to reform mankind into the completely selfless citizenry of a Communist society."[34] In setting the new standards the Communists have consciously and unconsciously selected concepts from traditional moral

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33. Ruth Bunzel and John Weakland, "An Anthropological Approach to Chinese Communism Columbia Univ. Research in Contemporary Cultures, New York, 1952, pp. 80-81. Hereafter cited as Bunzel-Weakland.

34. Liu Shao-ch'i, "The Training of the Communist Party Member," first presented as a speech in 1939; cf. trans. in Boyd Compton, Mao s China, Seattle, 1952, p. 146.

577 ideas; some have been discarded, others have been taken over with little adaptation; still others linger between the lines and in the implications of Communist utterances.

596 577 The old virtues associated with the traditional family have been discarded because the old family system has been dissolved, its functions taken over by the modern conjugal family on the one hand and by state and Party organizations on the other.[35] Familial virtues are castigated as "feudal" and as backward features of what the leadership calls "the squalid old society of China."[36]

829 The basic Marxist dogma that the individual is molded by his class position and, indirectly, by the "stage of the society into which he is born, has a good deal in common with the Confucian view of the prime importance of environment in the formation of character. Thus the Communist effort to create a new society, in both traditional Chinese and Marxist terms, will create favorable environment for the development of individual goodness. But the "goodness" expected is different: "To sacrifice the individual for the sake of the Party, for the sake of the class, for national liberation, or the liberation of mankind, even to sacrifice one's own life without the slightest hesitation, with a feeling of happiness -- this is the highest expression of Communist morality...."[37]

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35. J. M. H. Lindbeck, "Communist Policy and the Chinese Family," Far Eastern Survey, #20, (July 25, 1951), pp. 137-41.

36. Liu Shao ch'i, quoted in Nivison, Communist Ethics and Chinese Tradition, Stanford

[cont'd next page]

155 the response of others [the group] : this is -- or is not -- individualism." [43]

The last sentence quoted above introduces the notion of group criticism and group pressure, which is the universal Communist device for fostering approved behavior and eliminating the disapproved. Members of Party organizations, professions, government bureaus, and all other groups meet continually for criticism and self-criticism, and this whole process reaches the population through the publication of confessions and criticism in the mass media. The study meetings, popularly called "struggle meetings," are characterized by an atmosphere of tension and fear. Confessions of deviation or defect are made by individuals and analyzed or "exposed" by the group; criticisms are leveled at individuals and promises of reform are exacted.[44] This appears to be a device of deadly effectiveness for making individuals conform to the new Communist standards for thought and behavior.

829 B. Time, Change, and Causation

In traditional China, time and change were

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42. Cf. Raymond Bauer, The New Man in Soviet Psychology, Cambridge, Harvard Univ. Press, 1952, p. 164 and passim. The quotations are from Jerome Bruner's foreword to this volume, xxii.

43. Lun Tang Yu Ko-jen [On the Party and the Individual], cited in Nivison, op.cit., pp.45-46, and note 66.

829 regarded as cyclical. Out of their careful adjustment to the seasonal and recurrent rhythms of Nature, Chinese-farmer-thinkers developed a notion of time and change which they applied to the course of individual lives, to changes in political life, and to history as a whole. In the life of man, old age was not seen as the end of the line, but as a return to childhood; not in the sense of "second childhood," but as having come full round from the freedom of childhood to the freedom of old age. In political thinking at all levels a notion of the cycle is present. Dynasties, like men and animals, were regarded as having a natural life, from birth, through growth, to maturity, senescence, and death; these phases differed in length but the cycle was never broken. Integration followed disintegration as day followed night. The opening line of the most widely read Chinese classic novel states this prevailing belief: "When empire has long been divided, it will invariably be unified; when it has long been unified, it will invariably be divided."[45]

The Communists seek to extirpate this age-old attitude and substitute for it the modern western idea of straight-line progress. For them the future is not to be a return to the past but the attainment, through protracted struggle, of a Communist world utopia. Textbook Party handbooks, and all other media insist on this new and revolutionary idea of time and change.

This straight-line dynamic change

45. San-kuo Chih Yen-i, [The Romance of the Three Kingdoms], translated by Prewitt-Taylor.

829 is typically and authoritatively expressed by Liu Shao-ch'i:

> "It is in the course of the long struggle of men as social beings against nature, that men's physical form...; their social relations, their forms of social organization as well as their brains, ideology, etc., are all continuously being changed and improved...."[46]

829 The traditional Chinese view of causation
812 was related to their views of time and change. Sequences of events were seen to have a certain regularity, but not that of cause and effect. Night follows day, but day is not the cause of night.[47] Through education one learned how to identify situations and to know the sorts of things that might happen. One learned to place oneself advantageously in a sequence of situations. The Communists seek to replace this older view with the Marxist idea of causation. A student is to learn the Marxist laws of social development, that certain causes always bring certain effects, and that when one has mastered the laws of causation, one can actively participate in bringing about the desired and inevitable results.

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46. Liu Shao-ch'i, "On the Training of the Communist Party Member." For this passage, cf. Current Background, No. , p. 3.

829 The Communist effort to replace the old attitudes toward time, change, and causation with
812 new ones has tremendous implications. It seeks to destroy any tinge of fatalism, any inclination toward resignation, and to foster in the individual a restless search for the goals set by the Party.

C. Work and Leisure

461 In traditional China, leisure was seen as a time for replenishment of bodily and psychic energy; leisure was necessary if one were not to suffer depletion of vital forces.[48] Abundant leisure was also important evidence of membership in the favored social class. In Communist China, work and vigorous activity are given a high value; hard work and ceaseless struggle are characteristic of all the "models" held up before the people in all the propaganda media. The ceaseless activity of top leaders is meant to set a pattern for those who follow them. Leisure as a contemplative bodily replenishment is devaluated, and active sports which develop competitive spirit are being promoted. Leisure as a mark of high status has disappeared.

D. Authority and the Individual

829 The father's relation to his sons was the model for the exercise of authority in traditional China. Ideally, the father was to be firm and aloof, seeing to it rather impersonally that his children were well cared for and given proper

48. Ibid., pp. 37-40.

829 instruction. The son was to submit unquestioningly to his father's will at all times. He had no independence of judgment or action until after his father's death. The son's loyalty and devotion were also to show themselves in providing for the father's comfort in old age, in arranging a proper funeral and burial, and in periodic offerings to his father's tablet in the ancestral hall of the family.

In the political sphere the emperor was the "father" of his people, and the key local magistrates of the imperial bureaucracy were often referred to as the "Fathers and Mothers of the People." To reciprocate the care and concern of those in authority, the people were to provide material support through taxes and labor; they were to serve their masters loyally and submissively; they were to obey the rules which custom (personalized as the wise rulers of the past) and the laws laid down for them. And in those laws the heaviest punishments were decreed for those who showed unfilial behavior in the family, or, in its political counterpart, rebellion against the state.[49]

593 156 These were the patterns of authority to which the individual was subject. His personality

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49. The Classic of Filial Piety says: "Of the 3,000 crimes punishable by the five punishments, none is greater than unfiliality." (i.e., failure to submit to authority.) For a discussion, cf. Etienne Balazs, Le Traite Juridique de Souei-chou, Paris, 1954, p. 144.

593 In exchange for his submission to authorit
156 and discipline in every phase of his personal life, the individual was given the basic necessitie of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dominated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authority is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leadership of rebel armies are all bound together by tie of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137-47

156 sometimes denouncing their "reactionary" fathers and gone on to make striking contributions to state and society are glorified in almost every publication.

"Comradeship," the brother-friend type of relationship, is strongly emphasized in Party and other organizations. During the long years of their suppression, the Communist leadership was bound together by "comradeship," which is continually romanticized and extolled in textbooks and other writings. This pattern of human relationships is built on an age-old Chinese ideal and is most attractive to those who suffered most under the old family system. It is used to encourage cooperation between individuals in a common task. In the textbooks it is fostered by moral tales -- a pail of water is too heavy for Little Brother and too heavy for Big Brother, but it is easily carried by the two; a lone tree is easily shaken by the wind but many trees standing together can withstand a heavy wind.[53]

829 The brother-friendship pattern among top Communist leadership has subtly shifted, and Mao and the Party have begun to exercise paternal authority over subordinates, and the people as a whole. Mao has taken on many of the attributes of the supreme patriarchal emperors of old; his paternal guidance is praised in these lines from an officially published song:

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53. Ibid.

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The great leader is like a father,
Mao Tse-tung educates us....[54]

Another praises his eternal care for his people:

In loving care for the people
He surpasses that of their own
fathers and mothers.[55]

And, in a children's song, his paternal care and affection are invoked while he is likened to the pole star -- one of the old symbols of the emperor's supremacy:

The northern pole star in the sky --
In China, Mao Tse-tung --
Saving Mankind,
Loving little children.
He'll destroy Chiang's dirty rats.[56]

As Mao takes on more and more attributes of the father, the Party and the state take over both the functions and the emotional focus once supplied by the family. A labor heroine is described as

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54. From a song in Chieh-fang Ko-sheng [Liberation songs], No. 2, 1949, p. 9.

55. From a song in K'ang-mei Yuan-ch'ao Hsiao-t'iao chi [A Collection of Resist-America-Aid-Korea Songs], Wu-han t'ung-su ch'u pan-she, Wukan, 1951, p. 60.

56. From a song in Nung-ts'un Ko-yao Hsüan-chi [A Song Collection of Rural Themes], Hsin-hua ch'u-pan-she, 1950, p. 24.

829 "a good daughter of the Party."[57] A song says:

> Our great fatherland --
> We should pay it the same filial reverence,
> As we would show to our mothers.[58]

596 These quotations suggest the reorientation of loyalties away from the family, but note that the terms and images used are those of the family system itself -- a typical example of the Communist use of the old order to destroy the old order. The functions of the traditional extended family are divided among the Party, the state, and the new type conjugal family. The individual, not the family, now chooses his mate -- often with "advice from Party comrades," and the state, not the family, sanctions the match.[59] The child is taught to rely on himself rather than on his relatives, and state nurseries take over, for many parents, the function of child care.[60] In illness

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57. Cf. Jen-min Hua-pao [People's Pictorial], Vol. 2, No. 2, 1951.

58. In Ch'ang-chiang Ko-sheng [Yangtze Songs], No. 7, Hsin-hua ch'u-pan she, Wuhan Branch, Wuhan, 1950, p. 15.

59. Cf. Lindbeck, op.cit., pp. 140-41.

60. The peom "Wen Pao-pao ["Ask Baby"] appeared in lower primary grade textbook in 1950. It has baby asking for various members of the family to carry him. But each member is busy at a separate task: hoeing grain, tending a machine, writing speeches, etc., and baby ends by saying, "Everybody has something to do. I'd rather walk alone by holding onto a wall." Translated in Weakland-Bunzel, Appendix B.

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744 the physical and mental development of the young people and the rights of women in articles 94 and 96.[8] Thus in speeches and reports on health matters in Communist China, the promotion of the well-being of women and children [844] is almost always given special attention. The training of midwives, the re-education of midwives, the establishment of maternity stations and health centers for women and children, and the prevention of various children's diseases, have been particularly stressed in the East China Region as well as on a nationwide basis.

In November 1951, according to a Communist report, there were in the five province of East China 226 hospitals, health stations, and medical centers devoted to care for the health of women and children. There were also 1,152 creches for the care of children of working [844] mothers. In the field of obstetrics the report revealed that 7,614 midwives were trained and 6,249 additional midwives were retrained in modern scientific methods.[9]

Early in 1955, at the Women's Representative Conference in the municipality of Shanghai, information on the health program for the women and children in Shanghai was given in some

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8. Constitution of the People's Republic of China, Peking, Foreign Languages Press, 1954, pp. 98-99.

9. Shu T'ung, "Report on Culture and Education," Current Background, No. 160, Hong Kong, American Consulate General, Feb. 20, 1952, pp. 15-18.

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461 In the East China Region, labor emulation drives were accelerated in 1951 after the Communists had intervened in the Korean war. In the early phases, the Communists urged workers to lengthen their working day. In one case in an iron and steel factory in Kiangsu, the men worked sixteen hours a day.[20] The ten-hour working day became the rule in Shanghai, although the Communist labor law stipulated an eight-hour working day. As a result of the increase of working hours and an acceleration of production, industrial accidents and sick leave became more frequent. In July 1952, one-fourth of the workers of the No. 6 Iron and Steel Works in Shanghai asked for leave because of illness after an intensive "labor emulation" [845] drive.[21] In a cotton textile factory in Tsingtao, in the period January to June, 1952, more than half of the women workers who were pregnant suffered miscarriages.[22]

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18. "Rationalization proposals" are proposals submitted by workers to management to increase production through improved techniques, reduced costs of production, and the more efficient use of manpower. See Practical Dictionary of Economic Terms, pp. 9,016-17.

19. The campaign to popularize "advanced methods of work" corresponds to Stahkanovism in Russia as a means of increasing the efficiency of workers by popularizing the efficient methods used by "model" workers; see ibid., p. 9,057.

20. People's China, December 14, 1952, p. 5.

21. Liberation Daily, Shanghai, 8/12/52, p.3

22. China Weekly, Jan.19,1953, pp.7-8.

162 Table 6 makes it clear that, taken as a whole, there were more males than females in the East China Region in 1948. It also contradicts the theory maintained by some earlier Occidental writers that there are no old bachelors in China, especially when we realize that the people in East China traditionally abhor polyandry and that the practice of polygamy may well have had a slow death. The only obviously irregular line in the sex pattern expressed in Table 6 is the male-female ratio of the Shantung population. The emigration of males to the northeast will be discussed in the following pages.

847 Peking claims the complete elimination of infanticide, which had victimized the infant girls in many sections of China. Although the thoroughness of the measures taken to eliminate infanticide may be questioned, there is evidence that infant girls do have a better chance to live than they did some years ago. Peking also makes a conscious effort to relocate laborers with their families. In the long run, these measures will tend to check imbalance in the sex ratio, and it is quite possible that the situation in Shantung Province is being improved.

C. Rural and Urban Population

162 As a corollary to their persistent claim of industrialization in China, the Communists have been insisting on the trend of an increase in urban population. According to Peking, an upward trend has been generally observed in most cities; and in some extreme cases

V. OBSERVATIONS

847 1. In East China, infanticide is still practiced in certain areas. It is not only a serious matter but shows the complexity of the social problems and the uneven development in different parts and communities of China. It was revealed that in the province of Anhwei, according to incomplete statistics for the first half of 1952, the number of infants abandoned and killed totalled 1,972, and that the majority of them were female infants. The Communists blamed this situation on inequality between the sexes, superstition, and the feudal system of the old society and "feudalistic ideas" about marriage.

744 657 2. A few months after the beginning of warfare in Koreas in 1950, the Communist government in Peking passed an act to assume control of all cultural, educational, relief, and religious institutions which had been subsidized by United States financial sources. The total amount of the subsidy was given as $41,900,000, and of this amount 14.7 per cent was used for medicine and health. The number of hospitals financed by the United States[32] was given as over two hundred. According to an investigation made by the Japanese East Asiatic Research

32. Compendium of Government Reports, p. 188.

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of a foster home programme were available. In this situation it was felt that a stimulation of the practice of adoption would be beneficial, and this policy was embarked upon. 633 736 597

In every case of adoption arranged or recommended by the Child Protection Service, documents of approval were given to the adoptive parents. These papers were granted only after all preliminary steps (including a medical examination and a subsequent six-month trial period) had been observed. The purpose of this procedure was to formalise adoptive relationships by official approval. It was hoped thereby eventually to create the conception that adoption in accordance with Chinese law should be encouraged.

There are other phases of the care of children which, it was felt, might rightly be termed the concern of the administration even in the peculiar situation in which the Settlement found itself. What is well known as family case work, the effort to assist a family to make adjustments and to solve its problems, was scarcely known in Shanghai, at least in any formal way. Many cases were known where children were delinquent, or begging, the root cause of which lay in the economic situation of the family. Often a child might well have been saved from a future life of crime if the family situation could have been solved. In general, the view was taken that, with the numbers of homeless children as great as they are, children with homes should not be cared for in institutions. Only the children in institutions had the attention of the authorities. The attention of certain social agencies, notably the Pullers' Mutual Aid Association, and some socially minded Chinese leaders, was turned in the direction of family case work as a means of serving the city's needy children.

THERE WAS AN ALMOST complete lack of recreational facilities for even the children of well-to-do parents, a consequence of the congestion in the city. There were some children's parks where younger children went, usually in care of *amahs* as nurses, and to which some more privileged older children also resorted. It was hoped that some beginning might be made with the provision in these of organised play under trained recreation leaders. A revival of a plan formerly instituted by the Joint Committee of Shanghai Women's Organisations could have obtained the use of open spaces 529 [857] 741

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746 As to urban unemployment, Shanghai in East China was most seriously affected among the large cities on the Mainland. The All-China Federation of Trade Unions published an open letter to all its members on April 20, 1950 on the need of relief for the unemployed in Shanghai and other cities. It estimated that there were 150,000 unemployed, jeapordizing the livilihood of 500,000 workers and family dependants. In addition to other common causes for unemployment, East China, particularly the Shanghai area, had suffered bombardment by the Nationalist air force in the early days of the Communist regime. The Shanghai Federation of Trade Unions, called on all employed workers to contribute one day's pay for the relief of unemployed families.[28] At a work relief conference in Peking called by the Department of Labor in April 1954, it was reported that from July 1950 to the end of 1953 the Labor Bureau of the Shanghai People's Government had obtained work for 256,200 people.[29]

V. CHILD WELFARE

527 858 In 1931, following the international practice of dedicating one day in the year to the children, April fourth was promulgated as China's Children's Day by the Nationalist Government.

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28. New China Monthly, Vol. II, No. 1, May 15, 1950, pp. 64-65.

29. Ibid., No. 5, May 1954, pp. 157-58.

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527 858 The Chinese Communist regime changed this date to June 1st, in accordance with a decision made by the International Democratic Women's Federation in 1949 at Moscow.[30] Children's Day as it is celebrated in the United States and in Great Britain was branded as "capitalistic," i.e., not designed for the well-being of the children of the laboring classes. Around June 1st every year, all the propaganda media are mobilized for the promotion of child welfare, praise of the happy state of children in Communist China and in the Communist bloc of nations, and derogatory references to the "plight" of children in the free nations. And it is also around this time in most large cities on the mainland of China that health examinations for children are conducted. In the period 1950-52, according to one report, more than 1,000,000 children throughout China received health examinations.[31]

In preparation for International Children's Day in 1952, the Shanghai Municipality gave a special broadcast. Two hundred children's delegates were present at the broadcast, and 268 listening units were organized with some 52,000 young listeners. The mayor of Shanghai,

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30. Hung Hsin-t'ao, Chi-nien Chieh-jih Shih-shih Tzu-liao [History of the Memorial Days], Shanghai, 1953, i, pp. 180-83.

31. Hsin-hua Jih-pao [New China Daily], Chungking, May 30, 1953, p. 3.

527 as the chief speaker, exhorted the children to
858 cultivate strong bodies, to master the Chinese language, to study science, and to love the fatherland and chairman Mao. On the evening there was a campfire gathering of some 6,000 children with a number of government and political leaders, fighting heroes, labor models, scientists, and artists as guests. On this occasion, there was a meeting of young scientists at the Sino-Soviet Friendship Association and a health exhibit in the Municipal Children's Health Center. The New China Bookstore offered a special ten per cent discount on all children's books.[32]

744 A mid-year report in 1952 on the progress of child welfare and related work in East China since 1950 claimed that 160 health centers, stations, and mobile teams for women and children had been established and over 10,000 midwives trained or re-educated. In the same period, according to the report, about 19,000,000 children were vaccinated against smallpox and 70,000 were given B.C.G. shots. Several million people were said to have visited the 46 health exhibits for women and children held in
747 East China. The report further claimed that 5,000 creches had been organized in the rural

32. Chieh-fang Jih-pao [Liberation Daily], Shanghai, June 2, 1952, p. 1.

596 employee and for the rise of cliques in business
572 and government offices.
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Scattered surveys of various strata of the population in industrial areas indicate that only at the upper managerial or owner level, where the facts of economic operation were most pressing, was the majority in favor of impersonal, rational selection of employees. Even in modern colleges, only about half the students appeared to favor that choice. With each successively lower economic level, the preference was more overwhelmingly for selection on the basis of kinship.[7]

F. Effect on Social and Political Role

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867 With the collapse of the imperial system in 1912, the family was no longer fitted to serve as the social and political training ground of China. The political parties and modern schools, particularly the colleges and universities, now began to train youth for the new political world which was coming into being after 1911. No comparable institutions existed to inculcate in youth a moral and ethical code that would serve as a common guide in the new society. Attempts by the Kuomintang leaders during the period of the National Government to restore filial piety along with a revised Confucian code to the service of an increasingly authoritarian-minded state met

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596 with failure among the nation's youth.[8]
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IV. THE FAMILY UNDER COMMUNISM

A. The Marriage Law

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In reconstructing Chinese society, the Communist regime has undertaken to change the nature and function of the family. The first step in this direction was the new Marriage Law promulgated in May 1950. It is one of the three legal pillars of the state. The other two -- the Labor Union Law and the Land Reform Law -- were announced at a later date but put into effect within a much shorter time and with greater immediate success.[9]

Essentially, the outward provisions of Marriage Law are comparable to the laws affecting marriage and the family in the civil and penal code announced by the National Government in 1930 and 1931.[10] The basic features of the new law are summed up in its first three articles, which provide for:

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8. Mary C. Wright, "From Revolution to Restoration: The Transformation of Kuomintang Ideology, "Far Eastern Quarterly, August 1955, pp. 515-32.

9. See comment by the American editors of Current Background, Hong Kong, American Consulate, 236, pp. 1-3; hereafter cited as C.B.: Unless editorial comment is indicated, as here, citations from Current Background refer to literal translations of material in Communist

(continued next page)

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The Communist policy is to discourage the use of English or any other Western language except in advanced and specialized studies. But as late as 1953, knowledge of simple English was still required for enrollment in colleges.[11] It appears reasonable to assume that the number of senior middle school and college students able to read or speak English has not changed much. Foreign language instruction has been eliminated from the junior middle school and primary school curricula.[12] Although the study of Russian has been encouraged by the Communists, it is doubtful if much has been achieved during the past five years.

There is no statistical information on the number of people able to read or speak English in East China, but if the curricula[13] for senior middle schools and colleges are any indication then there could not possibly be more than 70,000. As to the number of people in this region who can speak or read other Western languages, there is even less information to serve as a basis for conjecture.

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11. I-chiu-wu-ssu-nien T'ou-k'ao Ta-hsüeh Chih-tao [Guide to Taking College Entrance Examinations in 1954] Hong Kong, Hsüeh-sheng shu-tien 1954 pp. 98-100.

12. Wu-nien-lai Ti Kung-fei Chiao-yü Kung-tso [Communist Education in the Past Five Years], Taipei, Sixth Section. Central Committee, Nationalist Party, 1955, p. 16.

13. Total number of senior middle school graduates in China from 1949 to 1953 was 216.000. It is believed that of this number no more than one-third could be in this region. People's Handbook, 1955, pp. 571-73.

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178 practical and otherwise, inducted the wealthier
369 rural inhabitants to send their children to modern city schools which offered new opportunities. Thus, the cities became the centers from which the forces of changed radiated into the surrounding countryside.

Some of the rural immigrants became permanent residents in the cities; others returned to their home villages. Among the permanent residents, some left their families in the country while others brought their immediate families (wives and children) to the cities. In either case, it meant the breaking up of family and clan relations. Industrial work and other city employment changed the outlook of these rural people; new professions such as modern medicine, law, engineering, and banking attracted the attention of those who would otherwise have been occupied in the study of the Confucian Classics. This was especially true after Confucian training had been condemmed as impractical and not in keeping with the conditions of modern life
871 Education in the secondary schools and
178 colleges, however inadequate and artificial it might seem, was designed for better

871 citizenship.[11] Their curricula opened a new
178 and different world, far more interesting and intelligible to the younger generation than the Classics of old. If modern education had not always succeeded in giving new skills to the student, at least it had taught him not to be satisfied with his lot, to look to the future rather than to the past for betterment.
565 With the increase of schools, there emerged
178 in the cities a considerable professional class and a large number of students cut off for
517 years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together; with their newly-found organizations, came a semblance of a distinct class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period when the landed aristocracy contested with the merchants, industrialists, and bankers

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11. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbank, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass., Harvard University Press, 1954.

Annex "A," Subparagraph 1j,
Sociological Background

EDUCATION

I. BACKGROUND

642 871 In order to understand the changes brought about by the Communists in the educational system of China, it is necessary to review the background of educational development under the Nationalist regime.

Chapter II, Article 11 of the Nationalist Constitution promulgated in 1946 states that the "people have freedom of speech, [freedom for the] pursuit of knowledge and [freedom of] publication." Article 21 of the same chapter further spells out the principle of education by stating that the "people have the right as well as the duty to receive basic education." Interpretations of these broad principles are found in Chapter XIII, which specifies, among other things that the purpose of education includes the development of the spirit of nationalism, and that both public and private educational institutions are subject to government supervision according to law.[1]

871 656 Nationalist officials singled out two of the most controversial points for further elaboration.

1. Chung-kuo Chiao-yü Nien-chien 1948 [Educational Yearbook of China 1948], Shanghai, Commercial Press, 1948, pp. 23-24.

871 One is the so-called "spirit of nationalism" which the Ministry of Education at Nanking defined as
656 the spirit based on San-min Chu-i, the Three Principles of the People expounded by Dr. Sun Yat-sen. Thus a mild social reform was adopted as the central theme of the Nationalist philosophy for education. The other controversial point is the extent of government supervision over educational institutions. Official explanations stressed the supervisory function of the government in the system of education and denied that this implied any authoritarian control.[2]

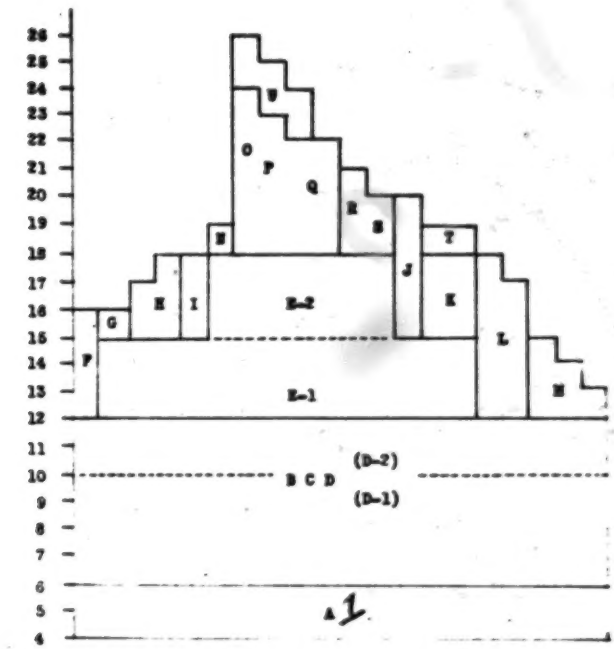
871 Under the Nationalist government efforts were exerted to promote adult education and combat illiteracy. Outstanding records were made by such peoples as James Yen (an internationally known promoter of mass education), who organized drives to eradicate illiteracy, and Huang Yen-p'ei, now a member of the Communist central government, who did a great deal for the development of vocational education in China. Since most of these features of Nationalist education have been covered in the HRAF Handbook on China as a whole, it is enough to say here that had it not been for a decade of war general education in China would have been far more developed than it was in 1949 on the eve of the Communist seizure of power.

The application of the broad principles of education under the Nationalist government

2. Ibid., p. 24. For other influential theories on education expounded during World War II in China, see Chan-shih Chia-yü Lun-chi [Discussions on Wartime Education], Shanghai, Sheng-chiao-yü she, 1938.

•871 resulted in a system of regular and specialized schooling as pictured in the following chart:

CHART 1. SYSTEM OF EDUCATION UNDER THE NATIONALIST GOVERNMENT*



*Chung-hua Min-kuo Nien-chien, 1953 [The Yearbook of the Republic of China], Taipei, Chung-hua nien-chien she, 1953, p. 491.

1 [No explanation for these letters has been provided -- Analyst]

872 As shown in Chart 1, the primary school consists of six grades divided into two levels. For students at rural schools, the first four years of primary school education may constitute an integral unit by itself and may be sufficiently useful if the students have to take up farming or other professions upon the completion of this unit. This feature was later attacked by the Communists as a mark of discrimination against the peasants and workers. But it is to be remembered that at one time the Nationalist Ministry of Education did attempt to revise the primary school system by making it a five-year one-level system.

874 Another feature of the Nationalist system of education attacked by the Communists was its failure to establish vocational schools with college standing, thus forcing vocational school graduates to terminate their education at the high school level. While most of the vocational school graduates did not continue their formal education, the system under the Nationalists did not preclude this possibility. The doors of the colleges were open to such graduates as were qualified for enrollment. The only restrictive factor was that most of the vocational school graduates because of their specialization had to take additional courses in order to fulfill general requirements before they could pass the entrance examination to the regular college.

•871 By 1946, the Nationalist Ministry of Education announced 54.52 per cent of the nation's population above the age of six either had attended

871 or were attending schools.[3] In 1947, there were 207 institutes of higher learning throughout the country. But this number was unsatisfactory to 873 the Government; the Ministry of Education announced that the Central Government devoted only 4.3 per cent[4] of its 1946 budget to education, which is not quite one-third of the amount designated for this purpose by the Constitution.

871 In East China, 77 schools for advanced education were in operation in 1947. Other pre-Communist figures on education in East China cited in Table I will offer comparison with developments under the Communist regime.

[See Table 1. on next page.]

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3. The Education Yearbook of China, 1948, pp. 1,397-1,483.

4. Chung-hua Nien-chien, 1948 [The China Yearbook, 1948] Nanking, Chung-hua nien-chien she, 1948, p. 1,623.

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Table I. Education in East China (1945-46)*
(Figures in parentheses are 1946 statistics)

Province	Primary Schools		Middle Schools (Secondary Schools)		Institutions of Adult Education	
	Schools	Students	Schools	Students	Schools	Students
Kiangsu	6,619	881,405	465	147,250	(538)	(67,896)
Chekiang	18,527	1,238,300	226	75,489	(1,041)	(30,574)
Anhwei	11,254	826,757	220	56,917	(119)	(25,200)
Shantung	2,311	217,005	78	38,513	(569)	(25,471)
Fukien	5,680	614,139	217	78,268	(93)	(2,306)

* The Education Yearbook of China, 1948 pp. 1,397-1,483. The institutions for adult education include libraries, museums, night schools, etc. It is obvious that not all the people participating in such activities are counted in the figures for "students" of adult education institutions.

II. MAJOR CHANGES BROUGHT ABOUT BY THE COMMUNISTS

A. Basic Policy

871 642 Mao Tse-tung stated in On New Democracy that, "A specific culture is the ideological reflection of the political and economic activities of a specific society."[5] In molding a culture for the "new China," Mao believed that education would be successful if it contained "scientific substance, oriented toward the masses and adapted to suit China's nationalism."[6] This principle of education was incorporated into the Common Program of 1949 which constituted the basis of the Communist Constitution promulgated in 1954. Article 41 of the Common Program state that the purpose of education is "to elevate the level of the people's culture, to prepare personnel for national reconstruction, to eradicate the thoughts of feudalism, compradorism,[7] and Fascism, and to develop the spirit of service to the people." To apply this basic policy to education, Article 47 of the same document further specifies that : "education must be systematicall popularized; secondary and advanced education must be strengthened; technical education must be emphasized; spare-time education for laborers and cadres must be stressed; and revolutionary political education must be given to both young and old intellectuals.[8]

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5. Mao Tse-tung, Mao Tse-tung Hsüan-chi [Selected Works of Mao Tse-tung], Vol. II, Peking, Jen-min ch'u-pan-she, p. 666.

6. Hsia Feng, Hsiao-hsüeh Chiao-shih Shou-tsé [Handbook for Primary School Teachers], Shanghai, Wen-hua ch'u-pan-she, 1953 p. 8.

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These pronouncements became the guiding light for the Communists in their effort to revamp the educational system of China until the promulgation of the Constitution in 1954. In reality, the new Constitution has nothing to add to or substract from the principles already in practice. Article 94 of the Constitution says that "Citizens of the People's Republic of China have the right to education. To guarantee enjoyment of this right, the state establishes and gradually extends the various types of educational institutions. The state pays special attention to the physical and mental development of young people." The next article in the Constitution "safeguards the freedom of citizens to engage in scientific research, literary and artistic creation and other cultural activity." These are innocuous statements of commonly accepted principles. Reiteration of these principles in the Constitution, however, provides the Communists once more with the opportunity to clarify their educational aims which are "to develop a socialist China."

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7. Comprador - a native agent employed by a foreign establishment (commercial houses, etc.) in China, to have charge of its native employees.

8. Jen-min Shou-ts'e, 1950 [People's Handbook, 1950] Shanghai, Ta-kung pao, 1950 Section B, p. 9.

•871 Attention must be given to the gradual shift of emphasis from 1949 to the present in the Communist basic policy for education. At the beginning of the Communist regime, the central theme was to bring to reality a "New Democracy" in education. By this the Communists meant that petit bourgeois and national capitalist classes would still be tolerated on a level with the proletariat. Soon afterwards the Communist made it amply clear that a constant effort was to be made to root out every trace of thought and action in education that did not conform to strict proletarian socialism, Russian style. There have been numerous articles arguing whether there is any difference between the principles of the New Democracy and the socialist principles of education.[9] Apparently the final word on this question was pronounced by an article in People's Education, an official organ of the Ministry of Education since May 1 1951, which said: "The present stage is no longer the same as the New Democracy stage We have to not only establish a socialist system of thought for the educators and students (which was the central mission under the New Democracy principle), but to put into practice the principle of 'eliminating step by step the exploitation system and establishing a socialist society' as stipulated in the new Constitution."[10]

In short, the Communist basic policy of education has been to remove gradually all influences

9. See articles on this subject in Jen-min Chiao-yü [People's Education], Peking June 1953, April 1954, and June 1954 issues.

10. People's Education, October 1954, p. 13.

•871 other than those stemming from socialism. In practice the Communists have attempted to train all levels of personnel required for a complete socialist remolding of China.

B. Changes in Curricula

876 Curricular "reform" was among the first sections undertaken by the Communists in the field of education. Even before their consolidation of power (at a time when a thorough renovation of the educational system was administratively impossible) the Communists instituted changes in the curricula wherever their troops had seized control. As early as September 1949, Communist authorities announced the "Temporary Regulations of Curricular Reform in the Departments of the Colleges of Arts and of Law in the Institutions of Higher Learning in North China." The principal features of this "reform: were (1) the substitution of Marxism and Leninism for the Three People's Principles, (2) abolishment of the course on traditional law and, before new laws were promulgated, the addition of studies on socialist theories of jurisprudence. This action was aimed at institutions of higher learning; reform of curricula for lower level schools was not much publicized.

The same subject was the central theme for the All-China Higher Education Conference of June 1-9, 1950. By that time the movement to reform curricula had reached its second stage. Out of this conference emerged the "Decisions Concerning the Enforcement of Curricula-reform

876 Besides changing the materials for courses on political and economic theory, the curricular "reform" also has the mission of dovetailing the schools on different levels and seeing that their doors are open to Party and other professional cadres who have not had the opportunity of a formal education.

One important development closely related to curricular "reform" is the thorough re-examination of all textual materials. The central authorities responsible for education, through their subordinate agencies on provincial and municipal levels, supervised the revision of all textbooks, particularly those in the field of the social sciences before releasing them to the schools. That the revised books are politically slanted is obvious but their technical quality cannot be judged without a detailed comparative study of many such books against the original versions and against similar books accepted as standard works in non-Communist countries.[12]

C. Changes in Organization

871 656 Before 1949, as the Communist Army assumed control of a city or a town, a military delegate was assigned to each school to supervise its administration. The changes the Communists brought to the schools at that time were imposed unsystematically and arbitrarily. Even after the establishment of the Peking regime, the measures designed to revise the education system and school organization remained haphazard. Following the outbreak of the Korean war in 1950, the main activity of the Communist Ministry of Edu-

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cation, as far as reorganization of the schools was concerned, appeared to be the seizure of private schools and other schools sponsored by religious groups and foreign missions.[13] The first systematic reorganization was occasioned by the issuance of a Government Administration Council directive "Decisions Concerning the Reform of the Educational System," on October 1, 1951. The People's Daily of Peking, central organ of the Communist Party, and People's Education both expounded the theory behind the organizational reform:[14] (1) the reorganization will ascertain the position of vocational schools, special training programs for cadres, and adult educational classes, in the regular school system; in other words, those cadres, soldiers, peasants and workers who have had no opportunity for formal education may attend special training schools and achieve the same standing as regular school graduates; (2) changing the six-year and two-level primary school system into a five-year and one-level system will enable children of poor peasants to receive a much more complete basic education; (3) the new system will place emphasis on technical education to serve the purpose of the "socialist reconstruction of China"; and (4) the kindergarten will have its definite place in the reorganized system.

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13. For more information on revision and publication of textbooks in Communist China, see the chapters on Public Information and Propaganda and Artistic and Intellectual Expressions. Also see Chu Po-ch'i, Chung-kung Ti Hsüeh-hsiao Chiao-yü [Formal Education in Communist China], Hong Kong Ya-chou ch'u-pan-she 1954, pp. 218-27.

14. People's Education, October 1951, pp. 5-6; Hsia Feng op. cit., pp. 2-3.

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Thus the reorganization was launched as the central task for education in China for 1952. By September 1952, it was reported, the major reorganization of schools was completed.[15] However the Communist Vice-Minister of Education Liu Shih, reported in January 1954 that "systematic reorganization of the schools was not completed until late 1953."[16] Liu, in reporting on the completion of the reorganization, possibly had in mind the decision of the Government Administrative Council in November 1953 to "restore the old six-year and two-level primary school system." According to Premier Chou En-lai, this last action was necessary because of "inadequate preparation" for the new five-year, one-level system."[17]

The main changes brought about in the reorganization were the regrouping of departments in large universities and specialization in the colleges. The purpose was to achieve a balanced distribution of educational facilities as prescribed in the program of national economic reconstruction.[18] The system of education can best be shown in the chart which follows:

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15. Kao Chien-hsing, Chung-kung Ti Nu-i Chiao-yü [Slave Education of the Chinese Communists]. Hong Kong Tzu-yu ch'u-pan-she, 1953, p. 36; Walter Crosby Eells, Communism in Education, Washington, D. C., American Council on Education, 1954, p. 201.

16. People's Education, January 1954, p. 24.

17. Ibid., p. 8.

18. For detailed description of the reorganization, see People's Education, Jan. 1954, p. 65; Communist Education in the Past Five Years, Vol. II, pp. 14-15; Chung Shih, Higher Education in Communist China, Hong Kong, 1953, pp. 41-47.

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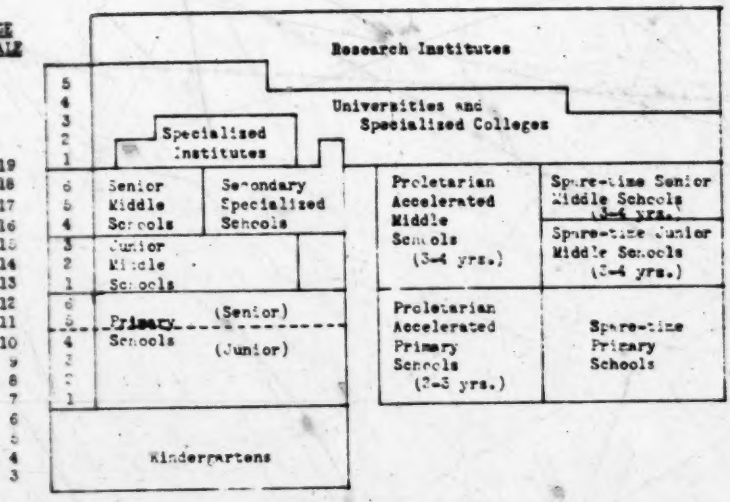
656 AGE SCALE

Chart 2. System of Education under the Chinese Communist Regime*



*Communist Education in the Past Five Years, pp. 8-9; Chi Tung-mei, Education for the Proletariat in Communist China, Hong Kong, Union Research Institute, 1954, p. 16. The Chinese term for "middle school" implies "secondary school."

(Chart 2 follows p. 317.)

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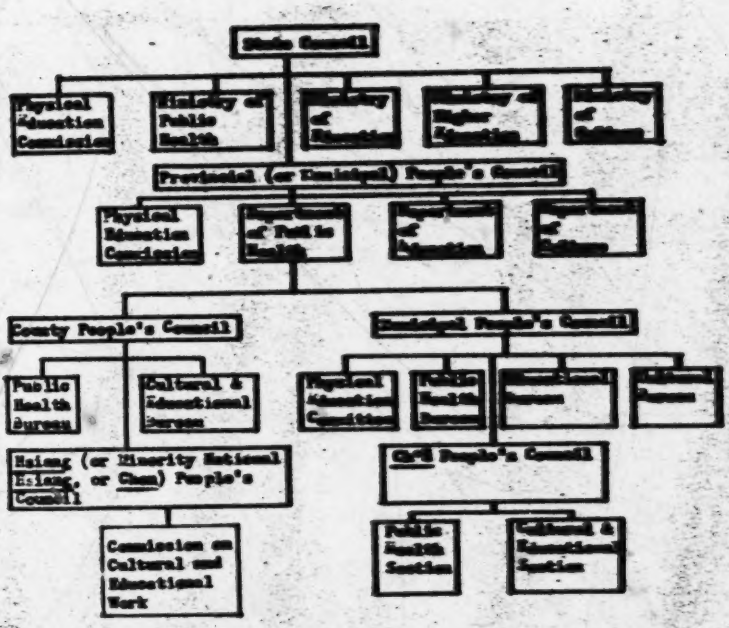
Chart 2. Communist Government Control of Education[a]



[a] Communist Education in the Past Five Years, pp. 13-21. The term "Physical Education" used here can also be translated as "Physical Culture and Sports."

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(Chart 3 faces p. 318.)

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Following the reorganization of the school system, government control over the system was further defined by the promulgation of the 1954 Constitution. As shown in Chart 3, the formal chain of control is not much different from that of the Nationalist system. The following new features, of course, are to be noted:
The two ministries of education function differently in that the Ministry of Higher Education is in charge of the education of higher and secondary levels of technical and administrative personnel to be used in the national reconstruction program. while the Ministry of Education is responsible for the administration of teacher's training s schools, regular middle (secondary) and primary schools and adult education schools.[19] Prior to the promulgation of the Constitution, education was under the jurisdiction of a Cultural and Educational Administration of the Government Administration Council. Now, under the State Council, cul re and education are separated. The Ministry of Culture continues to supervise all "cultural activities" other than education, such as the press, publication, art, drama and so forth. That physical education is worthy of an independent commission under the Government Administration Council indicates the important position its occupies in the Communist program of youth training.

One significant development in the control of education by the Communist government is

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19. Communist Education in the Past Five Years, Vol I, p. 11.

871 the role played by the Party. Although the official chain of control as shown in Chart 3 seems to have no place for the Communist Party, Party branches on all levels are actually the authorities for interpretation of official policy and have the final decision on how a school should be run. Evidence shows that some schools report every important question to the local Party secretary before taking any action.[20] Close-range Party supervision, together with the assignment of well trained veteran cadres to key positions on the administrative staff of the school, serve to maintain the Communists' control over the educational system.

III. MAJOR MOVEMENTS LAUNCHED BY COMMUNISTS IN EDUCATION

A. "Thought Reform"

876 To effect an ideological revolution among the educators and students is an essential step in the Communist plan to Sovietize completely the educational system in China. Since 1949, every major measure adopted by the Peking regime in the cultural and educational fields involves, either implicitly or explicitly, an effort to remold the thought of the people concerned. However, an organized drive to change the way of thinking of the educators and students did not start until Premier Chou En-lai delivered his speech on September 29, 1951. He urged the educators to

20. People's Education, December 1954, p. 30.

Chinese expression which upholds the high social status of the educated. This has become a target of Communist attack, and the fight to change the minds of the people is still surging.[24]

C. Physical Education Movement

Although a specific commission has been established to promote physical education (see Chart 3), the State Council and the two ministries of education have been seriously concerned with the health of the students. This concern originates from Mao Tse-tung's instructions to promote "good health, good study, and good work." As early as April 195, Tung Ch'un-ts'ai, Vice-Minister of Education, called the attention of the nation's educators to the importance of guarding the health of the students. Tung's delcaration was affirmed by other officials in responsible positions during subsequent years, but apparently the situation was not much improved. The students remained in financial straits while the pressure of intensified courses was increased. The Ministry of Higher Education, the Ministry of Health, and the Commission on Physical Education issued in July 1954 a joint directive reiterating an earlier announcement by the Government Administration Council on "Decisions on Improving the Health of Students in Schools at All Levels."[25] However,

24. See Communist official directives on "labor-education" ibid., June 1954, p. 7; May 1954, p. 7.

25. People's Education, August 1954. p. 65.

871 it is obvious that stress on physical exercise
744 alone cannot take the place of an adequate diet.

871 Other movements launched simultaneously with the above-mentioned drives have been revived from time to time. They are indicative of the ills plaguing the educational system under the Communists in China. Language reform,[26] important to primary education and in efforts to combat illiteracy, is associated with "thought reform." The program to establish winter schools, summer schools and other special training classes for peasants, workers and soldiers is actually a part of school reorganization. Some of the most important characteristics of these movements will be discussed.

IV. SCHOOLS ON DIFFERENT LEVELS

The Communist policy for education and the movements in education are nation-wide, and subject to only minor regional variations. However a survey of the schools in East China may reveal the extent to which the Communist policy has been carried out and the response of the people in this region.

872 A. Kindergartens and Primary Schools

The development of kindergartens in the East China Region has followed the basic policies

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26. See the chapter on Language in this handbook.

873 hindered the furtherance of their education.

Official concern was expressed by the Communists over the lack of preparation on the part of some of the cadres enrolled in higher level cadre schools.[64] To remedy this situation, educational authorities are now trying to strengthen the spare-time classes by giving refresher courses to those students who are deficient.

V. SOME OBSERVATIONS

871 A. The Character of Communist Education

Two significant characteristics of the Communist educational system are the degree of specialization found in the school system and the centralization of control over the content of the subjects taught in these schools. The measures so far adopted by the Communists in reorganizing the schools with emphasis on the devlopment of technical institutions, are necessary in view of the urgency of economic reconstruction as outlined in the first Five-Year Plan. The centralization of control begins with the indoctrination of the teachers and rigid supervision of the publication of textbooks. Every teacher is told what to say and how to say it. To be sure the Communists have yet to achieve complete uniformity in education in conformity with the Party line, but all possible efforts are made to guard against deviation.

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64. People's Education, Aug. 1953, pp. 31-32.

876 Since learning a foreign language is no easy
191 matter, the substitution of Russian for English has been a controversial point and may remain an unresolved issue of the Communist ideological orientation in education.

C. Inadequacies in Communist Education

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Lack of teachers, as has been noted, will continue to hamper the development of education and the improvement of the standards of the school in East China. Lack of educational equipment can only be partially solved by improvisations. In this regard, East China appears to be better off than Central-South or Southwest China. The large-scale construction of school buildings has begun in Hangchow and Shanghai.[66] Lack of financial support for students will cause many to abandon their education, and it is doubtful if government subsidies are sufficient to help many students. Above all, the lack of well-trained administrators will be the greatest obstacle to the Communists' efforts to achieve progress in education.

Despite Communist efforts to run the schools according to a centralized plan, the lack of a clear-cut policy leads to the "piracy" of teachers and students. Government agencies in need of technical personnal often call away teachers or students without notifying school authorities. Although there is no recent information on this practice, the situation was serious enough in 1951 for the Government Ad-

66. Kuang-ming Jih-pao [Enlightenment Daily], Peking, November 26, 1954, p. 3.

•871 ministration Council in Peking to issue an order banning such a practice.[67] The East China Press has reported unreasonable demands made upon the time of teachers and students by the government decree that they take part in extra-curricular activities. Each time the government decides to publicize a mass movement, teachers and students are required to help propagandize it. According to one report, one primary school in Hsüan-ch'eng (Anhwei Province) was turned into a "political propaganda team" which held no regular class throughout one fall season.[68]

Until adequate officially-approved textbooks become available, the Communists have to resort to the translating of Russian works in order to meet temporary needs. Since such translated works were not written with Chinese students in mind it is doubtful that they will help to improve the educational system of Communist China.

The government's effort to place college graduates wherever they are needed is undoubtedly required by the Communist plan for economic reconstruction. But even if the graduates are thoroughly indoctrinated in Communism, there is still no reassurance that dissatisfaction will

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67. People's Education, August 1951, p. 8.

68. A Liberation Daily report, quoted in The Slave Culture and Education of the Chinese Communists. p. 27.

871 not grow among those who have been denied free choice of jobs.

In summary, it should be noted that although the Communis s have launched a thorough reorganization of the Chines educational system, their work is far from accomplished. The attitudes of so many people involved in the system of education cannot be quickly changed; hence the renewed effort on the part of the government to root out "bourgeois" and anti-Communist thought among teachers and students. The expediency of "accelerated schooling" apparently has had a detrimental effect upon the qualifications of the graduates. There is no information on the result of the trai ing in East China chools, but reports on schools in other regions seem to indicate that students are less qualified than their predecessors in pre-Communist days; only those educated in larger cities such as Shanghai and Nanking are considered reasonably competent.

872 As shown in Chart 1, the primary school consists of six grades divided into two levels. For students at rural schools, the first four years of primary school education may constitute an integral unit by itself and may be sufficiently useful if the students have to take up farming or other professions upon the completion of this unit. This feature was later attacked by the Communists as a mark of discrimination against the peasants and workers. But it is to be remembered that at one time the Nationalist Ministry of Education did attempt to revise the primary school system by making it a five-year one-level system.

874 Another feature of the Nationalist system of education attacked by the Communists was its failure to establish vocational schools with college standing, thus forcing vocational school graduates to terminate their education at the high school level. While most of the vocational school graduates did not continue their formal education, the system under the Nationalists did not preclude this possibility. The doors of the colleges were open to such graduates as were qualified for enrollment. The only restrictive factor was that most of the vocational school graduates because of their specialization had to take additional courses in order to fulfill general requirements before they could pass the entrance examination to the regular college.

871 By 1946, the Nationalist Ministry of Education announced 54.52 per cent of the nation's population above the age of six either had attended

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744 alone cannot take the place of an adequate diet.

871 Other movements launched simultaneously with the above-mentioned drives have been revived from time to time. They are indicative of the ills plaguing the educational system under the Communists in China. Language reform,[26] important to primary education and in efforts to combat illiteracy, is associated with "thought reform." The program to establish winter schools, summer schools and other special training classes for peasants, workers and soldiers is actually a part of school reorganization. Some of the most important characteristics of these movements will be discussed.

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872 A. Kindergartens and Primary Schools

The development of kindergartens in the East China Region has followed the basic policies

26. See the chapter on Language in this handbook.

872 laid down by the Communists. The program is tied in with child welfare promotion. Wherever needed, the government has tried to standardize the training of personnel for kindergartens. Although there is no information on the total number of kindergartens and their enrollment in this region, presumably development of education for young children in East China is more advanced than in Central-South or Southwest China because generally speaking, development of educational facilities in East China has received more attention.

The Communist policy has been to strengthen the "complete" primary schools in cities and important villages and to encourage the villagers in outlying districts to establish their own primary schools under local government supervision.[27] To consolidate Party control over these numerous primary schools scattered over wide areas, the Government Administration Council in Peking ordered the assignment of experienced political cadres to supervise the educational agencies in county governments. In addition, primary school principals and other administrators were indoctrinated.

According to Shu T'ung, Chairman of Cultural and Educational Commission for East China, the number of primary schools in the region had increased to 109,000 by November 1951, with a total enrollment of 9,440,000 students.[28]

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27. Jen-min Shou-ts'e, 1955[People's Handbook, 1955] , Tientsin, Ta-kung pao, 1955, pp. 575-76.

28. Chieh-fang Jih-pao[Liberation Daily] , Shanghai, November 28, 1951.

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872 In October 1952 the total enrollment had further increased to 12,000,000 which was about twice as large as that in 1949.[29]

The trained political cadres who were sent to rural areas to establish primary schools reported a shortage of supplies and a lack of financial support. At the same time, there were accounts of "the glorious success" of these Party-assigned schoolmasters who struggled to win the support of the villagers.[30]

The emphasis in primary school education in East China followed the national pattern to imbue the students with respect for labor and love for their country. In a history course, for example students were told that Confucius was not concerned with the "proletariat," that he offered advice to kings in order to perpetuate the feudalistic system.[31] A primary school teacher in Hsü-chou, Kiangsu Province, was criticized for neglecting "political education" when he reminded the students that by studying well they would be able to make money in the future.[32] Those schools which taught the students to enjoy manual work, to help their parents at home, and to prepare for farm or factory work upon graduation, were cited as model schools. It was reported in June 1955 that a large number of primary school graduates

29. Ibid. Oct. 1, 1952, p. 5.
30. People's Education, Dec. 1953, p. 18.
31. Ibid. Jan. 1952, p. 52.
32. Hsiao-hsüeh Chiao-shih [Primary School Teacher], Peking, August 1954, p. 7.

872 took jobs in agricultural production co-operatives as junior technicians and office assistants.[33]

B. Secondary Schools

873 In 1950 the secondary schools throughout Mainland China submitted to the initial stages of consolidation and reorganization in accordance with the Communist policy for education. As a result secondary school enrollment decreased in certain areas; in other areas, schools were barely able to stay in operation. The subsequent establishment of additional middle schools brought the total number of registered students (including those of the secondary normal schools and "proletarian, accelerated" middle schools) to 3,628,264 by September 1954.[34] This figure was claimed to be double that of the enrollment in 1948.

In East China in 1950 there were 101 secondary schools in Shantung 372 in Kiangsu and 108 in northern Anhwei Province.[35] The emphasis in the development of secondary schools has been on technical training. By October 1952 secondary technical school students in East China numbered 51 900, or more than twice the number enrolled in 1949.[36]

The aim of secondary education, according to the Government Administration Council,

33. SCMP, No. 1072, Hong Kong Amer. Cons. Gen'l., August 1954, p. 7.
34. People's Education Oct. 1954, p. 34.
35. Cheng-fu Kung-tso Pao-kao Hui-pien1950 [Compendium of Gov't Reports, 1950], Peking, Jen-min ch'u-pan-she, 1951, pp. 631, 647 667, 687.
36. Liberation Daily Oct. 1, 1952 p. 5.

657 Shanghai and Tsingtao, according to the same
729 report, some 4,000 dependents of "martyrs" and servicemen obtained work in the first half of 1952, with an average monthly pay of 400,000 - 500,000 JMP dollars. For the same purpose, the East China regional government appropriated in the period a special fund of JMP$65,000,000,000 (approximately US$ 2,950,000).[40]

657 In 1953 seven primary schools for the
729 children of "revolutionary martyrs" had been
872 established and eleven more were under construction. Approximately 1,000 children were enrolled. A monthly food ration for each student consisted of some 11 pounds of meat, about two and half pounds of fat, more than five pounds of eggs supplemented by bean-curd and cabbage. (Wheat, rice and other grains were not mentioned Presumably, they were not then rationed.) Every student was issued two suits of summer clothes, two suits of underwear, and one suit of cotton padded clothes (for winter) each year and one overcoat every two years.[41]

657 According to a broadcast by the Minister
729 of Internal Affairs of the Peking regime in January 1955, incomplete statistics from 13 provinces showed more than 60 per cent of the

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40. Ibid.
41. Liberation Daily, Feb. 10, 1953, p. 3.

489 Huang-p'u River and a seven-mile railway to
361 benefit from its port of Wu-sung (Woosung) at the Yangtze (Whamgpoo) River estuary. Wu-sung faces Ch'ung-ming Island on the estuary, and the forts on Wu-sung shore defend the entrance to the Yangtze River. From Shanghai it is about 450 miles to Chi-lung (Keelung) on Formosa and about 460 miles to Nagasaki. Since the Communist occupation, the city of Shanghai has been undergoing a great deal of reorganization. Over one-hundred industrial concerns have been moved outside of the city as a sanitary measure. The northwest section of the city, downwind, is being developed into an industrial "city within a city."
[349] A gigantic structure, begun on May 4, 1954, is rising on the former Hatung Garden on the western side of central Shanghai and is to be named "the Great Hall of Chinese-Soviet Friendship." Topped by a 330-foot tower, it will be the highest point in Shanghai.

There are three main routes inland from Shanghai: the Shanghai-Nanking Railway, the Shanghai-Hangchow Railway, and the Yangtze River. Nanking is, at present, the provincial capital of Kiangsu. The city is encircled by a wall twenty-one miles long -- the longest of
[873] its kind in the world. The central section of this erstwhile national capital has been undergoing a face-lifting, and a cultural center is rapidly rising with Nanking University and Nanking Engineering College as its center. The

668 241 cadre was the instrument of land redistribution and brought into the countryside the first major change decreed by Peking. The cadre organized the Peasants' Association in the village and manipulates its meetings and its officers It was the cadre who worked up sentiment and organized the "speak bitterness" meetings in the days of the Land Reform Movement -- occasions used to the full to attack the old familial order in the villages. It is the cadre who organizes the "struggle meetings" in which villagers are made to engage in criticism and self-criticism in order to undermine the old values and instill the new.

The cadres also pushed the organization of "mutual-aid teams" for the sharing of labor and equipment, an effort that struck at the familial organization of farm labor and apparently met with serious difficulties.[16] More recently the cadre has been the instrument for the concerted attempt to build producer co-operatives in the countryside. In such major efforts as the attempt to put Hunan rice farming on a two-crop basis (hitherto only done further south), the cadres were reportedly responsible for training 100,000 farmers.[17]

• 873 208 The cadre carried on the effort to destroy traditional mores. He publicizes the new marriage law, discourages or prevents arranged marriages,

16. W. W. Rostow The Prospects of Communist China, Cambridge, 1954, p. 84.

17. Reported by New China News Agency, Changsha, April 20 1955; Survey of China Mainland Press (SCMP), No. 1036, April 28, 1955.

208 lectures on sanitation, and. sometimes with the
873 help of radio, films, and mobile theatrical units dramatizes the issues of the day, the need for the farmer to sacrifice, to send his sons to the army, to contribute labor to community projects, to inform on his neighbors, to buy bonds. and so forth. The cadre establishes "winter schools" in which the peasants are given intensive political indoctrination practical training, and instruction in reading and writing. Hunan reported that 2.500,000 peasants were enrolled in these schools in the winter of 1955.[18]

425 The age-old drive of the vigorous peasant to
668 increase his family's land holdings is checked by fear lest he be re-classified as a "rich peasant" and be subject to higher taxes and other pressures. Yet what the Communists deplore as the peasant's "spontaneous capitalistic tendency" has not been crushed and the landholdings of the more enterprising grow in size.[19]

474 The effort to force various forms of co-opera-
668 tive work has not been completely successful.

> "...when a serious team-use of labor, tools and farm animals was attempted. a variety of unsatisfactory results emerged; quarrels among the families interfered with efficient output; no one assumed responsibility for the upkeep of communal property; the claims of inefficient members violated the sense of equity of the more efficient..."[20]

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18. People's Daily, Jan. 30. 1955; SCMP 984, pp. 30-31.

19. Rostow op. cit., p. 152, cites the Peking People's Daily, Feb. 15. 1954.

20. Rostow. op. cit., p. 84.

[p. 223]

871 or were attending schools.[3] In 1947, there were 207 institutes of higher learning throughout the country. But this number was unsatisfactory to 873 the Government; the Ministry of Education announced that the Central Government devoted only 4.3 per cent[4] of its 1946 budget to education, which is not quite one-third of the amount designated for this purpose by the Constitution.

871 In East China, 77 schools for advanced education were in operation in 1947. Other pre-Communist figures on education in East China cited in Table I will offer comparison with developments under the Communist regime.

[See Table 1. on next page.]

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3. The Education Yearbook of China, 1948, pp. 1, 397-1, 483.

4. Chung-hua Nien-chien, 1948 [The China Yearbook, 1948] Nanking, Chung-hua nien-chien she. 1948. p. 1, 623.

872 took jobs in agricultural production co-operatives as junior technicians and office assistants. [33]

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36. Liberation Daily Oct. 1, 1952 p. 5.

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873 is to cultivate nationalism but not at the expense of "internationalism," to teach the students to love their country respect labor, and realize their duties and responsibilities to their country.[37] To carry out this official line, a system of indoctrination was inaugurated for secondary school principals and other administrators. The commissioners of education of each provincial government were responsible for the supervision of indoctrination. By October 1952, over 28,000 school personnel in East China had been indoctrinated.[38] According to Communist reports, this represented about 75 per cent of all the secondary school teachers and administrators in East China at that time.

Some important changes were made in the curricula for secondary schools. To the natural science courses was added a subject called "elementary Darwinianism." To the social sciences courses was added a study of the Common Program, later replaced by the study of the Constitution of 1954. During the past five years scheduled courses were occasionally suspended at the last minute because the official textbooks were not ready.[39] Many textbooks were revised several times to measure up to the official Party line as interpreted by Peking.

C. Institutions of Higher Learning

In principle, the control of institutions of

37. Chou En-lai, "Directive on Improvement and Expansion of Secondary Education," People's Handbook 1955, pp. 571-73.

38. Liberation Daily. Oct. 1, 1952, p. 5.

39. People's Education, August, 1954, pp. 63-64.

873 higher learning is centralized under the Ministry of Higher Education, except for the teacher's training program which falls under the Ministry of Education (See Chart 3). In practice, Government Administration Council has instructed the various central government ministries in charge of different industries to "supervise and co-ordinate" the programs for advanced technical schools. These central government ministries in turn can appoint local government personnel to take charge of the schools in order to maintain close supervision. In this connection, provincial governments were given the responsibility of providing the schools with political guidance.[40] With this system of control, the political conversion of the universities and colleges has been carried out with very little delay. The administrative reorganization of these institutions, however ran into more difficulties because each of the established universities was an academic entity with a definite personality of its own. An account of the universities in transition was presented by Fei Hsiao-t'ung, noted sociologist and senior professor at the Tsing Hua University, in his book, Revamping the Universities.[41]

Among the more acute difficulties experienced during the conversion and reorganization of unversities were:[12] (1) the "thought reform" of college professors who were subject to public criticism by their students and (2) the transfer of certain departments from one university to another, which disrupted the administratior

40. "Decisions Concerning Revision of Relations of Leadership for Institutions of Higher Learning," announced by Gov't Adm. Council, Oct. 1', 1953. People's Handbook 1955, pp. 558-59.

41. [next page.]

873 of both institutions. A total of 60,300 persons, about 93 per cent of all the college professors and administrators in East China, had completed their thought reform" by October 1952.[43]

By April 1952, the major reorganizations of colleges had been completed. Chekiang University was renamed Chekiang Engineering College and also absorbed the mechanical engineering and civil engineering departments of Chih-chiang University. A separate college of engineering was created by combining the electrical and chemical engineering departments of Nanking University and the department of architecture of Chih-chiang University.[44] In

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41. Ta-hsüeh Ti Kai-tsao [Revamping the Universities], Shanghai, Shang-hai ch'u-pan-kung-ssu, 1950.

42. Accounts of thought reform for college professors are presented (possibly with some exaggeration) in such works as Ts'ui Shu-ch'in Ta-lu Hsüeh-jen Ti Pei-chü [Tragedy of Scholars on the Mainland], Taipei, Chung-yang wen-wu kung-ying she, 1953; and Kung-fei Ti Nu-i Wen-hua Yü Chiao-yü [The Slave Culture and Education of the Chinese Communists], Taipei, Sixth Section, Central Reform Committee, Nationalist Party, 1952.

43. Liberation Daily, October 1, 1952, p. 5.

44. Ibid., April 17, 1952, p. 1.

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(Table II faces p. 330.) (a)

Table II. Institutions of Higher Learning in East China (1954)

873

NAME	LOCATION	NUMBER OF DEPARTMENTS	NUMBER OF SPECIAL COURSES	SPECIALIZATION
Fu-tan University	Shanghai	10	none	General
Nanking University	Nanking	12	2	General
Shantung University	Tsingtao	10	none	General
Amoy University	Amoy	8	none	General
University of Communications	Shanghai	4	3	Engineering, communications
Chekiang University	Hangchow	5	4	Engineering
Nanking Engineering College	Nanking	7	4	Engineering
Shantung Engineering College	Tsinan	2	2	Engineering
T'ung-chi University	Shanghai	2	2	Civil engineering
Hua-tung College of Aeronautics	Nanking	1	none	Aeronautical engineering
Hua-tung Hydraulic Engineering College	Nanking	1	2	Hydraulic engineering
Hua-tung Chemical Engineering College	Shanghai	1	none	Chemical engineering
Hua-tung Textile Engineering College	Shanghai	2	1	Textile machinery
Hunan Special School of mining	Hunan	2	none	Mining engineering
Tsingtao Engineering College	Tsingtao	2	1	Hydraulic engineering, machinery
Nanking Special School of Aeronautics	Nanking	none	1	Aeronautical engineering
Su-nan Special School of Engineering	Soochow	none	2	Mechanical, civil engineering
Nanking College of Agriculture	Nanking	7	none	Agriculture
Nanking College of Forestry	Nanking	3	none	Forestry
Chekiang College of Agriculture	Hangchow	4	1	Agriculture
Shantung College of Agriculture	Tsinan	6	none	Agriculture
Fukien College of Agriculture	Foochow	3	none	Agriculture
Anhwei College of Agriculture	Hefei	2	1	Agriculture
Su-pei College of Agriculture	Yang-chow	3	none	Agriculture
Shanghai College of Finance and Economics	Shanghai	6	none	Finance, economics
Hua-tung College of Political science and Law	Shanghai	1	none	Political Science, law
Shanghai Medical College (no.1)	Shanghai	2	none	Medicine
Shanghai Medical College (no.2)	Shanghai	2	none	Medicine

[Face p. 330 (a)]

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Table II (continued)

NAME	LOCATION	NUMBER OF DEPARTMENTS	NUMBER OF SPECIAL COURSES	SPECIALIZATION
Kiangsu Medical College	Chen-chiang	2	none	Medicine
Su-pei Medical College-	Nan-t'ung	1	none	Medicine
Chekiang Medical College	Hangchow	2	none	Medicine
Shantung Medical College	Tsinan	2	none	Medicine
Fukien Medical College	Foochow	1	none	Medicine
Anhwei Medical College	Hofei	1	none	Medicine
Hua-tung College of Pharmaceuticals	Nanking	1	none	Pharmaceuticals
Shanghai Special School of Russian	Shanghai	none	1	Russian
Central College of Music (East China Branch)	Shanghai	4	none	Music
Central College of Fine Arts (East China Branch)	Shanghai	2	none	Fine arts
Hua-tung Special School of Fine arts	Wu-hsi	5	none	Fine arts
Hua-tung College of Physical Education	Shanghai	1	none	Physical education
Hua-tung University for Teacher Training	Shanghai	11	none	General
Shantung Teachers' College	Tsinan	6	8	General
Chekiang Teachers' College	Hangchow	8	7	General
Fukien Teachers' College	Foochow	10	9	General
Kiangsu Teachers' College	Soochow	6	5	General
Anhwei Teachers' College	Wu-hu	5	8	General
Nanking Teachers(College	Nanking	9	1	General
Su-pei Special School for Teacher Training	Yang-chou	none	4	General
Shanghai Special School for Teacher Training	Shanghai	none	9	General

Jen-min Shou-ts'e, 1955 [People's Handbook, 1955], Tientsin, Ta-kung pao, 1955, pp. 564-7.

[Face p. 330 (b)]

873 1954, 49 universities and colleges were in operation in East China.[45] Among them were 29 advanced technical schools, 9 teachers' colleges, 7 colleges specializing in social sciences, physical education, or the arts, and 4 "comprehensive" universities. Many of these schools simultaneously conducted two- and three-year special courses. The establishment of short-term special courses is in accordance with the Communist policy of preparing sufficient technical personnel to meet the needs of the national reconstruction program.

Problems were created by the "planned distribution" of college graduates to places where they would be needed. Throughout their years in colleges the students were told that "to think of salary is mercenary and to dodge government assignment is political desertion."[46] From the beginning of 1950 to the end of 1952, the Central People's Government had assigned 74,000 graduates of institutions of higher learning to various parts of China and another 34,000 were to be assigned during 1953. It is not known how many students from East China have been thus assigned during the past five years. However as recently as August 1955 the People's Daily of Peking reported the departure of 540 Nanking

45. People's Handbook 1955, pp. 564-67; (See Table II).

46. Kao-teng Hsueh-hsiao Pi-yeh-sheng Ti Kuang-yung Jen-wu [The Glorious Mission of College Graduates], Shanghai, Hua-tung jen-min ch'u-pan-she, 1953, pp. 12-13.

•873 students for Sinkiang.[47] The report said that most of the students were middle school graduates and 33 per cent were girls. Obviously, the practice of assigning students to work where they are needed is still practised in East China.

D. The Teachers' Training Program

875 As shown in Chart 2, colleges and secondary schools for teacher training have equal standing with general schools on the same levels. In their curricula, the teachers' training schools stress certain aspects which are not emphasized in general educational institutions. The urgent need for trained teachers for schools on different levels was first announced in October 1950 by Ma. Hsü-lun, then Minister of Education. Ma told the first All-China Conference on Primary Education and Teachers' Training that, before 1957, according to the planned expansion of schools, China would need 1 000,000 new teachers. Of these 200,000 would be for "spare-time" schools for peasants and workers, 130,000 for regular middle schools, 10,000 for colleges, and the remainder for kindergartens.[48]

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47. Quoted in Union Research Service (a China Mainland press digest bulletin), No. 4, Hong Kong, Union Research Institute, September 27, 1955, p. 7.

48. The Slave Culture and Education of Chinese Communists, p. 23.

875 Tung Ch'un-ts'ai, Vice-Minister of Education, again warned that there would be a shortage of 100,000 secondary school teachers in the next five years.[51] Nine months later, a report from the Ministry of Education stated that, according to plan the expansion of the secondary schools in 1954 would call for about 28,000 additional teachers. Yet all the teachers' colleges in China would graduate no more than 9,600 teachers in 1954. It was estimated that of this number only about 7,600 teachers (new) would be available, since some of the graduates would be "asked" to remain on the staff of the teachers' colleges, which would have to be expanded at the same time.

Political training for future teachers is stressed in all the teachers' colleges. The curricula designed by the Ministry of Education specify that 33.8 per cent of the total credit hours for a teacher in training must be devoted to the "history of Communist revolution," Marxian and Leninist theories, psychology, the Communist theory of education, the study of Communist teaching methods, and physical education.[52]

E. Schools for Peasants, Workers, Cadres, and the Illiterate.

873 To give political and technical training to peasants, workers, and other "cadres" is one

51. People's Education, January, 1954, pp. 17-18.
52. Ibid., September 1954. pp. 9-10.

873 of the basic principles of the Communists' theory of education. A broad program for this purpose was outlined at the All-China Conference on Education for Peasants and Workers by Ch'ien Chün-jui, Vice-Minister of Education, on September 30, 1950.[53] He quoted Mao Tse-tung as saying that, because the peasants and workers constituted over 80 per cent of China's population, they were the main force upon which would depend the transition of Chinese society from the "New Democracy" to socialism. Ch'ien stressed the following points: (1) The most immediate task was to combat illiteracy. (2) The cadres among the peasants and workers must be the first to be educated so that they would provide proper leadership for the masses. (3) This type of education must be adapted to local conditions.

No line of demarcation can be clearly drawn between the educational institutions for peasants and workers and those for Party and government cadres. Altogether these schools form a part of the regular school system. As Ch'eng Fang-wu, former president of the College of the War of Resistance at Yenan reported in July 1952,[54] the development of this type of education under the Communists could be traced back to Mao Tse-tung's Peasant Movement Institute in Hunan in the early days of the Chinese Communist movement. Later, when the Communists

53. Ibid., May 1951, pp. 12-16.
54. Ibid., July 1952, p. 6.

873 established a stronghold in southern Kiangsi Province, cadre schools were established to train political and military personnel. These institutions were succeeded by the College of the War of Resistance and by the Northern Shensi Institute in Yenan in the 1930's and early 1940's. As the Communist Army occupied North China after World War II, the North China University and the North China People's Revolutionary University were established for cadre-training. After 1949, the Chinese People's University was established in Peking, with 30 per cent of its curricula devoted to political education and 70 per cent to the specific fields in which the students were specializing.

In 1950, a Communist survey asserted that about 765,000 workers and over 25,000,000 peasants were enrolled in night schools, "winter-schools," and other classes during their spare time.[55] In the same year in Kiangsu Province, about 500 such schools were in operation. In November 1951, about 440,000 workers were studying in spare-time schools in East China. These workers had the opportunity to advance to any one of the ten secondary schools in the region established exclusively for the "proletariat." In the winter of 1951, over 7,000,000

55. Ibid., January 1953, p. 16.

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873 peasants of East China attended winter schools.[56]

By October 1952, the Communists in East China claimed, the number of spare-time school students had increased to 786,000, tripling the number enrolled in 1950; and over 16,680,000 peasants were enrolled in winter schools. In December 1954, the winter schools in Shantung Province reported the registration of 2,850,000 peasants.[57] Women constituted a sizeable proportion of the student body in such schools. A report in March 1955 estimated that over 22 per cent of the spare-time students in Shanghai were women.[58]

Many of these spare-time classes were organized to eliminate illiteracy. Soldiers were encouraged to study during their off-duty hours. The much-publicized "accelerated course" invented by Ch'i Chien-hua, a cultural cadre attached to the army, to teach the Chinese written language, was first pronounced successful among soldiers.

In the proletarian" (peasants and workers) accelerated secondary schools (see Chart 2),

56. Liberation Daily, Nov. 28, 1951.
57. Ibid., Oct. 1, 1952, p. 5; SCMP, No. 994, p. 29.
58. SCMP, No. 1002, Mar. 8, 1955, pp. 1-6.

873 a formal curriculum was pursued. The courses taught were similar to those in regular secondary schools, except that emphasis was placed on technical subjects. Any subject which has no direct bearing on farm or factory work is simplified in order to shorten the time of study. In the classes conducted for the peasants and workers, political study consists of lectures and discussions using as topics whatever happens to coincide with the most recent official Party propaganda line. For political cadres, the study of Marxian and other Communist theories are required. The Central Commitee of the Communist Party periodically issues directives listing the works of Marx, Lenin, and Mao Tse-tung to be studied. Chiefs of local Party branches are charged with the responsibility of supervising these studies at weekly meetings.[59] In Shanghai, where there is a large concentration of workers, such political organizations as the National Democratic Youth Corps and the All-China Federation of Labor Unions joined in the political education programs.[60]

Once the students have graduated from beginning language classes, they are given the opportunity to advance to higher levels of learning. An attempt is made to raise the academic level of cadres among peasants and workers to that of graduates of regular schools. In a directive

59. A sample list of materials to be studied is found in People's Handbook 1955, pp. 535-36.

60. Survey of China Mainland Press, No. 999, pp. 20-21.

873 issued by the Communist Party on December 24 195 , [61] it was stated that those who pursued spare-time study at least six hours a week for forty weeks a year, covering the essential courses prescribed for the primary school level, were entitled to enroll in a junior secondary school. Three years of similar spare-time study covering junior secondary school courses would enable students to enroll in senior secondary school. Any person pursuing studies in his spare-time could complete his education by attending night colleges.

Another development in education for peasants and workers reflected in the Communist claim that the percentage of students with a peasant- or worker-family background has risen sharply. By 1955, these figures were 21.94 per cent for primary schools.[62] In East China, several provincial governments reported in 1950 that a high percentage of primary school students were children of peasants and workers. In November 1951, over 80 per cent of East China's primary school students were said to have come from "proletarian" families.[63] Although the Communists claimed that these figures indicated an increase in education among the proletariat, they also admitted that the schools had not been paying sufficient attention to the children of the proletariat, who felt that they were discriminated against, and that the cost of education often

61. People's Handbook, 1955, p. 538.
62. Communist Education in the Past Five Years, p. 3.
63. Liberation Daily, Nov. 28, 1951.

873 hindered the furtherance of their education.

Official concern was expressed by the Communists over the lack of preparation on the part of some of the cadres enrolled in higher level cadre schools.[64] To remedy this situation, educational authorities are now trying to strengthen the spare-time classes by giving refresher courses to those students who are deficient.

V. SOME OBSERVATIONS

871 A. The Character of Communist Education

Two significant characteristics of the Communist educational system are the degree of specialization found in the school system and the centralization of control over the content of the subjects taught in these schools. The measures so far adopted by the Communists in reorganizing the schools with emphasis on the devlopment of technical institutions, are necessary in view of the urgency of economic reconstruction as outlined in the first Five-Year Plan. The centralization of control begins with the indoctrination of the teachers and rigid supervision of the publication of textbooks. Every teacher is told what to say and how to say it. To be sure the Communists have yet to achieve complete uniformity in education in conformity with the Party line, but all possible efforts are made to guard against deviation.

64. People's Education, Aug. 1953, pp. 31-32.

D. Labor Education and Recreation

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466 Illiteracy is one of the great obstacles hindering industrial development in China. Before the Communists gained control of Mainland China in 1949, some 60 per cent of the workers were semi-literate (i.e., could read less than 1,000 Chinese characters). In June 1950, the Government Administration Council issued "Instructions for Developing Spare-time Education of Workers," which aimed to teach every illiterate worker at least 1,000 characters over a period of three to five years. The Communist trade union regulations stipulate that all enterprises are to allocate a certain sum for the education of workers. The "quick method" of learning Chinese characters evolved by Ch'i Chien-hua, a cultural instructor of the Communist army, increased literacy among the workers.

In 1950, almost every factory in Shanghai, Tsinan, Tsingtao, and Nanking established night classes for the workers. By 1954, more than 10,000 industrial workers and government employees in East China were granted leave to attend technical or secondary schools. Those who attended classes continued

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49. Another project in the first Five-Year Plan in East China is the development of the Ma-an-shan iron mine.

50. NCNA, January 7; April 15, 1955.

873 to receive their original pay. The trade union,
466 the Party, and management were authorized to decide which workers qualified for additional technical training. In 1950 the East China Region sent 174 industrial workers of an advanced intellectual level to the Chinese People's University in Peking[51] as part of the Communist plan to create a new intelligentsia among the working class.

461 The Communists say that recreation -- the
466 privilege of the few in the past -- is now an integral part of the workers' lives. After work, workers may go to their own clubs to play chess, card games, or Ping-pong, or in other ways to enjoy their leisure time. Many factories show films or hold dances on weekends. By the end of 1954, some 11,929 clubs had been established in factories, mines, and other enterprises throughout China; Shanghai alone had over 800 workers' clubs. For the first time, workers had the opportunity to take part in athletic activities. At a provincial track meet in Chekiang Province in 1951, workers and peasants took the first four places in a 10,000 meter race.[52]

The validity of the above reports can be questioned. Workers have the facilities for

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51. Workers' Daily, Jan. 6, 1950, p. 1; NCNA, Shanghai, June 2, 1954.

52. Chinese Youth Enjoys a Happy Life, p. 28; NCNA, Shanghai, September 21, 1954.

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517 unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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701 During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to [874] power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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668 The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

872 As shown in Chart 1, the primary school consists of six grades divided into two levels. For students at rural schools, the first four years of primary school education may constitute an integral unit by itself and may be sufficiently useful if the students have to take up farming or other professions upon the completion of this unit. This feature was later attacked by the Communists as a mark of discrimination against the peasants and workers. But it is to be remembered that at one time the Nationalist Ministry of Education did attempt to revise the primary school system by making it a five-year one-level system.

• 874 Another feature of the Nationalist system of education attacked by the Communists was its failure to establish vocational schools with college standing, thus forcing vocational school graduates to terminate their education at the high school level. While most of the vocational school graduates did not continue their formal education, the system under the Nationalists did not preclude this possibility. The doors of the colleges were open to such graduates as were qualified for enrollment. The only restrictive factor was that most of the vocational school graduates because of their specialization had to take additional courses in order to fulfill general requirements before they could pass the entrance examination to the regular college.

871 By 1946, the Nationalist Ministry of Education announced 54.52 per cent of the nation's population above the age of six either had attended

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CHAPTER IX

TRAINING OF SKILLED WORKERS

874 COUNCIL OFFICIALS believed that the improvement of working conditions in industrial enterprises depends as much upon the acquisition of an understanding of the fundamental principles of mechanical operation by as many Chinese managers and workers as possible as upon the exercise of administrative controls. Study in engineering schools in Chinese universities of which the most important has been the Chiaotung University of the Ministry of Communications in Shanghai, and post-graduate study in European and American institutions have produced Chinese engineers able to undertake the technical direction of industrial enterprises. Since 1933, the Henry Lester Institute of Technical Education in Shanghai has played an important part in post-secondary school technical education; and in 1940 it was recognised as an institution of university standing in association with the University of London. But for the rank and file of workers in machine shops and factories there has been little opportunity for technical education.

Educational opportunities generally have been the prerogative of the more privileged Chinese families in the Settlement. Those who have completed a primary school course of six years have until recently been unusual among workers in industrial enterprises. There has been little development of more specialised technical instruction, which must be based upon several years of instruction in elementary school subjects.

Yet, mechanics and fitters are able to handle machine tools with skill, and install complicated machinery, although they lack a knowledge of the basic scientific principles upon which the operation of such machinery rests. From the point of view of an educationist, the teaching of these men presents a most interesting problem. In western countries a young man enters a machine trade after having completed his primary and perhaps early secondary school years. While working by day during the next four or five years, he attends a technical school at night, acquiring

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

theoretical information for the intelligent handling of his tools. His manual skill comes gradually with practice during his adolescent years; his theoretical understanding increases concurrently. When he emerges from his apprenticeship, he not only can use machines but knows why they work as they do. Chinese mechanics, on the other hand, while possessing skill in handling machinery, have little understanding of the science of mechanics. It is to such men, keen, alert, and with practical experience, that a theoretical knowledge has to be brought. No teacher of elementary theory ever had pupils more developed in practice. 874

THE INDUSTRIAL AND Social Division recognised the necessity of instructing workers of various types. From 1937 onwards short-term classes were organised. These were experimental in many respects and were designed to discover what range of ideas could be absorbed, what methods of teaching would have to be employed, on what exact degree of preliminary education the instruction would have to be based, and what steadiness in attendance at night classes could be relied upon. By the end of 1940 the answers to most of these questions were known. 874 633

Four distinct groups of men had been enrolled in short-term classes during the four-year experimental period. Ten classes were held for boiler firemen, involving 528 men in all. These men operated boilers in industrial enterprises, apartment houses, and office buildings. Almost all of them were illiterate and poorly paid. They worked an extremely long day, almost invariably at least twelve hours, often longer. Their work was always tiring and, in the humid summer weather, often exhausting. Few had any conception of the immense pressure in the boilers they tended with so little concern. Some were known to believe that when the pressure gauge showed 70 pounds, this represented the total pressure in the vessel. The concept of pounds per square inch was unknown to them. Coal, once easily obtainable and cheap, rose to very high prices during the period when classes were arranged. No longer able to ignore waste in the operation of steam plants, the more alert factory managers recognised the need to plan for the use of expensive coal to the greatest advantage. Yet, so far as could be learned, little was done by the majority of enterprises to see that a better-educated man took charge of the firing of boilers. The

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Division did what it could under the circumstances. It took existing firemen and, in courses each of six weeks' duration and a total of twenty-four hours' instruction, gave them a rudimentary knowledge of the proper operation of boilers. The lecturers were boiler surveyors approved by the Council and regularly engaged in the inspection of steam plant installations. Visual methods of education had to be developed: slides were used at every lecture. To the sceptic who said, "but these men are illiterate, they cannot be taught anything," the obvious reply was, "but they mind boilers." Until factory management was prepared to pay for competent operators of steam plants, the Division instructed those who actually tended boilers. Several employers who needed new firemen sought those who had attended the training course.

A second group for whom two series of lectures were planned were those known as *lao kwei*—literally "old devils".[1] *Lao kwei,* relics of a simpler industrial scene in Shanghai, were still in many factories in charge of machine apparatus, including the steam plant. They often were not qualified engineers, for they belonged to a period when Shanghai had just embarked on machine-manufacturing processes and trained engineers were scarce. With the aid of mechanics skilled enough in practice but, as we have seen, without knowledge of such elementary matters as how accurately to calculate the size of a pulley and belt to obtain a given speed, *lao kwei* have installed complete plant machinery. The fact that during operation plants frequently have been shockingly mistreated and that there has been enormous waste has concerned neither the *lao kwei* nor their employers. There have been loss and waste in operation, and heavy replacements and repair charges, the elimination of which would in many instances have permitted occupation in more suitable premises and the payment of better wages. Some one hundred *lao kwei* and their assistants received instruction in courses lasting seventeen weeks.

A third group gathered into classes proved the most responsive of all, and indicated the direction of later policy. This group comprised the younger mechanics, machinists and fitters in machine shops, operating machine tools. There had been a distinct increase

[1] Use of this slang workshop term is widespread. The charge hand is called the "old devil," the next in charge is the "second devil," a foreigner a "foreign devil," a young worker a "small devil," and a spiral drill a "twisted fried-roll devil."

[p.111]

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in the variety and improvement in quality of locally manufactured machinery. Among units being manufactured in Chinese-owned plants were machine tools, power presses, air compressors, steam engines, screw- and nail-making machines, printing machinery, paper-making machinery, machinery for use in textile cigarette chemical, rubber and seasoning powder plants, in flour mills and steam silk filatures. Of the thousands of machinists and operating mechanics involved, few were found to have had any instruction in basic mechanical principles. Up to the end of 1940 experimental short-term classes of seventeen weeks, sixty-eight hours in all, had been held for two hundred of these men.

A fourth group consisted of the owners and foremen of plants using power presses in manufacturing. The range of hardware being produced in Shanghai was increasing as was also the manufacture of containers like tin cans and thermos flasks. Power presses were thus used extensively. There was, however, little knowledge of diemaking, of the heat treatment of steel, or of the measures which should be taken to reduce accidents on power presses. Some one hundred and fifty men engaged in the operation of power presses had six-week courses with twenty-four hours of teaching.

Commencing in the autumn of 1940, a first class of 52 men was admitted from among those mechanics and fitters who had already attended experimental classes and could pass entrance tests. They proved to be the advance guard of the regular three-year course which later developed. In the autumn of 1941, two evening technical schools for adult workers were opened, one in the eastern, one in the western industrial district, with 250 first-year students admitted. Despite the unemployment which descended on industry in December 1941, and in succeeding months, unemployment which early affected machine shops from which the majority of the students came and most of which were deprived of their sources of raw material, the schools withstood the shock, and 85 first- and second-year students completed the year's work in June 1942. The autumn of 1942 was to see also the beginning of classes for electricians, for in this field also complicated installations were operated by workmen without fundamental knowledge of the principles on which their work rests. It was hoped, year by year, to add some course of training, until the schools might merit the name of technical schools. A Shanghai which had constructed

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24-storey buildings should surely have courses of instruction in the building trades. These were next on the list to be provided.

To enter the Technical Schools, students must have completed their three years' apprenticeship in a machine shop in the case of mechanics, or in a factory manufacturing electrical equipment or with an electrical installation contractor in the case of electricians. They must then have passed an entrance examination which is approximately at a standard of completion of primary school.

The schools were financed from grants-in-aid funds of the Education Department of the Council. In addition to the primary and secondary schools which the Council provided for Chinese and foreign children, the Council each year distributed substantial sums as grants-in-aid, a mechanism used to induce in the schools which applied for them better standards of building and equipment and of teaching. The Grants-in-Aid Committee considered that the Division's schools warranted an expenditure of five per cent of all grants. The sum involved for 1942-43 was CRB $31,000.

The Educational Department of the Council, which had operated night primary schools for several years, modified the rules governing these schools so that they might become feeders for technical schools in the future. Older apprentices from machine shops were recruited to attend these night primary schools which thus became pre-technical schools.

Nowhere in the world is it a simple matter to operate night classes and to obtain completely regular attendance. When the ordinary crises in human affairs such as sickness and family difficulties do not intervene, overtime work often does. And in Shanghai in 1941 overtime work meant money which the family badly needed in days of high living costs. If men succumbed to the temptation to earn a little more, and were thus absent from classes, they could hardly be censured. If Shanghai is to build up an informed stratum of qualified mechanics, workers' earnings must reach a standard sufficient for family needs. The group for which technical education in western countries is usually designed is adolescent; it is generally free from the heavier responsibilities of family life. In Shanghai, however, classes for mechanics and fitters were for adult workers who had families to support.

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THERE WAS IN THE larger foreign enterprises a group of young workers who correspond more to the apprentices in western countries. They were generally known as trade apprentices (*i t'u*) and were found in such enterprises as public utilities and dockyards. Their apprenticeship was of fixed length, and regular teaching was available for them during this period. In an attempt to raise the standard of trade apprenticeship generally, the Engineering Society of China in 1940 recommended to the Shanghai Municipal Council the adoption of regulations governing the registration of such apprentices by the authorities. By the early part of 1941 one hundred applications from public utility enterprises had been received. For registration purposes, apprentices must have completed a junior middle school course prior to employment. It was hoped that the issue of a certificate by the Council at the close of the apprenticeship period would induce other enterprises to bring their regulations for apprenticeship into line with the new standards, thus making a contribution to better technical training. By 1942 it was apparent that the certificate was already becoming a desired credential.

The curriculum in the Technical Schools took account of the fact that students had a considerable practical experience. There was no need to set up laboratory experiments to demonstrate a principle which could well be illustrated by referring to the actual work in the workshop. Lecturers were Chinese engineers who in most cases had had university training, but who also had moved among workers so that they could speak their tongue. It was essential that they be taught in the workshop colloquial as well as the dialect form they understood.

The first-year courses included physics, mathematics,—termed "workshop calculations",—and some technical terminology, through which some engineering principles were enunciated and machine parts taught. The colloquial Chinese workshop term was taught in relation to the correct Chinese engineering term and its English equivalent. In subsequent years, courses in machine shop practice, in strength of materials, in machinery installation and that of power plants were given.

Thus, by the paths indicated—by the path of the primary school, apprenticeship and evening technical schools leading to a graduation certificate, and by junior middle school with appren-

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874 ticeship in a large engineering plant which provided special instruction for its trade apprentices, leading to the certificate of the Division and of the Engineering Society of China—beginnings were made toward the production of the efficient and informed foreman. The technical training officers of the Division had the hope that they might play a part in creating modern technical education for China as a whole, an end toward which this experimental work would contribute.

These beginnings contained the seeds of large futures. They represented a recognition by the Settlement authorities of the necessity for technical training and education, and of the fact that something was owed to the worker on whom in the last analysis industry depends. The experience of industry transplanted to Free China has shown the correctness of this view; its success was largely dependent on the small force of skilled workers. There is a complete understanding by the Chinese Government, as it is making its post-war plans, of the necessity for worker training, looking to the period of re-occupation of the larger plants of the coastal areas when Japan will have been driven out. Loyal skilled workers in Shanghai who in 1942 resisted Japanese efforts to recruit them for Manchuria war industries, will be part of the industrial force of the future.

The scale of worker technical training in the future must be conceived in large terms. The experience which Western countries or countries like India have had in training within a short time large numbers of workers for wartime industries can be drawn upon with good effect. In Chinese machine shops, in-plant training with job sub-division could make workers rapidly expert in a few processes; and proper provision for graded experience could soon produce a worker with machine-operating skills. Instruction during employer time in fundamental mechanical principles should accompany plant training. There are heavy industries in Manchuria which must be manned by Chinese engineers, foremen and workers when this area is recovered. The industries of Tientsin, Tsingtao, Shanghai, Wusih, Hankow will all need skilled workers. The training of these in large numbers should be planned well in advance.

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to find employment as a means of assisting the family, but a friend or relative could frequently be found who, if challenged to do so by a skilled social worker, was ready to help out. There were no public funds to draw upon as is normal family casework in western countries; but there was being developed family case work on the China pattern, an attempt to use the close family bonds between relatives to induce help of the unfortunate. This kind of friendly help of course goes on day after day without stimulus from without; the difference was that the Division tried to harness it for the help of children in the emergency. The second phase of home finding sought to apply more widely the experimental beginnings in adoption approved by the authorities, the plan referred to earlier in this chapter. With more social workers on the task and with a gradually growing sense of responsibility on the part of the community for its children, as many as fourteen applications by adoptive parents were made on one day in June 1942 to adopt children. 736 633 735 748

This much more extensive programme than formerly attempted —a programme induced only by the emergency which in eight months left hundreds of children for whom adjustment had to be found in the hands of police—proved the value of early experimental beginnings. It cannot of course be claimed that even this enlarged staff would be able to handle the situation. Hundreds of children would continue to be destitute and begging, hundreds dying on the streets.

THE REMARKABLE WORK which has been done by the Chinese Government and voluntary organisations in caring for the thousands of children deprived of parental care during large-scale hostilities in China from 1937 to the present time has certainly within it the germ of an adequate child care programme in the future. It is work which has been carried on through immense difficulties of finance in a period of inflation. In Free China, as in Shanghai, there is growing a recognition of the necessity for adequately trained social workers in child care. Many students prevented from returning to China by world hostilities and for the time being remaining in the United States and elsewhere are using the time to prepare themselves as specialists in this field. In West China a special course in training for child care work has been organised 736 748 874

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736 to commence at Ginling College in Chengtu in 1943, a co-operative effort of several educational institutions. Plans for the training
748 of workers at present employed in children's institutions, whose
874 initial educational standards usually are at a level such that a university course will not be possible for them, are in process of being worked out. In Shanghai special summer schools for these employed workers, men and women who have given devotedly of themselves to the children under their care, have proved useful and stimulating. From the great catastrophe which has befallen China and its children may well arise administrative and voluntary efforts which will mean a richer life for them.

873 students for Sinkiang.[47] The report said that most of the students were middle school graduates and 33 per cent were girls. Obviously, the practice of assigning students to work where they are needed is still practised in East China.

D. The Teachers' Training Program

875 As shown in Chart 2, colleges and secondary schools for teacher training have equal standing with general schools on the same levels. In their curricula, the teachers' training schools stress certain aspects which are not emphasized in general educational institutions. The urgent need for trained teachers for schools on different levels was first announced in October 1950 by Ma. Hsü-lun, then Minister of Education. Ma told the first All-China Conference on Primary Education and Teachers' Training that, before 1957, according to the planned expansion of schools, China would need 1 000,000 new teachers. Of these 200,000 would be for "spare-time" schools for peasants and workers, 130,000 for regular middle schools, 10,000 for colleges, and the remainder for kindergartens.[48]

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47. Quoted in Union Research Service (a China Mainland press digest bulletin), No. 4, Hong Kong, Union Research Institute, September 27, 1955, p. 7.

48. The Slave Culture and Education of Chinese Communists, p. 23.

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875 Measures adopted to expedite the training of teachers included the condensation of regular courses and the organization of special short-term courses for training primary school teachers. Many primary school teachers who had left the profession were induced to return. To improve their qualifications, these teachers were encouraged to use their spare time to take refresher courses especially arranged for them. In 1953, there were 1,280 such refresher courses given throughout China. For teachers in outlying districts, correspondence courses were offered in addition to reference materials brought to them by mobile libraries. The Communists claim that 407 counties formed correspondence clubs among themselves, and exchanged teaching experiences, thus helping one another to improve teaching techniques.[49] Another measure adopted was the hiring of some high school graduates after a period of apprenticeship, to serve as teachers in the same schools.

In October 1952, the secondary teachers' training schools in East China registered a total of 72,900 students.[50] Although this was claimed to have more than doubled the number enrolled in 1949, the shortage of teachers still remained a serious problem. In 1954,

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49. People's Education, Jan. 1953, p. 23.
50. Liberation Daily. Oct. 1952, p. 5.

875 Tung Ch'un-ts'ai, Vice-Minister of Education, again warned that there would be a shortage of 100,000 secondary school teachers in the next five years.[51] Nine months later, a report from the Ministry of Education stated that, according to plan the expansion of the secondary schools in 1954 would call for about 28,000 additional teachers. Yet all the teachers' colleges in China would graduate no more than 9,600 teachers in 1954. It was estimated that of this number only about 7,600 teachers (new) would be available, since some of the graduates would be "asked" to remain on the staff of the teachers' colleges, which would have to be expanded at the same time.

Political training for future teachers is stressed in all the teachers' colleges. The curricula designed by the Ministry of Education specify that 33.8 per cent of the total credit hours for a teacher in training must be devoted to the "history of Communist revolution," Marxian and Leninist theories, psychology, the Communist theory of education, the study of Communist teaching methods, and physical education.[52]

E. Schools for Peasants, Workers, Cadres, and the Illiterate.

873 To give political and technical training to peasants, workers, and other "cadres" is one

51. People's Education, January, 1954, pp. 17-18.

52. Ibid., September 1954, pp. 9-10.

871 other than those stemming from socialism. In practice the Communists have attempted to train all levels of personnel required for a complete socialist remolding of China.

B. Changes in Curricula

876 Curricular "reform" was among the first sections undertaken by the Communists in the field of education. Even before their consolidation of power (at a time when a thorough renovation of the educational system was administratively impossible) the Communists instituted changes in the curricula wherever their troops had seized control. As early as September 1949, Communist authorities announced the "Temporary Regulations of Curricular Reform in the Departments of the Colleges of Arts and of Law in the Institutions of Higher Learning in North China." The principal features of this "reform: were (1) the substitution of Marxism and Leninism for the Three People's Principles, (2) abolishment of the course on traditional law and, before new laws were promulgated, the addition of studies on socialist theories of jurisprudence. This action was aimed at institutions of higher learning; reform of curricula for lower level schools was not much publicized.

The same subject was the central theme for the All-China Higher Education Conference of June 1-9, 1950. By that time the movement to reform curricula had reached its second stage. Out of this conference emerged the "Decisions Concerning the Enforcement of Curricula-reform

•876 in the Institutions of Higher Learning." The main point of this directive was that, "Institutions of Higher Learing must... abolish the politically reactionary courses, install revolutionary political courses of New Democracy.... The curriculum of all departments must practise the principle of proper specialization...must install and strengthen necessary and important courses and omit those overlapping and unimportant courses and materials, in accordance with the principle of intensification and simplification."[11]

Following this conference, major changes in college curricula were carried out. Similar measures were also adopted for secondary and primary schools by modifying the courses and altering the subject-contents. In January 1951 the Communist Ministry of Education moved to check on the results of curricular "reform" by holding a "Conference on Inspection of Teaching Plans for the Academic Year 1950 of All Institutions of Higher Learning." Again, similar actions were taken for schools on the lower level. After September 1951, official efforts were mainly devoted to "thought reform" and the inspection of course material and teaching methods to insure that the reform measures were truly carried out in the Communist spirit. These efforts have not lessened in the past five years.

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11. Hsin-hua Yüeh-pao [New China Monthly], Vol. 2, No. 5 September 1950, p. 1,134.

876 Besides changing the materials for courses on political and economic theory, the curricular "reform" also has the mission of dovetailing the schools on different levels and seeing that their doors are open to Party and other professional cadres who have not had the opportunity of a formal education.

One important development closely related to curricular "reform" is the thorough re-examination of all textual materials. The central authorities responsible for education, through their subordinate agencies on provincial and municipal levels, supervised the revision of all textbooks, particularly those in the field of the social sciences before releasing them to the schools. That the revised books are politically slanted is obvious but their technical quality cannot be judged without a detailed comparative study of many such books against the original versions and against similar books accepted as standard works in non-Communist countries.[12]

C. Changes in Organization

871 656 Before 1949, as the Communist Army assumed control of a city or a town, a military delegate was assigned to each school to supervise its administration. The changes the Communists brought to the schools at that time were imposed unsystematically and arbitrarily. Even after the establishment of the Peking regime, the measures designed to revise the education system and school organization remained haphazard. Following the outbreak of the Korean war in 1950, the main activity of the Communist Ministry of Edu-

871 the role played by the Party. Although the official chain of control as shown in Chart 3 seems to have no place for the Communist Party, Party branches on all levels are actually the authorities for interpretation of official policy and have the final decision on how a school should be run. Evidence shows that some schools report every important question to the local Party secretary before taking any action.[20] Close-range Party supervision, together with the assignment of well trained veteran cadres to key positions on the administrative staff of the school, serve to maintain the Communists' control over the educational system.

III. MAJOR MOVEMENTS LAUNCHED BY COMMUNISTS IN EDUCATION

A. "Thought Reform"

876 To effect an ideological revolution among the educators and students is an essential step in the Communist plan to Sovietize completely the educational system in China. Since 1949, every major measure adopted by the Peking regime in the cultural and educational fields involves, either implicitly or explicitly, an effort to remold the thought of the people concerned. However, an organized drive to change the way of thinking of the educators and students did not start until Premier Chou En-lai delivered his speech on September 29, 1951. He urged the educators to

20. People's Education, December 1954, p. 30.

•876 abandon their attitude of "study for study's sake" or "art for art's sake" and to step down from their professorial pedestals to serve the masses. He exhorted the students to forget about personal profit and to identify their ambitions with the national interest.

This movement spread rapidly. Criticism and self-criticism were encouraged. "Petit bourgeois sentimentalism," "capitalistic romanticism," "feudalistic individualism" and a host of other "undesirable" attitudes were subject to relentless attack. During subsequent months the Communist press was crowded with signed confessions of past ideological errors. This is the mainstay of the Communist program to revamp education, but it is admittedly a most trying task, which required a long-range plan and sustained effort for its achievement.

Although practically every college professor in China has published his self-criticism (some of them have done so several times) and every student has been through at least one "thought struggle" the movement continues unabated. The Ministry of Education in announcing the tasks for 195 again pointed out the need for continued vigilance against the "remnant of feudalistic thought."[21] The State Council in directing secondary schools to improve their courses stressed the importance of strengthening socialist thought.[22] The latest revival of this issue occurred when the philosophy and works of Hu Shih,

21. People's Education, March 1954, p. 22.
22. Ibid., July 1954, p. 16.

876 Yu P'ing-po, and Hu Feng became the subject of a purge.[23] (See chapter on Artistic and Intellectual Expression.)

B. Labor-education Movement

The labor-education movement is designed to inculcate a respect for labor in the minds of intellectuals and youth, and is not to be confused with "Reform-through-labor" discussed in the chapter on Forced Labor.

Beginning with the kindergarten, the Communists teach students to respect the "fruits of labor" to care for school property and to aid their parents by doing chores at home. Grade school children are taught manual work, partly as physical exercise and partly as a means to cultivate respect for labor. Older students are urged to prepare themselves for work on the farm or in the factory. Such a preparation, the Communists says, is the "most glorious" assignment which can be offered "new China's" youth. Students in advanced schools are reminded of their duty to accept government assignments regardless of the working conditions involved. The main purpose of the labor-education movement is to prepare students for work upon the completion of any level of education.

"Study is the only task worth undertaking, and all other professions are beneath it" is a classic

23. People's Education, May 1955, p. 5.

876 Chinese expression which upholds the high social status of the educated. This has become a target of Communist attack, and the fight to change the minds of the people is still surging.[24]

C. Physical Education Movement

871 Although a specific commission has been 744 established to promote physical education (see Chart 3), the State Council and the two ministries of education have been seriously concerned with the health of the students. This concern originates from Mao Tse-tung's instructions to promote "good health, good study, and good work." As early as April 195, Tung Ch'un-ts'ai, Vice-Minister of Education, called the attention of the nation's educators to the importance of guarding the health of the students. Tung's delcaration was affirmed by other officials in responsible positions during subsequent years, but apparently the situation was not much improved. The students remained in financial straits while the pressure of intensified courses was increased. The Ministry of Higher Education, the Ministry of Health, and the Commission on Physical Education issued in July 1954 a joint directive reiterating an earlier announcement by the Government Administration Council on "Decisions on Improving the Health of Students in Schools at All Levels."[25] However,

24. See Communist official directives on "labor-education" ibid., June 1954, p. 7; May 1954, p. 7.

25. People's Education, August 1954. p. 65.

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B. Ideological Orientation and Its Effect on the People's Attitudes

The ideological orientation of the Communist educational system is seen in the basic policies and the major movements instituted in Chinese education during the past five years. Through "education" the Communist expect to teach the Chinese people to hate "American imperialism" and to respect the Soviet Union as "the leader in the revolutionary bloc of nations." The social sciences taught in schools are oriented on the basis of Russian socialism, "because China must learn from the Russian revolutionary experiences." In technical courses Russian techniques are singled out as "advanced experience." Hostility toward all non-Communist traditions and ideals is stressed. Any person, Chinese or foreign, who is not sympathetic toward Communism is assumed to be either an actual or potential enemy, and is to be treated as such.

There is a lack of subtlety in the Chinese Communists' attempt to reconcile their theory of patriotism with their pro-Russian propaganda line. When they directed the teachers to abandon the use of English except in foreign language classes, they defended their position by saying that Russian would be taught in certain schools in order to expedite the process of translating certain Russian works into Chinese, but that even this practice would be terminated as soon as the goal was attained.[65]

65. People's Education, Feb. 1952, p. 7.

876 Since learning a foreign language is no easy
191 matter, the substitution of Russian for English has been a controversial point and may remain an unresolved issue of the Communist ideological orientation in education.

C. Inadequacies in Communist Education

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Lack of teachers, as has been noted, will continue to hamper the development of education and the improvement of the standards of the school in East China. Lack of educational equipment can only be partially solved by improvisations. In this regard, East China appears to be better off than Central-South or Southwest China. The large-scale construction of school buildings has begun in Hangchow and Shanghai.[66] Lack of financial support for students will cause many to abandon their education, and it is doubtful if government subsidies are sufficient to help many students. Above all, the lack of well-trained administrators will be the greatest obstacle to the Communists' efforts to achieve progress in education.

Despite Communist efforts to run the schools according to a centralized plan, the lack of a clear-cut policy leads to the "piracy" of teachers and students. Government agencies in need of technical personnal often call away teachers or students without notifying school authorities. Although there is no recent information on this practice, the situation was serious enough in 1951 for the Government Ad-

66. Kuang-ming Jih-pao [Enlightenment Daily], Peking, November 26, 1954, p. 3.

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THERE WAS IN THE larger foreign enterprises a group of young workers who correspond more to the apprentices in western countries. They were generally known as trade apprentices (*i t'u*) and were found in such enterprises as public utilities and dockyards. Their apprenticeship was of fixed length, and regular teaching was available for them during this period. In an attempt to raise the standard of trade apprenticeship generally, the Engineering Society of China in 1940 recommended to the Shanghai Municipal Council the adoption of regulations governing the registration of such apprentices by the authorities. By the early part of 1941 one hundred applications from public utility enterprises had been received. For registration purposes, apprentices must have completed a junior middle school course prior to employment. It was hoped that the issue of a certificate by the Council at the close of the apprenticeship period would induce other enterprises to bring their regulations for apprenticeship into line with the new standards, thus making a contribution to better technical training. By 1942 it was apparent that the certificate was already becoming a desired credential. 876 633

The curriculum in the Technical Schools took account of the fact that students had a considerable practical experience. There was no need to set up laboratory experiments to demonstrate a principle which could well be illustrated by referring to the actual work in the workshop. Lecturers were Chinese engineers who in most cases had had university training, but who also had moved among workers so that they could speak their tongue. It was essential that they be taught in the workshop colloquial as well as the dialect form they understood. 874

The first-year courses included physics, mathematics,—termed "workshop calculations",—and some technical terminology, through which some engineering principles were enunciated and machine parts taught. The colloquial Chinese workshop term was taught in relation to the correct Chinese engineering term and its English equivalent. In subsequent years, courses in machine shop practice, in strength of materials, in machinery installation and that of power plants were given.

Thus, by the paths indicated—by the path of the primary school, apprenticeship and evening technical schools leading to a graduation certificate, and by junior middle school with appren-

185 long-term nature of family reform. The
581 statement charged that bourgeois ideology had
596 reached into marriage and family relationships. The bourgeois influences detected were love of luxury and disparagement of labor, "carelessness" in choosing marriage partners or the desire for new partners after marriage, and devotion to self-interest. They had respectively given rise to the sins of marriage based on money, "the belittlement of sexual relationships," and maltreatment, desertion, and irresponsibility toward parents and children.[33]

185 The nation's young people were evidently
883 the most prone to this subversive influence. A campaign was launched in the large cities during the spring of 1955 to guard youth against "bourgeois concepts." In connection with the drive, the Communist press evidenced concern regarding romantic love, heart-break, unsolved marriage problems of workers in sparsely populated areas, and the attractions and diversions of a carefree social life in the cities. These things, the press warned, were subverting many young people from their primary duty of devoting their whole effort and attention to study and work in the national interest. The advice of the Communist editors "to place love in a secondary

33. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.

position in one's live" is hardly likely to solve the problem.[34]

A different sort of problem confronted youth in the countryside. Apparently the possibility was not present there for youth to develop love and marriage attachments through the ideal and officially sanctioned method of mutual participation in production, indoctrination, and study. A 1955 report on Marriage Law implementation admitted that "in the extensive rural districts... the conditions for adequate communal life and avenues for social intercourse" are lacking. As a result, "most marriages are still being contracted after both parties were first introduced to each other by third parties." The report hastened to explain that as the bride and groom gave their previous agreement to the marriage it was to be regarded as a marriage of free will and not to be confused with the old and outlawed practice of arranged marriage.[35]

E. Replacement of the Family's Social, Economic, and Political Role

A second step taken by the Communist regime to change radically the nature and function of the Chinese family was accomplished with the establishment of organizations to regiment

34. Ibid., 1006, pp. 15-18; 1052, pp. 25-33.
35. Ibid., 1002, p. 3.

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II. AFFILIATED PARTY ORGANIZATIONS

A. New Democratic Youth Corps (NDYC)

668 883 1. The Party and the Corps. The relationship of the Party to the New Democratic Youth Corps is such that the latter is controlled by the Party, as provided by the Constitution of the corps.[23] Party members are in charge of corps agencies above the county levels, thus placing the direction of all corps activities in the hands of the Party. The first function of the NDYC is to provide a reservoir of potential Party members. Its second task is to supply needed activists in all organizations. The corps membership in Shanghai in 1949, for example, stood at 37,889 and was distributed in all key organizations.[24] Of this number, 18,348 were workers, 14,599 were students, and 4,942 were teachers and office workers. The final task of the NDYC is to engage in the broadest possible range of activities in order to reach sections of society where formal Party organization is lacking.

665 883 2. Organization. The organization of the NDYC in the East China Region is patterned after the Party. While national agencies

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23. The Constitution of the New Democratic Youth Corps, ibid., July 7, 1953, p. 3.

24. Liberation Daily, January 1, 1950, p. 10.

665 maintain an East China Working Committee as
•883 the representative of the Central Committee of the NDYC in the region,[25] local corps, agencies are established at the provincial, municipal, and county levels. The local corps are empowered to establish representative working committees in the administrative district and ch'ü.

With the exception of those working committees at district and ch'ü levels, the constituent corps agencies rest upon a dual authority. Each level is to have a congress and a committee elected by it. These committees are the executive agencies of the corps and their component members are approved by the upper-level committee.

The corps branch, like the Party branch, is the link to the masses. It is formed in any factory, mine, enterprise, farm station, village, government agency, company (of the army), school, or street where there are three or more corps members. A general corps branch and corps committee may be formed, depending upon the size of the branch. These basic-level branches serve as forces of agitation, help to mobilize youth and the masses, and act as substitutes where Party agencies are lacking.

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25. Ibid., August 22, 1952, p. 1; The East China Committee was officially organized in August, 1952.

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B. The Young Pioneers

The relationship between the corps and the Young Pioneers is governed by the provisions in Chapter 7 of the Constitution of the NDYC. In the East China Region, efforts to organize youth between the ages of 9 and 15 into the Yount Pioneers were made in January 1950, a decision made by the Central Committee of the corps in October 1949. By April 1952, membership in the Young Pioneers in East China[26] was estimated at 1,200,000. Members were concentrated in the city of Shanghai, and their programs were patriotic. Since 1953, emphasis has shifted to recruitment of more members. National membership as of March 1955 was estimated at 70 million, or about 15 per cent of the youth in the 9-15 age group.[27]

SECTION TWO

POLITICAL DYNAMICS: POLITICAL CONTROL

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Communist power in the East China Region is supported by three pillars -- the Party, the bureaucracy, and instruments of control, i.e., the military, public security agencies, and other

26. Liberation Daily, May 4, 1952, p. 3.
27. Kuang-ming Jih-pao [The Enlightenment Daily], March 14, 1955, p. 1.

596 socially and legally sanctioned as means of
182 providing sons, if marriage produced only daughters or no children at all. Because of the necessity of providing against a high death rate, the premium on sons resulted in overpopulation, only partly offset by a high rate of female infanticide.

554 Just as sex, age, and generation determined
596 an individual's status within the family, so did these factors determine his behavior and position in the community and the world at large. An additional determinant of his standing was the status of his family in society.

596 Authority and dominance were the province
562 of males. Women might exercise overt leadership, and occasionally did so. More frequently, they were the power behind the throne. Such cases were exceptional, however. In modern times at least, supremacy was neither desired by women nor readily admitted to when possessed.

888 Age was honored relatively and absolutely Long life automatically gave its possessor higher standing in the community, but whatever age he attained, he was to show respect to his elders and members of an older generation. In the society of traditional China age implied the accumulation of wisdom and experience vital to society in times of decision or crisis.

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596 Some variation from this pattern occurred among the upper-class families. Gentry-officials and merchants were often away from home; they frequently had personal income from salaries or business, from which they met their expenses without resorting to the family treasury.

596 888 The family and its extensions in China also functioned to provide security in old age, food or material help to the poor, and employment for needy or deserving relatives when possible. That a son should not provide for his parents in their old age was unthinkable. Were the sons dead or in some other way unable to assist their parents, the aged were cared for by other close relatives or by the clan. Deeply sanctioned by kinship morality and firmly rooted in Chinese government and business, nepotism was one of the most resistant factors to the advance of the modern political, industrial, and business systems in the twentieth century.

III. THE CHANGING FAMILY

A. Influence of Modern Technology

596 178 The transition which occurred in the traditional Chinese family from approximately 1842 to the advent of the Communist regime is traceable to three major influences: (1) modern technology with its attendant factory system and modern business organization;